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Business Plan: COZY

Dissertation submitted

by

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to

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technology innovation  
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# Abstract

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Due to the completion of my TIME-MBE master degree, I decided to utilise all the skills and knowledge that I have obtained and act as an entrepreneur. My decision for the development of a Business Plan was not out of the blue. I knew in advance the industry that I wanted to engage with but I was not quite certain regarding the final business model that would have been presented. While brainstorming several ideas, it fell to my attention the Cloud Kitchen idea of ex. Uber CEO, Mr. Travis Kalanick.

That was during Summer, and a few months later, I am ready to proudly present a solely new company that will operate within the hospitality industry of Cyprus. Specifically, I have developed a business, an online/virtual restaurant that will offer catering and online food services to consumers. What makes us unique is that up to our knowledge, there is not another company in Cyprus that do this. Existing companies are either established restaurants that offer online food ordering services or online food ordering platforms which act as intermediaries between restaurants and clients.

**Keywords:** Innovation, Entrepreneurship, Business Management, Marketing, Hospitality Industry, Food ordering, Cyprus, Business Plan

# Acknowledgements

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It is with great pleasure that I have managed to complete this study as it allowed me to express my creativity and develop an idea utilising all the knowledge and academic theories that I have learned so far. I believe that the following business plan will succeed as a business and it has the potential to alter the food industry and provide returns to its shareholders.

The overall TIME-MBE course has improved my skills and knowledge and made me more competitive in the job market. I feel more confident in applying for jobs and I find myself more mature. I cannot hide that I am proud as I have managed to balance work, study and personal life without sacrificing anything.

I would like to express my sincerest thankfulness to my supervisor, Dr Kristis Hasapis for his suggestion of the initial idea and his ongoing support throughout the process of completing this dissertation. Similarly, I would like to say a big thank you to my parents for the financial support, encouragement and never-ending motivation that they offer me. Lastly, It was a pleasure meeting all my classmates and even through this awkward Covid-19 era and online teaching, we managed to become friends and support each other.

As a final wish, I expect external investors who fancy the COZY idea to contact me and initiate the process of setting up this innovative business. Undeniably, I am open to suggestions and alterations that can further improve COZY.

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# Chapter 1

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## 1.1 Introduction

The first chapter of the hereby master thesis is affiliated with the theoretical and academic background. It set the grounds for a better understanding by readers as it provides definitions to critical terms. Additionally, it introduces themes that are covered afterwards and provides information on an innovation that altered a whole industry. Furthermore, it explains the business idea that is developed in the business plan and subsequently, it justifies its need through the benefits that will arise both in theoretical and managerial means. In the meantime, the methodology of this master thesis is explained in detail.

In the following chapter, the business plan of a novel company named COZY (hereinafter COZY) is presented. The business plan starts with an executive summary of the business. It then analyses the industry that our company will operate to be followed by a thorough company description. The market analysis section which follows introduces our market's attributes while the next section covers the economic aspects in terms of expenses and revenues. Hence, the marketing plan showcases our efforts and drivers behind the promotion of our company. Then the design and development of our idea is presented and amongst others, it covers the current status of COZY, its risks, challenges and its projected development costs. Finally, the operations' plan illustrates how COZY will work. The management team and company's structure are introduced afterwards and an overall schedule with a forward look is presented. Lastly, financial projections are pointed out through financial instruments like the statement of comprehensive income and ratios.

## 1.2 Methodology

The methodology that has been employed due to the completion of this master thesis is the development of a business plan in the form of a case study. A case study is a research approach that focuses on understanding the dynamics present within a single setting (Eisenhardt, 1989). In regards, this business plan is entirely focused on the hospitality industry of Cyprus and its applicability on an international level is not being observed.

## 1.3 Context & Concept

In a highly competitive world, entrepreneurs are those people who make the difference and stand a step forward from the crowd. Individuals are wondering how to improve their lives and they generate daily various ideas on how to do so. Frequently people found themselves thinking about how better-off could have been, prerequisite the existence of what they thought. Yet, the existence of an idea is not enough alone. It further needs to get commercialized but more critically to be viable. Not all people can do so. It needs creativity, planning, skills and knowledge all of which are traits of an entrepreneur.

Before expanding further, it will be useful to provide some definitions. An entrepreneur is a person who sets up a new company. That person bears all the risks but enjoys most of the rewards. The entrepreneur is generally seen as an innovator who transformed his ideas, goods, services, and business/or procedures into an entity. Furthermore, it is essential to understand the difference between an Innovation and an Invention. On the one hand, innovation is an upgrade/update of an existing service/product/production line etc. (Worstell, 2014). On the other hand, an invention is the development of something

completely new, the creation of a novel product or service (Worstell, 2014). For example, Henry Ford did not invent the automobile but he was the innovator who transformed the whole industry. Innovators either brainstorm their ideas or by standing on the shoulders of giants, take something that exists and take it to the next level. The first automobile was invented in 1885–1886 by Carl Benz. It was a one-cylinder unit powered by a stationary gasoline engine (Daimler, 2021). Before the well-known success story of the Ford Model-T to which we will revert later, Henry Ford developed a few other automobile models. Unfortunately, none of them managed to be established as an innovation, nor did the two different businesses that he set up manage to achieve a going concern status. Undeniably, failure is part of the game but the vision of an innovator outweighs by far obstacles that may emerge. On his third attempt in 1903, Henry Ford created the Ford Motor Company. His vision was to build a motor car for the world. Large enough to suit a family's needs and small enough for the individual to run and care for. That car needed to be constructed of the best materials and from the best people. It further needed to be priced on affordable levels (Henry Ford and Innovation, 2021). After identifying the world's needs, he managed to develop the Ford model-T. That came with an improved assembly line which reduced production costs for the company and various alterations on the vehicle which enhanced safety, advanced driving experiences and improved the overall usage (Bellis, 2019). Coming back to 2021, Henry Ford was a disruptive innovator who transformed his ideas into a viable business and currently Ford Motor Company is one of the leading automobile companies, the more recognizable brands and amongst the more respected players in the industry.

Applying the example of Ford in our case, we are not inventing food, either restaurant or food delivery services. We have simply identified a market gap and we came up with an idea. An idea that may not disrupt but at least alter the industry. Currently, we are in the phase of planning the commercialization process of our idea and the business plan that is developed afterwards, accurately describes the path that we will follow. To begin with, our innovative business which we are about to bring to the market will not only improve people's lives. It has the potential to alter the whole food industry and re-adjust consumer preferences when it comes to online food ordering and consumption. Additionally, we are certain that our idea is solid and viable for reasons that will be explained later on. Similarly, it will be financially sustainable according to our conservative estimations, something which motivates us even more towards the execution of the following business plan. Before proceeding, readers of this dissertation should kindly note that when referring to the hospitality industry within the text, it excludes hotels and other accommodation services. It only includes restaurants, cafes and online food ordering services.

## 1.4 Justification & Motivation

Cloud Kitchen is something new and unfortunately, there are not many studies around this topic. By default, a cloud kitchen is a virtual restaurant with its main attribute being the operation of a ghost kitchen. In a more explanatory definition, cloud kitchens are delivery-only restaurants. Cloud Kitchens' buys cheap real estate and builds shared kitchens for restaurants to rent. From this perspective, a restaurant instead of cooking its dishes in-house utilizes such virtual kitchens to cook the food for it. This cuts off the costs of building a professional restaurant kitchen and allows its owner to spend more money and time on its

furnishing and equipment. This could be described as a form of outsourcing, a very common practice in contemporary businesses. This idea was developed by the former CEO of Uber, Mr Travis Kalanick who recently came up with this new business model. Initially, this may sound crazy at its best, but not at all. His promising startup immediately gain attention from investors and other stakeholders who were overwhelmed by the potential of this innovation and currently it is valued at 5 billion USD. Notably, Mr Kalanick managed to raise \$400 million from Saudi Arabia's sovereign-wealth fund as the first external investment for his new company (Klebnikov, 2019, Kelso, 2019).

The company that is presented onwards is based on the above idea. A business with its principal aim being to be the first cloud kitchen in Cyprus. Importantly, alterations were applied to diverse ourselves and make it more applicable to the Cypriot Culture. Similarly, our creativity and further additions and improvements were utilized. Our innovative start-up differs from the existing companies and it is ready to establish itself in the hospitality industry of Cyprus.

## 1.5 Aims & Objectives

The following ready-made business seeks potential investors to transform it from an idea into practice. Besides, we aim to establish in the hospitality industry to improve customer service, widen consumers options, create new experiences, and enhance overall satisfaction. COZY will solely preserve its shape to connect people who are hungry with people that cook. On the one hand, there are the individuals who are hungry and want to order food. On the other hand, there are the chefs and other persons who may show interest to be recruited (i.e., housewives) with a prerequisite of proving their cooking abilities and

capabilities before becoming approved. Eventually, a cooking place of high standards will be set up to host COZY's chefs and a user-friendly application will be developed to be used by our clients.

## 1.6 Theoretical & Managerial Implications

This dissertation comes to enhance existing literature around the concept of Cloud Kitchens. This is achieved by providing information on what is a cloud kitchen, how it works and how it differs from contemporary restaurants and food delivery services. Furthermore, if this business plan moves from idea to practice, it will improve the hospitality industry in Cyprus and provide both the residents and visitors (i.e., tourists) with more options and greater variability in the selection and consumption of food and drinks. Additionally, it will allow individuals like chefs who are unable to set up a restaurant either due to budget drawbacks or lack of knowledge to give it a go and prove their skills. On a wider framework, the startup will create more job opportunities and contribute to the Cypriot economy.

## 1.7 Conclusion

This is the end of the first chapter. As earlier mentioned, the business plan that is developed afterwards due to the completion of this dissertation aims to act as a driver for a new startup within Cyprus, named COZY.



# ICOZY

WE FILL YOUR PLATE



# Chapter 2: Business Plan

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## Section 1: Executive Summary

Through our market research online and most importantly our living experience in Cyprus we have noticed that the food industry is of high importance, it has a big potential and it is accessible. The high demand for online food ordering, the number of delivery motorbikes on Cypriot roads and the consumption patterns of Cypriots encouraged us to brainstorm our idea. Notably, we were highly influenced by the Cloud Kitchen idea of ex-Uber CEO as well. Specifically, we utilised his idea as a starting manual. Then, we identified a gap in the food industry, we modified his idea and we have made it applicable in the Cypriot market. The following business plan is here to introduce you COZY. This brand-new innovative start-up will offer feeding services to its customers. Initially, we will build a workshop centrally in Nicosia. We will equip it with cooking furniture and equipment and we will recruit chefs. Afterwards, we will seek contracts with key partners that will provide us with the raw materials. Those will be a butcher shop, a fish store and a grocery store. Chefs will be responsible for transforming the raw materials into tasteful and of-high quality ready to consume food.

In the meantime, we will develop a smartphone application and a website from where customers will be able to order food from COZY. Our reliable delivery team will be responsible to deliver orders in a fast and pace-full manner. Initial investment costs will be covered partially by the CEO and by external investors who may be interested in gaining shares in our innovative start-up. COZY will have eight sources of revenues which are

analysed afterwards. Chefs will not be paid directly from COZY, but instead, they will get a commission from food sales. Our company will operate from 06:00 in the morning until 22:00 in the night and will serve breakfast, lunch, dinner, snacks, sweets and coffees. Chefs will be working either a morning or an afternoon shift. Additionally, we will have contracts with hospitals, boarding schools, elderly people houses etc. to provide them with their daily food. Also, we will offer catering services for weddings and other personal and corporate events. In terms of pricing, we will follow both a value-based and a cost-based model. For items that will not be handcrafted by our Chefs like bottled water and soft drinks, we will sell them at a margin above their cost. Our food price will be based on a value pricing model and through price discrimination, consumers will have the option to choose the price they want to pay. The food sales which are related to catering orders and our fixed contracts will be based on a unit pricing model, at a lower price compared to individual orders through our website or our application.

Finally, our marketing strategy will be highly concentrated on social media and specifically on Facebook and Instagram. However, during our first year of operations, we will also utilise more traditional methods of advertising like road billboards and radio advertisements. Once we manage to raise awareness about our brand we will host events and other campaigns to keep people interest high and engaged with COZY.

In summary, this is COZY and its drivers behind it. Below, readers can find explicit details and information on how we came to this idea, how we developed it and how will transform it from an idea into a viable business.

## Section 2: Industry Analysis

For better understanding of the industry we conducted a PESTLE analysis to examine the factors that may influence our customers' choices other than the price. An organization's external environment is influenced by political, economic, social, technological, legal and environmental factors. While the immediate environment is mainly concerned with suppliers and competitors, the general environment is concerned with those macroenvironmental factors. The section continues by providing facts and figures on the industry to offer a deeper insight. Then the promising areas and vulnerabilities are being discussed. Finally, our success factors are being analysed and long-term prospects are presented.

### 2.1 External Environment - PESTLE Analysis

**Political:** The high levels of corruption that are outlined through the various recent scandals made people cautious. For instance, the Panama papers, Pandora Papers and Passport scandal caused several people to lose their respect and belief in authorities. Business owners are afraid of expanding or investing in their companies and individuals are irritated and not able to look forward. Also, the inability of the Government to effectively support small firms discouraged them from further developments. Consequently, we are noticing the gap between rich and poor to get bigger day by day while several ambitious youths left the country to seek a better future abroad.

**Economic:** The economic crisis of 2013 impacted everyone. Most businesses are still thriving to overcome their liquidity issues and gain back their customers. While a slow

recovery for most businesses was being observed, Covid-19 emerged and destroyed all those efforts.

**Social:** That Sunday meal with the whole family is of high importance for Cypriots and every opportunity that appears for a family gathering is never missed. According to Eurostat, Cypriot households spent over 13.7% of their consumption expenditure on food and non-alcoholic beverages. Surprisingly, the average consumption rate is 12.2% in the European Union (In-Cyprus, 2018), something that indicates the high degree of importance that Cypriots assign to food consumption. As expected by a Mediterranean country, Cypriots overall follow a Mediterranean diet. Their everyday diet consists of vegetables, foods, milk products and oil. Also, due to the westernization of the population, meat consumption is high (Markidou, Onisiforou and Agrotou, n.d.) and rises year by year with a preference for pork being highlighted (In-Cyprus, 2019).

**Technological:** Technology is an important pillar in the field of entrepreneurship. Thankfully, in Cyprus, we tend to be on a good technological scale and this is very important for our company which is highly dependent on technology. For example, our digital marketing strategy will be crucial in raising awareness for our company and it is very good that almost everyone has access to the Internet and social media.

**Legal:** Laws are to be followed and no one wants to have legal actions taken against him. The legal system in Cyprus is very good but highly complex for people who are not familiar with Law. Our experienced legal advisor will help us to implement all the essential steps in obtaining the licenses and certificates required to develop a food providing company as presented afterwards.

**Environmental:** Environment is of crucial importance and our sustainability plan precisely explains how COZY will achieve a sustainable future. Thankfully, it is noticed that day to day the Cypriots are engaged in recycling activities and they pay greater attention to protecting the environment. COZY will ensure that none of its actions will harm or at least challenge the environment. Further details could be found within our sustainability plan.

## 2.2 Size & Structure

According to IBISWorld, currently, there are 3218 Restaurants and Take away food operators in Cyprus and the industry is the 8<sup>th</sup> largest within the country. Following the economic crisis in 2013 where many businesses closed down, between 2016 – 2021 it has been observed an annual growth rate of 2% in the industry. Additionally, according to the report, there is not a company that holds a market share larger than 5%. The total market worth is 635.5m euros and the number of employees is around 17000 people. (Restaurants & Takeaway Food Operators in Cyprus- Industry Statistics 2008–2026, 2021)

According to the Catering and Entertainment Establishments regulated by Law No. 29 of 1985, the catering businesses in Cyprus are categorized into Restaurants/Taverns, Cafeterias, Pubs/Bars, Music and dance establishments, Discotheques, Snack bars and Cabarets. To set up a business within Cyprus, several licenses are required. The process is not difficult, however, there is a lot of bureaucracy that requires early planning. Initially, a permit from the Local Authority and a certificate from the ministry of health are required. Hence, a construction permit is essential before setting up the place that will host the restaurant activities. Similarly, a catering establishment license should be obtained. Finally, the premises should get inspected by the Medical Services and Public Health

Services and the health certificate must be submitted to the Ministry of Tourism for approval along with a price list of food and beverages (Lawyers-cyprus.com. 2021).

## 2.3 Promising areas & Vulnerabilities

Unfortunately, Cyprus is a small market due to its population and the hospitality industry is heavily boosted. Similarly, the short distances allow someone to travel to his parent's house and takeaway food, something which is a very common phenomenon. Also, Cypriots are known to love food and to take very seriously their daily consumption choices. Thus, they show a preference for homemade food. Nevertheless, the above vulnerabilities have been thoroughly considered and we have found ways to overcome and respond. Our company represents something completely new in the industry. We may be engaging in mass production activities but all food will be fresh and handmade to taste as close as possible to home food. We will serve food that is close to what someone could have cooked at home and our portions will include a side and a freshly chopped salad. Also, we will use unit pricing and price discrimination techniques which are later on explained. Arguably, we do not see any vulnerabilities in terms of competition because as we will show in the following sections, we do not have any direct competitors. Finally, our centralized organizational structure will allow us to enhance the awareness of our brand and help us in developing our branding strategy. Additionally, it will contribute to the clear direction that our company aims to follow. By centralized structure, we mean that all decisions will be taken by the board of directors. Responsibilities will be known in advance and although we will encourage our staff to suggest new ideas, approval by the board will be required. This will ensure homogeneity in our offerings and will shield our brand name and reputation from potential harassment.

## 2.4 Success factors

Undeniably, profitability is vital for the development of a worthwhile business. Our philosophy interprets that profitability derives from well-prepared plans, enthusiasm, motivation, shared belief, and team spirit. Additionally, we define success as giving something back to our people and our customers and our company will follow an anthropocentric approach. We are certain that by following the below tactics we will manage to gain a market share within the industry.

We passionately support the famous quote “employees are a company’s most valuable assets” and we will invest in our people. We will encourage our chefs to be innovative and express their thoughts and suggestions to feel an active part of our organization. Similarly, our shared pool of knowledge will help them to develop themselves professionally and enhance their knowledge. Our code of conduct for employees will eliminate egoistic attitudes and will be strict against behaviours that disturb the prosperous environment. Similarly, we are developing a customer-oriented company that will stand next to consumers and provide them something different to widen their options and save them time. We prefer to buy food of high quality and have slightly higher expenses instead of serving lower quality products. Likewise, we are highly interested in equalizing our reputation and brand name with being honest and respectful towards the people who give us their money. A feasible business is one that will manage to transform clients into loyal customers. As a company, we pay a lot of attention to CRM practices. Our experienced customer service team will be responsible to respond fast to potential complaints and handling each customer in an excelling professional manner. Also, our loyalty scheme which will reward customers with repeating orders and price discrimination techniques

will enhance the relationship with them. Customer orientation is considered a stimulus of innovation (Efstathiades et al, 2021). COZY, as an innovative company follows a clear direction on satisfying its customer needs. Our commitment to continuous improvement will be based on the interconnected pillars of innovation and creativity. This will allow us to be adaptable and capable to identify the new trends and wants of our customers.

## 2.5 Long-term prospects

In the following years, it is expected that the industry will grow further. This is mainly attributed to the fact of increased inbound tourism over the last years (Statistical Service of the Republic of Cyprus/Tourism arrivals 2018). Additionally, another reason for the growth is the establishment of foreign companies within the island and the growing rate of the population. Likewise, the lifestyle of Cypriots is tied with outings and gatherings in restaurants and taverns. The above are motives for someone to set up a restaurant, however, the high costs that are involved may postpone the decision. Notably, we understand that the industry is boosted, yet we are certain that is an attainable market share for our innovative business. From a prospective business owner perspective within the industry, the big number of restaurants is not necessarily a drawback. Surely, the high demand is equalized with the high Supply and this pushes for lower prices. However, it is upon each restaurant's management to find ways of attracting and keeping its customers. For example, a transition to a healthier dietary is noted and COZY will include healthy food choices on its daily menu. Similarly, our sources of revenue safeguard our profitability. Specifically, our sources of revenue which are deeply explained later on are not limited to “business to customer services” but also expands to “business to business services”.

## Section 3: Company Description

### 3.1 The Brand

Basic marketing techniques advise avoiding choosing hard-spelt names or names that may limit your company's expansion. Subsequently, our name was not chosen randomly. We want to relax people and make them feel complacent. This is achieved by offering them readymade food of high quality and at an affordable price. At the same time, we want to offer them warmth and ease. This is achieved since they do not have to worry anymore about their everyday cooking. We are saving them time and offer them one thing less to worry about. For us COZY stands for Creativity – Organization - Zenith – Yummy. These are the values that will guide us through our journey. “*Creativity*” will help us to stand out from the crowd and be different. To be “*Organized*”, we will make preparations and arrangements early. The responsibilities of each team member will be clear and straightforward. Being messy is not in our philosophy. Furthermore, our “*Zenith*” value implies that we want to reach the top. We aim to become the biggest food provider in Cyprus not by luck but through hard work and systematic upgrading. Finally, our “*Yummy*” value is as simple as it sounds. Our food will be pleasing to the senses and tasteful for customers.



Slogans communicate the message of your brand. Eventually, the selection of the words shall be carefully done to ensure that it reveals a positive message and do not infer any negative connotations. Also, the creation of a meaningful slogan is a necessity as it is the first mean of communication with customers. Undoubtedly, like all marketing initiatives, it must be honest, accurate and not misleading for consumers. Our slogan is “*We fill your plate*”. Simple and straightforward without secret meanings or any difficult words. It describes exactly what we do as a business and it depicts confidence and sureness for our offerings.

Our logo is an empty plate placed in between a knife and a fork. We left the plate empty to avoid showing a preference for a certain food. Similarly, because we will target vegetarian and vegan customers as well, we preferred not to include any kind of raw food in our logo. Besides, we have chosen a multi-coloured logo which reminds us of a rainbow. The bright colours are catchy to the eye and represent our excitement, energy and passion for what we do.

### 3.2 Mission Statement

The mission of our company will be achieved through our “commitment to excellence”. We aim to be positioned at the top of the Cypriot hospitality industry. This will be achieved through our alternative offering. The uniqueness of our brand and the innovative dynamics behind it are considered crucial factors that will guide our success story. Our deepest purpose as an organization is to connect people who love cooking and are skilled in doing so with people who like good food.

### 3.3 Products & services

COZY is a company that will offer both a service and a final product to consumers. Initially, we will provide a service through the food ordering application and the delivery service. The application and the internet web page will be user-friendly and accessible for customers. Similarly, our delivery service will be efficient and reliable. Then, our final offering which will be the food will be tasteful and qualitative. To ensure homogeneity between the different recipes of each chef, COZY's board of directors decided to have pre-set recipes for each food that chefs must follow. The recipe of each food will be decided in a meeting with the chefs and they will be revisited and altered according to customers' feedback and reviews. Furthermore, the operations' manager will be responsible to prepare each week's menu in advance. The menu will include the basic plates which will be available daily to consumers and those will be the same every week. In addition to that, the daily menu will include three specialities which will be prepared by three different chefs. Those will differ from week to week and will be upon the operations manager obligations to identify which speciality had the higher demand and success.

### 3.4 Legal Status and Ownership

COZY will be a closed corporation that will be run by a few shareholders. The majority of the shares (55%), will belong to the CEO-Founder of the company. The rest (45%) of the share capital will be available for purchase by the members of the board of directors. Their initial financial contribution will determine the percentage of the shares that each will receive. Potential external investors and other people who fancy our idea will also have the right to buy shares after negotiations with the founder. Finally, all shareholders who owned

a percentage of shares above (10%) will have voting rights for critical decisions. To avoid a complex business structure, we exclude minor shareholders from voting but they will be allowed to participate in the meetings of the board and express their opinions. Finally, the percentage of shares that each member holds will weigh accordingly in voting.

### 3.5 Key partnerships

To ensure high-quality standards and low prices, COZY will develop partnerships with external suppliers. Initially, our delivery and cleaning services will be outsourced to other companies. Additionally, a butcher, a fish shop and a grocery store will be chosen to provide us with our weekly supplies. Contracts will be settled in advance after negotiating with each party. The contracts initially will be on a three-month basis. If everything goes perfectly fine there will be a renewal for another three months. Then, if both parties wish to continue the business relationship the following renewals will be on a six-month basis. When both sides ensure the reliability of each, contracts will be developed on yearly basis. Once that time comes, COZY's CEO and operations manager will be responsible for negotiating better contract terms with each partner in terms of prices, delivering etc. We aim to create win-win relationships with our partners based on respect and integrity.

## Section 4: Market Analysis

The industry analysis section was focused on the external environment of our organization. This section will concentrate on the internal environment of COZY. Thus, we have conducted a SWOT analysis to identify our strengths, weaknesses, opportunities and threats. Following that, we have applied market segmentation techniques to identify our customer base. This is a process of dividing a market into groups of people with similar characteristics and identifying common needs, patterns and behaviours. Finally, a discussion upon buyer behaviour and competitor analysis follows to end this section. Within the latter, different types of shoppers are presented. Also, it is discussed who are our main competitors and what exactly they offer.

### 4.1 Internal Environment - SWOT Analysis

SWOT analysis is an effective management tool that helps a company to identify its strengths, weaknesses, opportunities and threats. This allows for better planning and more accurate decisions. Similarly, it helps the business to reach its potential by paying greater attention to its drawbacks. Possibly, a current strength may not be valid in the long run, thus, regular SWOT assessment is highly recommended.

#### Strengths

Innovative Enterprise

No direct competitors

Price Discrimination which enhances affordability

Hand-made fresh food. No frozen products.

#### Weaknesses

Too many options for ordering food online

Delivery service is outsourced

Opportunities	Threats
Expansion in other cities	Covid-19 and post-Covid era
Expansion of catering services	Novel Idea
Create a Dine-in area	

## 4.2 Target Market

For the target market to be of strategic value it needs to be measurable, accessible, substantial and durable. Similarly, it should be large enough to be profitable. Our target market from a wider perspective is formed up of hungry people. As simple as it sounds, anyone who wants to order food, coffee or a snack is considered a potential customer of COZY. Undeniably, other food providers exist. What COZY will do better and how it will attract customers will be explained later on. Before indicating though COZY's comparative advantage and how it differs from competitors let us expand on the portrait of our customer segment.

From a narrowed perspective, our market is expected to be made up of people between 16-50 years old, both males and females. Undeniably, Cypriots are active users of the internet and day to day more people are getting used to social media, digital payments and all the goods that the network has to offer and this is encouraging for our business. Moreover, we are noticing a change in traditional norms. A few years ago, there were many housewives responsible for everyday cooking and taking care of the children. This is not the case anymore as in modern households both wife and husband work. Thus, our target market does not diverge between genders. Furthermore, University students, soldiers and young people who live alone are considered as a main segment of our customer base. Also, people who work in office jobs and until the afternoon are more likely to order food online as they

have less time available to prepare daily food so they are considered as another main segment of customers. Both segments tend to have basic knowledge of using the internet and smartphone applications. Finally, due to the high usage of social media, our customers will be initially reached through online contemporary marketing techniques all of which are analysed afterwards. Eventually, we believe that our effective customer relationship management will be able to transform our target market into loyal customers.

### 4.3 Buyer behaviour and Competitor analysis

Consumers are understood in part based on their consumption preferences. While micro consumer behaviour is mainly focused on individual factors, macro consumer behaviour is concerned with social factors. Different types of consumers exist. Some are economical shoppers that are primarily interested in the value. There are also Ethical shoppers that will support green stores. Additionally, there are the apathetic shoppers who do shop because they have to and to explain, those are the people who primarily eat because they have to feed themselves and they do not necessarily care about pleasing their taste. Also, we are noticing a rise in veganism and vegetarian food consumption. All of the above, have been considered very carefully in the development of our food menu and our pricing strategy.

As previously mentioned, COZY do not have any direct competitors up to our knowledge. Precisely, there is no other food business in Cyprus which brands both its products (food) and service (ordering application) under the same umbrella. For example, someone who will order from foody (one brand) will eat food from TGI Fridays (another brand). Here, we are noticing a clash between brands because although both companies are known to be reputable, none of them could ensure the quality, either of the food taste or the application's

efficiency and the delivery pace. Contrary, our customers will order from COZY's application and eat food prepared and delivered by COZY. Eventually, food ordering companies like Foody, Wolt, Rocket and Deliveroo are indirect competitors of COZY whom all offer the same service. They do create the final product and they do not have direct control over the quality of what they deliver. Contrary, we will have full control from the creation of our final product until its delivery to the customer. Moreover, restaurants that offer delivery services are mainly small to medium size. They do not have the resources nor the capabilities to develop at the same time an efficient food production line, an online ordering application, a well-structured delivery service, and an excelling customer service without letting gaps. Almost all restaurants depend on other companies for their delivery and in many cases on more than one. In turn, the delivery providers secure high commissions from the restaurants. Contrary, our fixed contract with one partner who will provide us with delivery services, will ensure better prices and better engagement between both parties. Even the high street brands that held their delivery services like Pizza Hut, McDonald's, KFC etc., offer a limited variety of products and they are considered as fast-food/junk-food providers.



## Section 5: Economics of the business

This section addresses the basic logic of how profits will be earned and present our expenses. All of our sources of income and expenses are being explained in detail. Further graphs and a proforma financial statement of comprehensive income could be found in the financial section. At this point let us introduce the theoretical background behind the economics of COZY. COZY is an idea based on the theory of sharing economy and it differs from traditional business models and existing businesses that operate in the Cypriot hospitality industry. Resources will be shared amongst individuals to enhance the essence of collaboration. Likewise, it is a peer-to-peer service where individuals will cook for other individuals. COZY aims to build trust and supportive cooperation amongst its chefs. The team will act as a pool of knowledge that will promote fair competition between its members.

### 5.1 Operating Expenses

COZY is expected to have monthly operating expenses. Some of them will be fixed as they will be ruled by contracts while others will vary according to production. All expenses are summarized in the following table. For ease of understanding, all amounts are shown on a yearly value. While some of the expenses are self-explanatory, the rest are explained in detail for better understanding.

Table 1: Yearly Expenses

## YEARLY EXPENSES



EXPENSE DETAIL	TOTAL AMOUNT €
Cleaning Expenses	20000
Marketing Expenses	8000
Bank Fees	100
Repairs & Maintenance	2000
Communal and other Taxes	10000
Salaries	243100
Food packaging	20000
Butcher Store	60000
Fish Store	50000
Grocery Store	50000
Internet & Landline	1000
Electricity	10000
Water	4000
Food delivery service	50000
Insurance	3000
Legal & Professional Fees	2000
Corporate Tax (12.5% on Net Profit)	26509
<b>Total Expenses</b>	<b>556709</b>

### 5.2.1 Cleaning and Marketing

In terms of cleaning, COZY will have an outsourcing agreement with a cleaning company.

That company will be responsible to keep the workshop in high hygiene standards. This will save time for chefs and keep them focused on their cooking tasks. Additionally, it will cut down costs as COZY will not need to buy cleaning products and equipment.

In terms of marketing services COZY will have a yearly budget. The marketing officer will be responsible to develop the most appropriate strategy for the overall promotion of our

company. In the first three years, the budget allowance for marketing will be higher to raise awareness and introduce our company to the most people possible. In the following years, there will be a considerably lower amount available on marketing activities. This is because by the 3<sup>rd</sup> year of operations we expect our company to be widely known. The aim of the promotional strategies after the 3<sup>rd</sup> year will be to maintain our market position by keeping customers engaged through offers, draws, events etc.

### 5.2.2 Salaries

As it is discussed afterwards Chefs will not be paid directly from COZY, instead, they will be paid through a 50% commission from certain sales. Thus, the only fixed salaries of COZY will be for the people in its central services. Those are the CEO who will be the marketing officer as well. Additionally, monthly salaries will go to the IT Department, HR department and Operations department which will employ two people each. Also, a fixed monthly salary will go to ten people employed in the customer service department.

Table 2: Salaries

## SALARIES



DETAILS	NUMBER OF EMPLOYEES	MONTHLY SALARY	YEARLY COST
<i>CEO &amp; Marketing Officer</i>	1	1500	19500
<i>Marketing employee</i>	1	1100	14300
<i>HR Officer</i>	1	1200	15600
<i>HR Employee</i>	1	1100	14300
<i>IT Officer</i>	1	1200	15600
<i>IT employee</i>	1	1100	14300
<i>Operations Officer</i>	1	1200	15600
<i>Operations employee</i>	1	1100	14300
<i>Customer Service Officer</i>	1	1200	15600
<i>Customer Service Employees</i>	8	1000	104000
<b>Total Salaries</b>			<b>243100</b>

### 5.2.3 Food Packaging

In terms of food packaging, COZY will sign a contract with an external supplier. The supplier will be responsible to provide COZY with paper-made food packages and cloth-made bags to be in line with our eco-friendly profile. Notably, there will be a unique package for all types of orders to avoid extra costs. The specimen package and bag which will be designed, are shown below.



### 5.2.4 Butcher & Fish store & Grocery Store

Our key partners will be the stores that will provide us with the first materials. Those are the butcher, the fish store and the grocery store. Again, contracts will be created with three different companies. Those will be carefully selected according to their reputation and following thorough market research. This will be the sole responsibility of the CEO and the operations department. The amount allocated to each contract seems sufficient to cover our yearly needs. Yet, if there are concerns about a shortage of first ingredients, a further revisit and alteration of the contract will take place. In no case, the above amounts should be taken for granted but certainly, they will be close to the actual.

### 5.2.5 Food delivery costs

COZY will outsource its delivery service. This is because to run such a service requires a big investment for the purchase of motorbikes, their maintenance, their fuel costs and their annual road taxes. Additionally, if COZY had its delivery service it would have needed to hire drivers with monthly salaries. To avoid such initial costs, we have decided to outsource this need for the first years of operations. Hopefully, shortly when we will start to generate net profits, we have plans to run our delivery service.

## 5.2 Sources of Revenue

After the rain comes the sun. What will be discussed hereinafter are the sources of revenues and the expected income. Again, figures are presented in yearly value. COZY's revenue sources are all disclosed in the following table and analysed afterwards.

*Table 3: Summarized Sources of Revenue*

### YEARLY REVENUES



REVENUE	TOTAL AMOUNT €	NOTE
<i>Food sales</i>	270480	50%
<i>Food sides</i>	2520	100%
<i>Snacks</i>	10080	50%
<i>Coffee sales</i>	63000	50%
<i>Soft drinks and Bottled Water</i>	63840	100%
<i>Food delivery Commission</i>	75600	150 ORDERS
<i>Catering Services</i>	255750	50%
<i>Advertising on packaging</i>	4000	2000 FOR 2 CONTRACTS
<b>Total Revenues</b>	<b>745270</b>	

Our business will have eight sources of revenues which are summarized in the above table and presented in more detail in table 4 below. The only source of revenue which should be taken for granted is the advertising on the packaging. The other revenues will vary according to production. To ensure the feasibility of the latter, basic market research was undertaken and lower than expected quantities are proposed. Market research was done upon the weddings per year, existing catering companies and other determinants, factors and events that may influence each source of revenue. Eventually, the industry and market analysis executed above offered us a clearer view and a better understanding of our business external environment.

Table 4: Detailed Sources of Revenue

YEARLY DETAILED REVENUES											
UNIT DESCRIPTION	DAILY UNIT SALES	WEEKLY UNIT SALES	MONTHLY UNIT SALES	YEARLY UNIT SALES	UNIT PRICE (EUR)	TOTAL MONTHLY REVENUE (EUR)	MONTHLY CHEFS (EUR) 50%	MONTHLY COZY (EUR) 50%	TOTAL YEAR REVENUE (EUR)	YEARLY CHEFS (EUR) 50%	YEARLY COZY (EUR) 50%
Standard Plates (including Crepes & Waffles)	130	910	3640	43680	7	25480	12740	12740	305760	152880	152880
Premium Plates	70	490	1960	23520	10	19600	9800	9800	235200	117600	117600
Food Sides - Sauces (Yogurt, Tahini, BBQ Sauce etc.)	30	210	840	10080	0.5	420	210	210	5040	2520	2520
Coffees	150	1050	4200	50400	2.5	10500	5250	5250	126000	63000	63000
Snacks (Sandwiches, Pies, Muffins, Cakes)	30	210	840	10080	2	1680	840	840	20160	10080	10080
Soft Drinks	150	1050	4200	50400	1	4200	0	4200	50400	0	50400
Bottled Water	50	350	1400	16800	0.8	1120	0	1120	13440	0	13440
Food Delivery Commission	150	1050	4200	50400	1.5	6300	0	6300	75600	0	75600
Catering (On a fixed contract Basis - 5 Contracts with 100 Portions each daily)	500	3500	14000	168000	3	42000	21000	21000	504000	252000	252000
Catering (Random Catering Events - 50 events with 30 portions each)	NA	NA	NA	1500	5	312.5	156.25	156.25	7500	3750	3750
Advertising on Food Packaging	NA	NA	NA	2	2000	0	0	0	4000	0	4000
						49996.25	61616.25	61616.25	601830	745270	

### 5.2.1 Commission from advertising on the package

COZY plans to have two proud partners who will be advertised on its food packaging. The food packaging will be a customized square paper box. Two different sides of the box will be allocated for this purpose and will show the logo and contact info of each partner. To ensure homogeneity, guidelines will be proposed like the logo size, positioning, fonts to be used etc. Undeniably, these two partners will be irrelevant to the hospitality industry. Ideally, partnership proposals will be given to hotels, private schools, clothing stores, automotive brands and beauty salons. Each contract will be on a yearly basis. Therefore, the total amount of revenue from this category will be 4000EUR as each partner will be charged 2000EUR per year.

### 5.2.2 Commission from food Sales and food sides - sauces

The cost of food will be based on Unit pricing. There will be two different food prices daily from which consumers will be able to choose based on what they want to eat. The food prices will be 7EUR for standard plates and 10EUR for the premium plates (i.e., Chef's speciality). Notably, crepes and waffles will be offered at the price of 7EUR and are included in our estimations of daily sales. From all the above prices COZY will receive a 50% commission from each unit sold. It is estimated that we will receive at a minimum of 200 orders daily from which the 130 will be standard plates and the other 70 will be premium plates. Additionally, we will sell food sauces like yoghurt, tzatziki, tahini etc. Those will be sold at the price of 0.50 and we expect to sell at least 30 units daily.

### 5.2.3 Income from soft drinks, bottled waters and coffee sales and snacks

Water will be sold for 0,80EUR while soft drinks will be priced at 1EUR each. Such products will be bought by COZY directly from their supplier in bulk. Then, we will sell

them to customers along with the food orders. Since chefs will not create these products, they will not generate any income from their sales. Consequently, the whole income from beverages will go to COZY. As before, we assume that within the 200 food unit sales (orders) we will sell 200 beverages from which the 150 will be soft drinks and the 50 will be bottled water. Finally, Coffees will be sold at the fixed price of 2.50EUR. For coffees, COZY will receive a 50% commission from the sale of coffees. We assume that we will sell 150 coffees daily. Customers will have the option to add a snack along with their coffees and they will be able to choose between small sandwiches, cheese pies, sausage pies, spinach pies, cake slices and muffins. A bundle price will be offered for a coffee and a snack at the price of 4EUR. Otherwise, customers will be able to buy any snack at the price of 2EUR. For a higher degree of accuracy in our calculations, we estimate that we will only have single sales of snacks. To avoid further complexity, we assume that we will sell only 30 units of snacks per day and those will be not at the bundled price but to be sold alone.

#### 5.2.4 Income from Food delivery

COZY will charge a fixed tariff of 1.50EUR for delivery on each order. Through this charge is expected that the delivery costs will be matched.

#### 5.2.5 Income from Catering Services

COZY plans to provide catering services to boarding schools, hospitals, nursing houses and other organizations. We will attempt to have at least five customers who will be tied with yearly contracts. We will serve them as many portions as they will ask for at a unit price. Each organization will be responsible before the start of each week to inform us on how many portions they will need. For example, if a hospital asks for 200 portions they

will be charged accordingly. An invoice will be sent to them at the end of each month.

COZY will receive 50% of each invoice. The rest 50% will go to chefs.

Additionally, we plan to provide catering services for weddings, christenings, birthday parties, corporate events etc. Our projection is to offer catering services to at least 50 events per year. Customers of this category will be able to choose between three different menus.

Each menu will have a different price and will be offered at the price of €5, €7 and €10.

Again, COZY will receive 50% of each invoice. The rest 50% will go to chefs.

## Section 6: Marketing Plan

A marketing officer should be able to choose the most appropriate strategy for the company's target market. One size fits all approach is completely irrelevant and the extreme levels of competition within the Cypriot hospitality industry require uniqueness, creativity and innovation. Undoubtedly, all marketing activities must be honest, true and not misleading for consumers. Consequently, our marketing team will utilize the most contemporary techniques to reach our target market and raise awareness of our company. Ultimately, our branding strategy will aim to promote COZY as the best choice in terms of reliability, approachability and affordability. All the means of communication with customers, promotional campaigns and methods of advertising are presented and analysed in the below marketing plan. Finally, COZY's business plan is tailored to its target market characteristics and applicable to the Cypriot market.

### 6.1 Marketing strategy

Our marketing strategy will consist both of traditional means and contemporary techniques. We will start our promotion early through road billboards on the roads in Nicosia. The billboards will only show the logo of our company and they will have a duration of three weeks. This is to raise awareness, introduce our company to consumers and create a form of questioning of what this brand represents. This will be aligned with the go-live date of our Facebook and Instagram pages which will not reveal much information for three weeks. Through sponsored ads, we will try to catch as many eyes as possible and we aim to make COZY a talk of the town for as long as people will be wondering what is COZY. Once the three weeks pass more information will be provided and our application and website will

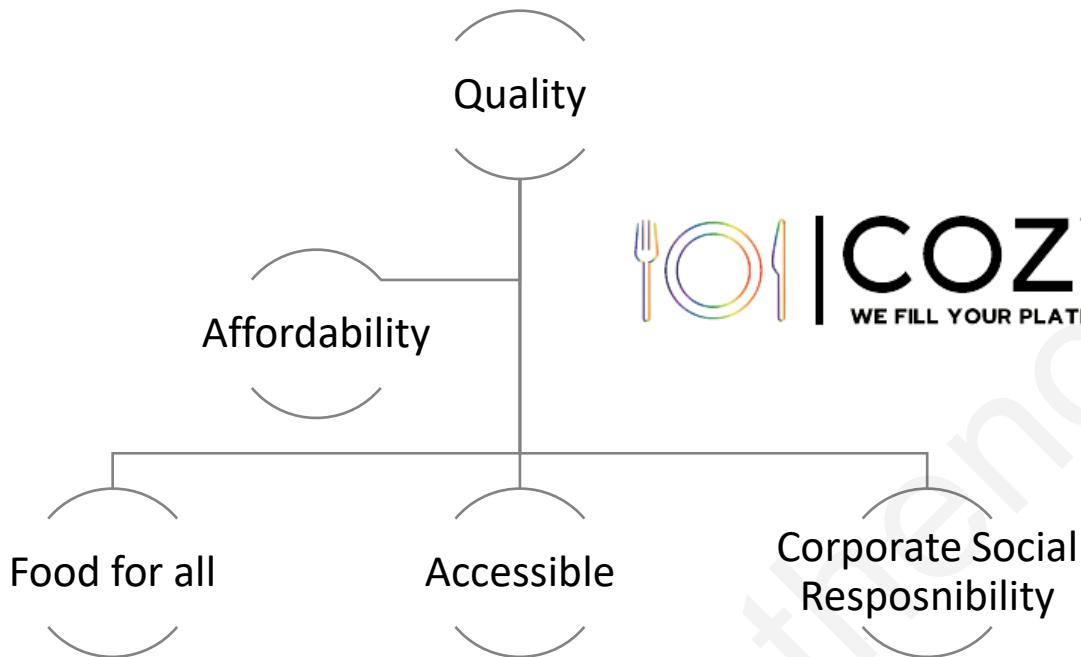
get published. At that time, we will replace the initial billboards with new ones that will include all the details of our brand, our contact information and showcase our smartphone application. In the meantime, we will boost our sponsored ads on social media which will be accompanied by the link for downloading COZY's application. Additionally, we will run radio advertisements on-peak hours in which people used to drive and listen to the radio. We will avoid television advertisements because are costly and we consider them as less effective. For the same reason, we will avoid printed magazine and newspapers advertisements. Instead, we will use pop-up banners on well-known websites and blogs, through which someone will be able to directly click and download our application. Moreover, through our social media pages, we will daily post interactive advertisements like videos and gif Images. We will also include gamification in our marketing strategy. Specifically, we will incorporate game mechanics in our promotional material. Through our social media people will be able to find interactive short games which will entertain them but most importantly showcase to them our logo and slogan. These short games are not expensive and easy to develop according to our IT department and we believe that they will be highly engaging. Finally, all of our orders will be accompanied by customized napkins. Similarly, our coffee cups and food packaging will have our logo to enhance and maintain the brand feeling.



Lastly, we plan to host events to promote our company. Our events will be related to raising money for a certain cause but they will have an entertainment motive and purpose. Some themes which we have already thought of are “World Cuisines”, “Children Fun-day” and “Cypriot food festival”. Through the events we expect people to sign up for our newsletters and download our ordering application. Once we manage to persuade them to do their first order we will seek to turn them into loyal customers.

## 6.2 Positioning

By default, positioning in marketing is the creation of a brand identity/image in consumers' minds. In other words, positioning is consumers' perception of a brand. We will strategically position COZY into peoples' minds as a brand for everyone. This will be achieved through our marketing strategy that will make clear that COZY is a kitchen that prepares food for everybody irrespective of their economic backgrounds or consumption preferences. Our prices will be affordable and we will offer a variety of dishes that will not exclude people. In respect, we will offer vegan food, gluten-free food etc. Our branding strategy will aim at the creation of a valuable brand, widely known to consumers. We want to be acknowledged as the next best alternative to homemade food and diverse ourselves from fast-food restaurants. All of our food portions will be daily prepared and be fresh and handcrafted. Thus, we will not use at all preservatives and ingredients that may alter or even challenge our offerings. Finally, we pay a lot of attention to our Corporate Social Responsibility (CSR) plan which will enhance our brand image. Our CSR will aim to showcase our environmental consciousness and philanthropic perception. The hierarchy of our positioning pillars is summarized on the below map.



### 6.3 Product – Price – Promotion – Place (4Ps)

#### Product

We are offering an actual, tangible product to consumers which is highly dependent on a service. This means that we should not only endure our food quality but of our delivery service quality as well.

#### Price

Soft drinks, water, coffees, snacks and food sauces are based on cost pricing and they are sold at a small margin above their cost. In terms of food, our pricing strategy is based on value pricing. Our prices include the cost of our offering and then consumers can choose how much they are willing to pay. This is the reason that we have introduced price discrimination technique and we offer two prices of food dishes in our menu.

## Promotion

Our marketing and branding strategy will aim to raise awareness of our brand and introduce it to consumers. Then it will aim through CRM practises in transforming clients into loyal customers who will regularly order from COZY. Initially, we will use a mass-media, undifferentiated marketing strategy to reach as many people as possible. Once people get aware of our brand, we will utilise targeted advertisements and customised deals to specific consumer segments. For example, we will offer direct deals for students, vegan people and families.

## Place

COZY will sell its products to consumers, solely online. Our ordering application and website are pillars of our sale process. In terms of distribution, this will take place through an intermediary. Thus, the food delivery company that will be chosen needs to be of high reliability.

## 6.4 Sales process/cycle

Customers will be able to reach us through our website and our application for smartphones. Both will follow the same layout in terms of colours and sign-up and they will be completely free. Through our website, we will promote our application and we will encourage users to download it on their smartphone for a more friendly customer experience. The application will be available for download on both App-store for Apple devices and Play Store for Android Devices. Customers will need to create an account for which they will be asked to provide their full name, mobile phone, email address and home address. Once they sign-up they will get a 5EUR discount voucher for their first order that will cost above 20EUR. On their following log-ins, a welcome sound and a message will

initially appear on their smartphone screen to enhance the COZY experience. Then, the day menu will appear and the whole ordering process should not take more than five minutes. All food ingredients will be shown underneath each dish and allergen info will be provided. Additionally, small symbols will denote the category of each food.



## 6.5 Corporate Social Responsibility (CSR)

Corporate social responsibility is the commitment of organizations to behave ethically and contribute to economic development while improving the quality of life in the workplace as well as the society in general. A successful company has to be conscious of its social responsibility. A strategic CSR plan may not offer a direct financial benefit to the business but it increases its reputation and improves its brand image. Additionally, it increases brand loyalty and provides a form of insurance against negative events. A CSR plan is mainly constituted of short-term activities which aid in long-term success. COZY's CSR plan has two main pillars which are the social and environmental initiatives. In terms of our "Social Pillar" initiative, we will give all the daily left-over food for free to charitable organizations to be spread to people in need. Additionally, two times per year we will run monthly campaigns. Those campaigns will be focused on raising awareness of several issues. Those could be recycling, animal care, poverty etc. Through each campaign, we will give a certain amount from revenues to certain causes. Customers will be encouraged to order from

COZY and contribute to the cause. On similar lines, our environmental pillar is based on our aim to be as “green” as possible. Thus, we will not use plastic at all. All of our packagings will be made from paper. Moreover, we will recycle all items and put food wastage separately. Our workshop will be powered by a photovoltaic system. Thankfully in Cyprus, we have plenty of days of sunshine. This will not only save us money from electricity but it enhances our “green” image as well.



## 6.6 Sustainability Report

A potential investor may worry if this is sustainable in the sense that there is an unknown demand in this space considering the restaurant industry already has a saturation problem (Maze, 2018). Undoubtedly, the food market is very competitive and there are so low barriers to entry. Offering food of good quality is no longer enough and customers are seeking alternatives. Contemporary restaurants compete on the dining experience that they offer rather than the food and after all, customer service and satisfaction are all that matter to consumers. Similarly, people are eager in trying new things and this has been proven

inter alia, by the huge success of Uber which introduced the sharing drives concept as well as with the success of Airbnb which introduced the sharing of houses. In this respect, we are noticing a shift towards sharing economies structures and COZY's business model is highly influenced by them. We strongly believe that it is the best time to introduce this innovation in the Cypriot market and that sharing economies are not the past neither the present but the future of the restaurant industry.

Sustainability is further defined as meeting the needs of the present without compromising the ability of future generations to meet their needs. In terms of our internal efforts towards sustainability, our CSR program ensures that we pay attention not to harm the environment and to improve our society. Our company will be efficient and the quantities that will be produced will be carefully selected and revisited every week. This will help in avoiding the wastage of resources and consequently the unnecessary loss of money. Our "Green Building" and "No food in bin" initiatives are perfectly aligned with our efforts towards a sustainable future.



## Section 7: Design and Development Plan

### 7.1 Status of the idea

A few months ago, our idea was on its seed stage. We have undertaken several assessments upon its feasibility and following thorough market research, we brought this idea on its pre-launch phase. Revenues and expenses have been assessed, prices have been set and the marketing plan is ready for execution. Final touches and financing are the only things left.

### 7.2 Challenges & Risks

The SWOT analysis in section four is a good starting point for assessing potential challenges and risks. To expand further, all start-ups induce risks. In our case, the main risk that we observe is to be able to cover the initial investment cost in the second year of our operations as estimated. This will be achieved only if our sale projections are met. However, the 287000EUR that we need to start our business is not a very big amount compared to other start-ups and subsequently, it will be effectively covered. Moreover, all new companies have difficulties in estimating demand levels. Our estimations are based on both real-life data based on our everyday lives in Cyprus and through the market research that we have undertaken upon food consumption within the country. As earlier mentioned, we do not consider any other food ordering application or restaurant as a direct competitor due to the uniqueness of our offering and the novel business model that we introduce.

### 7.3 COZY's ordering application and Website

Our smartphone application and website will be developed and maintained internally. The application will be available in play-store and app-store and will be free to download. Similarly, our website will be accessible from all well-known and reliable browsers. We estimate the total development cost for both that will not be more than 5000EUR. Our ordering system through the use of cookies will be able to understand consumer preferences and provide data to our marketing department. Specifically, we expect our ordering system to gather information upon consumption habits and produce a thorough demographic analysis. Through the above approaches, we expect to understand our clients' needs and categorise them into groups with common characteristics. In turn, our marketing department will employ the aforementioned data to develop customised offerings to each group and tailored advertisements to each segment.

### 7.3 Projected development Costs - Initial Investment

Initially, start-up costs should be expected around 287000EUR. This sum amounts to the purchase of a ready-made workshop in the outskirts of Nicosia. It also includes the cost of buying the equipment that chefs will need. Since the food providers will not work all at the same time but in shifts, this allows us to buy less equipment. Similarly, responsibilities and days' tasks will be known in advance and each chef will be assigned a certain job. This will help to avoid overcrowding equipment and will make our operations' line more efficient. The following table shows the total cost of the initial investment that is required to set up COZY. The amounts were derived based on market research from the Cypriot market through the Internet. Lower prices are expected to be achieved after the negotiations with the suppliers as the equipment will be bought in bulk and identically from one or two

suppliers. COZY's accountant/financial advisor along with the CEO will be responsible to undertake the on-field market research by visiting several suppliers to receive offers from each and choose the most beneficial. Our estimations include a degree of error amounting to 3500EUR.

*Table 5: Initial Investment*

ITEM	QUANTITY	PRICE PER UNIT	TOTAL COST €
<i>Plot of Land with a readymade workshop</i>	1	150000	<b>150000</b>
<i>Photovoltaic System</i>	1	30000	<b>30000</b>
<i>Walk-in Fridge</i>	5	2000	<b>10000</b>
<i>Walk-in Freezer</i>	5	2000	<b>10000</b>
<i>Ice cube machines</i>	2	250	<b>500</b>
<i>Grills</i>	15	700	<b>10500</b>
<i>Ovens</i>	15	700	<b>10500</b>
<i>BBQ</i>	5	1000	<b>5000</b>
<i>Deep Fryers</i>	10	300	<b>3000</b>
<i>Cooker</i>	20	700	<b>14000</b>
<i>Burger Patty Machines</i>	2	300	<b>600</b>
<i>Crepe Machine</i>	2	300	<b>600</b>
<i>Waffle Machine</i>	2	300	<b>600</b>
<i>Coffee machine</i>	4	1300	<b>5200</b>
<i>Counters with build-in sinks</i>	20	800	<b>16000</b>
<i>Kitchen Cutlery and Minor equipment</i>	NA	NA	<b>10000</b>
<i>Company registration Fees</i>	NA	NA	<b>2000</b>
<i>Development of Smartphone Application and Website</i>	NA	NA	<b>5000</b>
<i>Degree of error – Rounding</i>	NA	NA	<b>3500</b>
<b>TOTAL INITIAL INVESTMENT</b>			<b>287000</b>

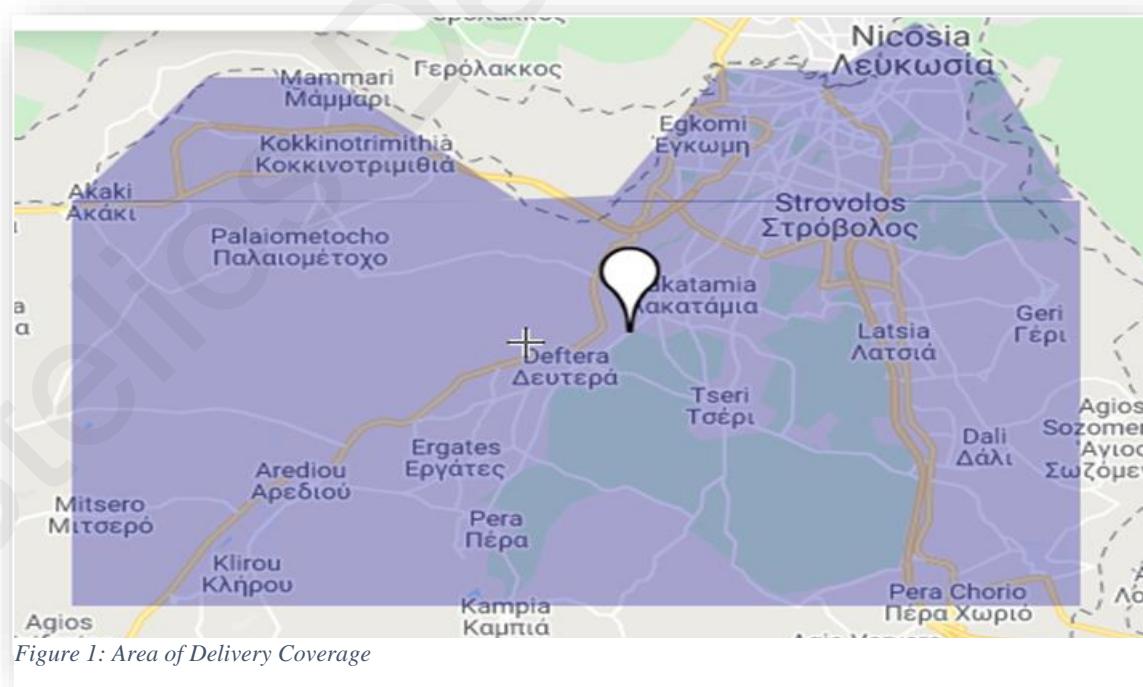
## Section 8: Operations Plan

### 8.1 Recruitment and selection process of Chefs

Our front-line workforce will be small and limited to forty individuals who will be self-employed under COZY. Those will be chefs, and people who want to cook for commercial purposes (i.e., generate an income out of it). COZY aims to attract individuals that are not able to set up their own food business, either due to budget shortage or lack of knowledge and skills in running such a business. This segment will be solely chosen according to preset criteria that will be set by the board of directors. This is to ensure that they all share the values of the company, guarantee high standards of customer service, and provide assurance upon the quality of our offerings. All interested parties will be asked to prove their ability to become members of COZY through certifications, diplomas and relevant supporting documentation. If none of the above is available, they will be asked to prove their skills in cooking through competitions which will be hosted amongst the candidates. In such regard, our qualified chefs will be asked to provide their opinions and reviews upon the abilities of each applicant. Additionally, all candidates will pass through an interview process to identify who is the most suitable for our company. The reason behind the strict recruitment process is because COZY plans to have only forty (40) food producers during the first three (3) years of its operation. This is to ensure that all chefs will generate a respected amount of income.

## 8.2 Business location

COZY will be located centrally in Nicosia and towards its city Centre. A few years ago, Strovolos used to be the centre of Nicosia. Currently, it has been noticed that many new couples choose to build or rent in Tseri, Deftera, Akaki, Latsia etc. Thus, we consider Lakatamia as a more central location. Similarly, by taking into account that a car needs a 20-minute drive from Deftera to Nicosia city Centre, a motorcycle will need around 15 minutes. The short distances in Nicosia and Cyprus, in general, allow us to have a bigger customer base and the costs of a higher delivery coverage are offset by this ability. Eventually, our delivery service will cover all the areas that are in the radius of the blue colour as portrayed on the below map. Our delivery scale includes those rural areas which are not currently serviced by the existing food delivery companies. Residents in the outskirts of Nicosia have much fewer delivery options and this is of strategic importance for us and it played an important role in choosing our delivery coverage.



### 8.3 Sample menu

The below section represents a guide of what someone should expect to eat from COZY.

Notably, our daily menu will consist of snacks, meat, fish and vegan options to cover all tastes. A typical Lunch menu will include 1 Snack, 3 Meat options, 2 Fish options, 1 type of Pasta, 1 type of pizza, Rice, Potatoes, 2 types of Legumes and 1 salad. A typical dinner menu will be quite similar but it will include 4 meat options and 1 type of Legumes. In addition, different kinds of soups will be served during winter and during summer we will adjust our daily menu to offer some lighter options. Similarly, on weekends we will serve food made on BBQ. Nevertheless, COZY do not concentrate on the variability but rather on the quality of its dishes. Arguably, one can say that there are not many options, yet someone will be able to find what he wants to eat according to his preference.

Eventually, most of our dishes will follow the Mediterranean diet and taste to be aligned with the Cypriot culture. They will be close to what someone could have cooked at home and we will avoid the use of extreme sauces, too spicy ingredients or foreign recipes that are not expected to be consumed a lot by our customers. Finally, the lunch and dinner options of each day will include three chefs' specialities. As mentioned earlier, those will be the dishes which will be sold at a higher price. However, those will be more time consuming and require more expensive ingredients to be prepared. Some food dishes which will be served are shown below. Further dishes and recipes will be developed in cooperation with our chefs. A template along with some of our food options is presented on the next page. However, this should not be taken for granted as modifications are expected following the suggestions of our chefs, the consumption patterns and customer reviews that we will get.

## SNACKS

- Club sandwich
- Wraps
- Sandwiches
- Nuggets
- Fish Nuggets



## MEAT

- |                  |                    |
|------------------|--------------------|
| • Porkchop       | Meatballs          |
| • Kebab          | Stuffed Vegetables |
| • Chicken Fillet | Roasted Duck       |
| • Donner         | Burger Portion     |
| • Soutzoukakia   | Burger in Bun      |



## FISH

- |             |            |
|-------------|------------|
| • Sea Bream | Cuttlefish |
| • Prawns    | Cod        |
| • Mussels   |            |
| • Calamari  |            |
| • Octopus   |            |



## LEGUMES

- Beans
- Peas
- Lentils



## PASTA

- |                       |           |
|-----------------------|-----------|
| • Carbonara           | Oven Pata |
| • Napolitana          |           |
| • Bolognaise          |           |
| • Chicken and Spinach |           |
| • Lasagna             |           |



## SALAD

- Caesar Salad
- Seafood Salad
- Pasta Salad
- Egg-Potato Salad



## 8.4 Backstage activities to engage chefs

To keep our chefs motivated and engaged, COZY will run the chef of the month award. The chef with a higher rating on its speciality will receive a bonus. Another important determinant for the chef of the month will be his overall contribution to daily tasks. Hence, once a month we will have an outing to enhance the relationship between the chefs and the management team. Furthermore, on Easter and Christmas, in cooperation with our proud sponsors, we plan to give presents to two lucky chefs. The two chefs will be randomly chosen with a draw. We believe that the above will cultivate the essence of teamwork and contribute towards the development of a joyful environment in the workplace. Finally, to enhance the brand feel, we will provide our chefs with customized products, some of which are presented below.



## 8.5 Front stage activities to engage customers

To have regular customers is good, but to have loyal customers is even better. Our price discrimination techniques will allow our customers to pay the amount that they are willing to pay. We believe that this will act as an incentive for customers to return to COZY. Additionally, our Unit pricing will be another motive as when it will come to order, our customers will not have to worry about the price since it will be fixed. COZY plans to run a reward scheme. The scheme will offer a free lunch when two lunches have been ordered within a certain week. Furthermore, by joining our loyalty scheme, they will be able to learn first about our new dishes, offers and events. Through every order, the customers that will participate in our loyalty scheme will earn points. Once they collect a certain number of points, they will be able to choose amongst several products which will be given to them as gifts. Some specimen products are provided below.



## Section 9: Management team and company structure

### 9.1 Board of Directors

CEO – UBO: Stelios Demosthenous

Main Activities: The CEO of the company will be responsible to oversee all the business procedures from the beginning till the final delivery to the customer and the post-sale experience referring to customer satisfaction. Additionally, he will be responsible for overviewing potential irregularities that may negatively impact our production and sale processes and addressing them to the relevant department. His daily presence in the company is essential for the successful execution of the above tasks.

### 9.2 Employees

#### IT Department (2 people)

Main Activities: The IT department will be responsible for the development of the ordering application and the creation of the website. Also, it will be responsible for their regular maintenance, updating and upgrading. IT employees will work office hours i.e., 08:00 – 17:00, 5 days a week.

#### HR Department (2 people)

Main Activities: Our Human resource department will be responsible for the creation of the shifts timetable and the allocation of everyday's responsibilities. The shift timetable will be published every Friday and will present the working hours of each chef until the next Friday. Also, it will be in charge of annual leaves, sick leaves, payrolls, training and

overall, of every activity that is related to our human assets. HR employees will work office hours i.e., 08:00 – 17:00, 5 days a week.

### Customer Service Department (10 people)

Main Activities: We consider this as the most important section of our organization. This is the department that will be accountable for handling customer complaints and issues that may arise in terms of customer satisfaction. Our anthropocentric approach requires a high degree of flexibility and understanding towards people who give us their money. Thus, the sole responsibility of this department will be to keep customers happy and satisfied. Employees in the customer service department will work in shifts. Each shift will have four employees.

### Operations Department (2 people)

Main Activities: The operations department will be responsible along with the CEO to set up the contracts with our key partners. After that, they should be focused on revisiting each contract regularly and apply alterations if necessary. Additionally, the department will act as an intermediary between HR and our chefs. To explain, the operations department will have a close look at the effectiveness of our front-line employees and will advise accordingly the HR Department. Points of advice will be whether more chefs are needed on certain times and days, which chefs are better working together, which chefs' speciality had higher rating etc. This will help the HR department to make more accurate decisions on the weekly shift timetable. Department's employees will work office hours i.e., 08:00 – 17:00, 5 days a week.

### Marketing Department (2 people)

Main Activities: The marketing department will be focused on choosing and implementing the most appropriate marketing strategy to understand, create, communicate and deliver COZY's values to consumers. The department will consist of 2 people and after the development of the strategy will be responsible to overview its effectiveness. Additionally, they will be in charge of creating COZY's promotional campaigns and events. Also, they should develop our social media pages on Instagram, Facebook and YouTube and daily upload creative content and promotional material. Marketing employees will work office hours i.e., 08:00 – 17:00, 5 days a week.

### 9.3 External partners

#### Legal Department (1 person)

Main Activities: Our corporate lawyer will be responsible to implement all the necessary actions for incorporating a company in Cyprus. Additionally, he will be responsible to protect our intellectual property. This, mainly includes our idea and logo and will be achieved through filing a trademark application. Additionally, he will be responsible to handle any legal case that may arrive either with key partners, external parties or customers.

#### Accounting/Financial Department (1 person)

Main Activities: Our accountant will be responsible for preparing our financial statements and providing suggestions based on the results. He will also be liable to conduct risk assessments and provide the board of directors with information upon the company's financial position, liquidity status and other similar financial indicators.

## 9.4 Chefs' Income & Working hours

Chefs will work 48 hours per week which is the maximum according to the Cypriot employment law (Employment Guide, 2008). Specifically, there will be 2 shifts daily. The first shift will start at 06:00 and finish at 14:00. The second shift will start at 14:00 and finishes at 22:00. Each shift will have team leaders who will be responsible for the cooperation of all chefs, for overviewing the production process and preparing the daily specialities.

The total monthly income for chefs will derive from the 50% commission on food sales. Consequently, 50% of COZY's monthly revenues from specific sources as denoted in the revenues section will be equally divided over the 40 chefs. This will be their monthly salary. According to our estimations and once our sale targets are achieved, chefs will be able to earn a gross salary of around 1250EUR per month. Notably, this salary is much higher than the Cypriot minimum wage. Additionally, further bonuses will be given each month according to our chef of the month award

Table 6: Chefs' working hours template

Chef Name	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Total working Hours
Chef 1	DAY OFF	Shift 1	Shift 2	Shift 1	Shift 2	Shift 1	Shift 1	48
Chef 2	DAY OFF	Shift 1	Shift 2	Shift 1	Shift 2	Shift 1	Shift 1	48
Chef 3	DAY OFF	Shift 1	Shift 2	Shift 1	Shift 2	Shift 1	Shift 1	48
Chef 4	DAY OFF	Shift 1	Shift 2	Shift 1	Shift 2	Shift 1	Shift 1	48
Chef 5	DAY OFF	Shift 1	Shift 2	Shift 1	Shift 2	Shift 1	Shift 1	48
Chef 6	DAY OFF	Shift 1	Shift 2	Shift 1	Shift 2	Shift 1	Shift 1	48
Chef 7	Shift 1	DAY OFF	Shift 2	Shift 1	Shift 2	Shift 1	Shift 1	48
Chef 8	Shift 1	DAY OFF	Shift 2	Shift 1	Shift 2	Shift 1	Shift 1	48
Chef 9	Shift 1	DAY OFF	Shift 2	Shift 1	Shift 2	Shift 1	Shift 1	48
Chef 10	Shift 1	DAY OFF	Shift 2	Shift 1	Shift 2	Shift 1	Shift 1	48
Chef 11	Shift 1	DAY OFF	Shift 2	Shift 1	Shift 2	Shift 1	Shift 1	48
Chef 12	Shift 1	DAY OFF	Shift 2	Shift 1	Shift 2	Shift 1	Shift 1	48
Chef 13	Shift 1	Shift 2	DAY OFF	Shift 1	Shift 2	Shift 1	Shift 2	48
Chef 14	Shift 1	Shift 2	DAY OFF	Shift 1	Shift 2	Shift 1	Shift 2	48
Chef 15	Shift 1	Shift 2	DAY OFF	Shift 1	Shift 2	Shift 1	Shift 2	48
Chef 16	Shift 1	Shift 2	DAY OFF	Shift 1	Shift 2	Shift 1	Shift 2	48
Chef 17	Shift 1	Shift 2	DAY OFF	Shift 1	Shift 2	Shift 1	Shift 2	48
Chef 18	Shift 1	Shift 2	DAY OFF	Shift 1	Shift 2	Shift 1	Shift 2	48
Chef 19	Shift 1	Shift 2	Shift 2	DAY OFF	Shift 1	Shift 1	Shift 2	48
Chef 20	Shift 1	Shift 2	Shift 2	DAY OFF	Shift 1	Shift 1	Shift 2	48
Chef 21	Shift 1	Shift 2	Shift 1	DAY OFF	Shift 1	Shift 2	Shift 2	48
Chef 22	Shift 1	Shift 2	Shift 1	DAY OFF	Shift 1	Shift 2	Shift 2	48
Chef 23	Shift 1	Shift 2	Shift 1	DAY OFF	Shift 1	Shift 2	Shift 2	48
Chef 24	Shift 1	Shift 2	Shift 1	DAY OFF	Shift 1	Shift 2	Shift 2	48
Chef 25	Shift 1	Shift 2	Shift 1	Shift 1	DAY OFF	Shift 2	Shift 2	48
Chef 26	Shift 1	Shift 2	Shift 1	Shift 1	DAY OFF	Shift 2	Shift 2	48
Chef 27	Shift 2	Shift 1	Shift 1	Shift 2	DAY OFF	Shift 2	Shift 2	48
Chef 28	Shift 2	Shift 1	Shift 1	Shift 2	DAY OFF	Shift 2	Shift 2	48
Chef 29	Shift 2	Shift 1	Shift 1	Shift 2	DAY OFF	Shift 2	Shift 2	48
Chef 30	Shift 2	Shift 1	Shift 1	Shift 2	Shift 1	DAY OFF	Shift 1	48
Chef 31	Shift 2	Shift 1	Shift 1	Shift 2	Shift 1	DAY OFF	Shift 1	48
Chef 32	Shift 2	Shift 1	Shift 1	Shift 2	Shift 1	DAY OFF	Shift 1	48
Chef 33	Shift 2	Shift 1	Shift 1	Shift 2	Shift 1	DAY OFF	Shift 1	48
Chef 34	Shift 2	Shift 1	Shift 1	Shift 2	Shift 1	DAY OFF	Shift 1	48
Chef 35	Shift 2	Shift 1	Shift 1	Shift 2	Shift 1	Shift 2	DAY OFF	48
Chef 36	Shift 2	Shift 1	Shift 1	Shift 2	Shift 1	Shift 2	DAY OFF	48
Chef 37	Shift 2	Shift 1	Shift 1	Shift 2	Shift 1	Shift 2	DAY OFF	48
Chef 38	Shift 2	Shift 1	Shift 1	Shift 2	Shift 1	Shift 2	DAY OFF	48
Chef 39	Shift 2	Shift 1	Shift 1	Shift 2	Shift 1	Shift 2	DAY OFF	48
Chef 40	Shift 2	Shift 1	Shift 1	Shift 2	Shift 1	Shift 2	DAY OFF	48
Number of Chefs In	34	34	34	34	35	35	34	
Morning - Noon	20	20	20	20	18	15	17	
Afternoon - Night	14	14	14	14	17	20	17	
Chefs with Day off	6	6	6	6	5	5	6	
*Morning - Noon	06:00 - 14:00	Shift 1	Shift Leader					
*Afternoon - Night	14:00 - 22:00	Shift 2	DAY OFF					

## Section 10: Overall Schedule

The below timeline summarizes our milestones. Following, further details are provided on when and how each phase will be achieved.

Figure 2: Milestones



### 10.1 Obtain Critical Funding

The first source of funding will be through personal funds of the CEO and debt financing by a personal loan of the CEO. It is expected that the above will bring in the company 50000EUR. For the rest, we will apply to a scheme offered by the ministry of industry and technology. The scheme is provided to enhance youth entrepreneurship and is called «Θ.Αλ.Ε.Ι.Α» 2021-2027. It is co-financed by the European Regional Development Fund (ERDF) of the European Union and the Republic of Cyprus. The maximum grant that someone could get through this program is up to 120000EUR. The remaining amount will be collected through equity financing and we will mainly seek Business angels who are

known as people who invest their capital directly in start-ups. In return, a percentage of our share capital will be granted to them. Ultimately, business angels are hard to find. If we do not manage to find such persons, we will switch to our alternative option which is Venture Capital. Venture Capital firms are easy to find and they invest a relatively higher amount of money in start-ups compared to business angels. Yet, they tend to prefer more mature companies rather than seed start-ups. Also, in most cases venture capitalists seek managerial positions in the start-ups that they invest and they want to have a high degree of influence in decisions and the overall company structure (Samila, S. and Sorenson, O., 2011, Park, H. and Steensma, H., 2011). Consequently, we will try to go with the first options of Business Angels as the amount of money that we will need is relatively small compared to other start-ups.

## 10.2 Date and Country of incorporation

We expect that by the second quarter of 2022 we will have everything ready to start the registration process of COZY. On the 1<sup>st</sup> of January of 2022, we aim to begin our operations. We decided to incorporate our company in Cyprus because is our homeland and it is the place that we will solely operate. Further to that, incorporation costs in Cyprus are around 1500EUR (Cyprus Companies Portal, 2021), one of the lower company registration fees within Europe. Similarly, Cyprus has a very low corporate tax of 12.5% contrary to other countries (Business in Cyprus, 2021). Additionally, another motive is that innovative small businesses can apply for grants of up to 2.5m through the European Horizon program (Business in Cyprus, 2021).

## 10.3 A look to the future

In the near future, we plan to expand our operations in the other cities of Cyprus as well.

After our first three years in Nicosia, we plan to open a new facility in Limassol and according to its success, we will hopefully expand in Larnaca and Paphos. Furthermore, we have thoughts on creating a dining area in our facility in Nicosia. Specifically, we are thinking of creating a zoo-themed outdoor area. This will include many trees, artificial caves and artificial rivers. To enhance the zoo feeling, all tables and chairs will be made out of wood. Additionally, we will create a playing area for kids and while parents will be enjoying their food, their kids will have fun in our unique playground.

## Section 11: Financial Projections

The final section of the business plan demonstrates the viability of the company through graphs and financial instruments. The graphs provide the summarised picture of the economics of the business which is discussed in section five. No new information is introduced but rather the graphs are offered for simplicity reasons.

Since COZY will not be a publicly listed company, is not obliged by law to publish its financial statements. However, financial statements are necessary for audit purposes. Nevertheless, their presence will help the management team in taking decisions and will be vital for external stakeholders like our investors. Subsequently, a proforma income statement is presented, clearly indicating crucial figures like the cost of sales, gross profit and net profit of our company.

*Figure 3: Yearly Expenses Pie Chart*

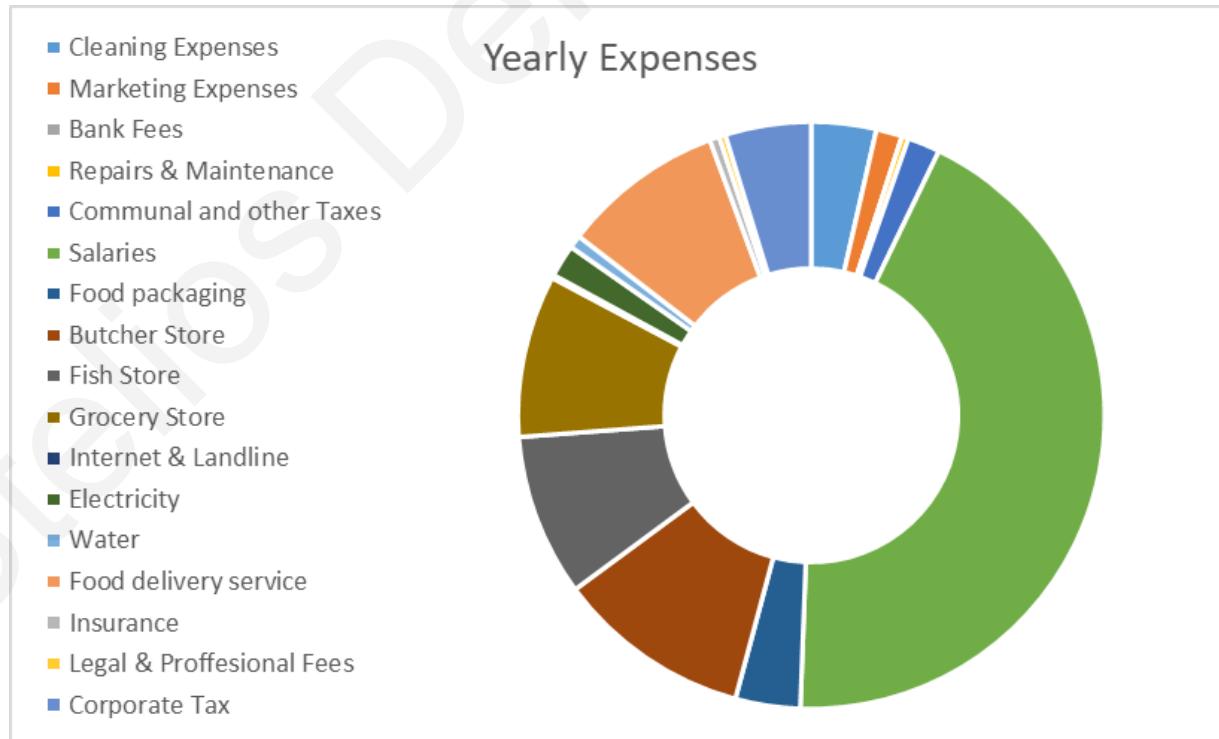


Figure 4: Yearly Revenues Pie Chart

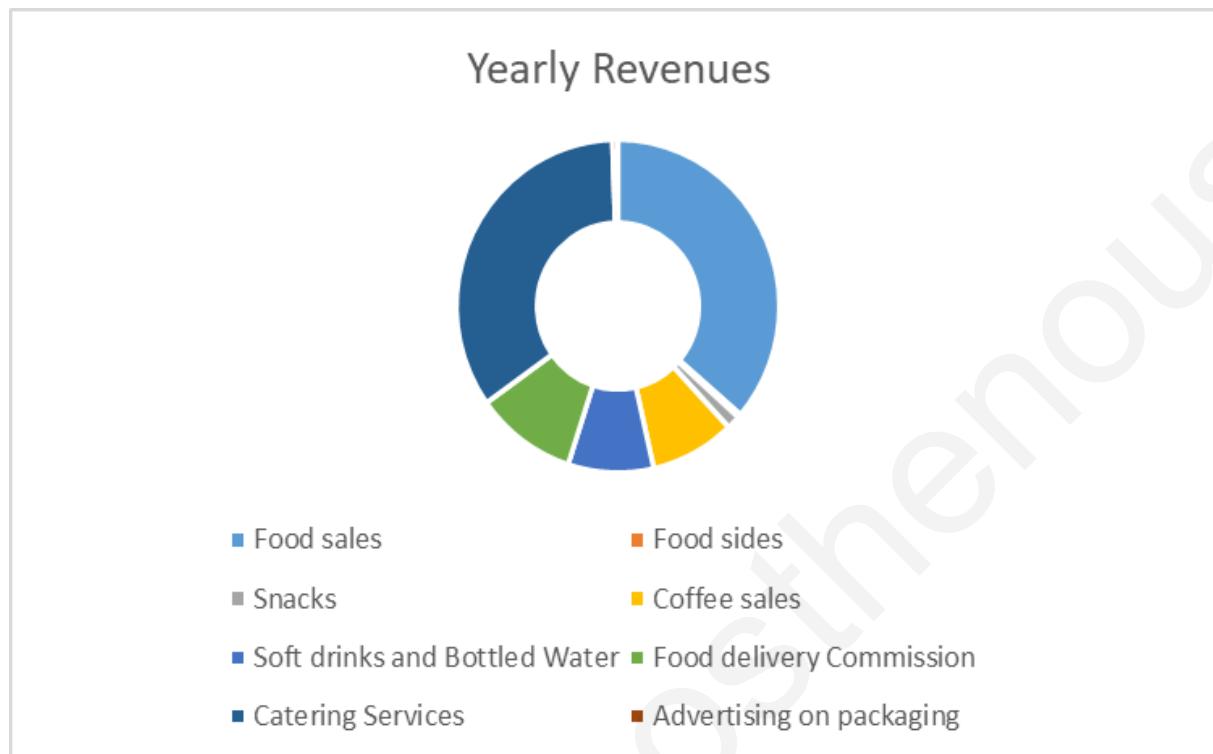


Figure 5: Cost of Investment Pie chart

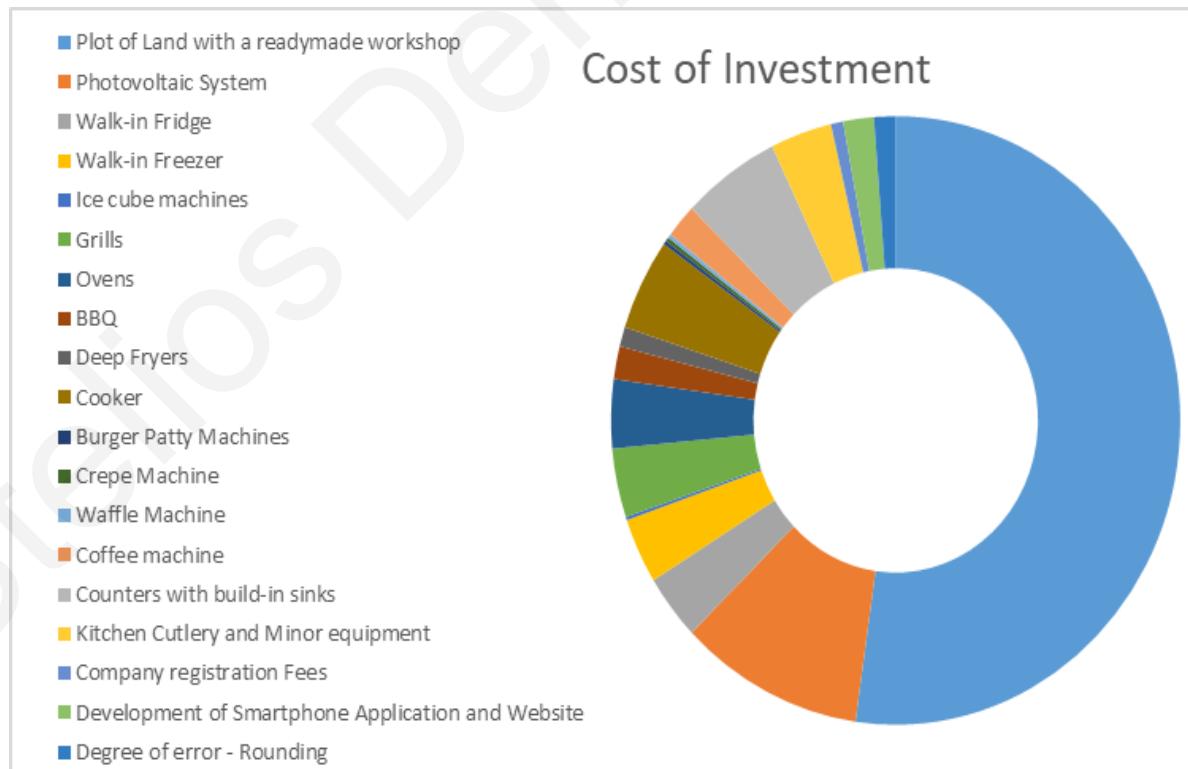
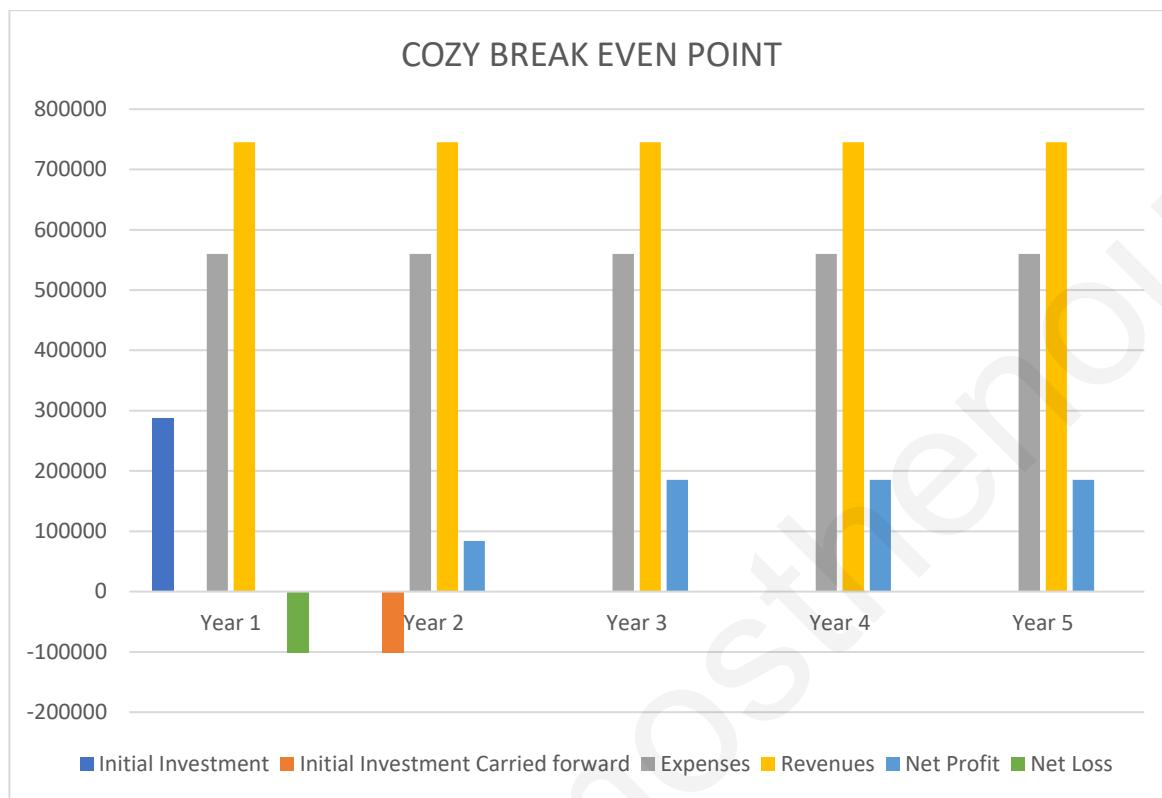


Figure 6: Break-Even Point graph



As shown in the above graph, COZY is expected to have losses in its first year of operation.

A remaining balance from the cost of the initial investment will be carried forward to the second year. During the third quarter of our second year, COZY will break even. At the end of the second year, the company will show a positive profit but relatively less compared to the consecutive years to follow. According to our estimations, the full net profit will be received in our third year of operations.

## 11.1 Pro forma income statement

**COZY Ltd**

**Statement of comprehensive income**

**Revenue**

Food Sales	270480	
Food Sides	2520	
Snacks	10080	
Coffee Sales	63000	
<b>Total Revenue</b>	<b>346080</b>	

**Cost of Sales**

Food Delivery	50000	
Food Packaging	20000	
Butcher Store	60000	
Fish Store	50000	
Grocery Store	50000	
<b>Cost of Goods Sold</b>	<b>230000</b>	
<b>Gross Profit (Loss)</b>	<b>116080</b>	

**Expenses**

Advertising	8000	
Cleaning	20000	
Internet & Landline	1000	
Bank Fees	100	
Electricity	10000	
Water	4000	
Salaries	243100	
Insurance	3000	
Legal and Professional Fees	2000	
Communal & Other Taxes	10000	
Repairs and Maintenance	2000	
<b>Total Expenses</b>	<b>303200</b>	

**Other Income**

Soft Drinks & Bottled Water	63840	
Catering Services	255750	
Advertising on Packaging	4000	
Delivery Commission	75600	
<b>Total Other Income</b>	<b>399190</b>	
<b>Net Income before Tax (Loss)</b>	<b>212070</b>	
Corporate Tax 12.5%	26509	
<b>Net Income after Tax (Loss)</b>	<b>185561</b>	

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