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Healthy Bakery

Business Plan



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Executive Summary

The catering industry is at the phase of recovery from the post-pandemic repercussions. While from the supply side firms need to recover from the Covid-19 crisis, from the demand one consumers' have started asking for a more ethic, in terms of social, environmentally sustainable, and healthy consumption. Answers from the industry are coming but are still insufficient: most of the times firms sustainability actions are too poor to make one of the most polluting and exploiting industries "greener", and as far as health issues are concerned, some brands are launching capsules that do not completely satisfy customers requests. Healthy Bakery will fill the gap in the supply side by opening a store in Baku, Azerbaijan. The sections of the present business plan aim at showing the feasibility and the value of our business idea for any stakeholder category. Here is provided with a summary of the overall content of the plan.

Company Description

Healthy Bakery's value proposition translates into the offering of the services aimed at producing healthy food. The team is comprised of two members of the top management team and 9 employees of the technical team.

Industry Analysis

The bakery industry is fragmented, with the possibility to settle in a profitable way. Indeed, due to the concept of path dependence and the need to recover from the pandemic crisis, it could be easier for new entrants to satisfy customers with changing needs. The flow of tourists to Baku is increasing, making the customer base even bigger, especially in tourist seasons. As for the whole Food and Beverage segment in Azerbaijan, it can be said it has an upward trend, the number of customers is growing as well as the revenue of the segment. The sector is mostly unaffected by political and legal factors. The business is in the bread supply business. The food business is linked to this field. Every firm in the food sector should adhere to the government's and the generally accepted catering business' standards. Sociocultural factors are the most significant. The key trends include a preference for traditional bread and pastry, as well as shopping at hypermarkets, which are less likely to be the focus of this study.

Market Analysis

The heterogeneity of the demand the industry must face is overcome by targeting a specific segment made by people attaching a low value to fast food and usual bakeries, and a high value to quality and composition of the product and circularity of the production process.

Marketing Plan

Healthy Bakery's marketing strategy needs to be coherent with the overall strategy to create value for the market. This translates into: - a service that reflects the values the market is asking for; - a price that takes into account both costs and perceived benefits; - a direct distribution to take care of the relationship with customers; - a communication strategy that aims at creating a community and at growing the awareness about the current global challenges.

1 Option Description

1.1 Business Model

The business model of the company is based on providing healthy food and beverages made by non-sugar and gluten-free recipes.

The name of the company: Healthy Bakery

Location: Baku, Azerbaijan

Product description: In-cafe and takeaway healthy foods and beverages included hot and cold drinks, deserts, and baked products.

Table 1. Categories of products.

Deserts	Baked products	Beverages
Non-sugar Tiramisu	Bread (different kinds of healthy bread)	Green tea
Raspberry matcha cheese	Croissant	Ginger Tea
Chocolate Bento cake	Almond croissant	Black Tea
Healthy cheesecake	Macaroni	Matcha Chai
	Profiteroles	Herbal Tea
	Fudgy Pumpkin	Americano
	Brownie Bites	Cappuccino
		Late
		Flat White
		Non-sugar hot chocolate
		Sparkling water
		Non-sparkling water
		Apple Juice
		Orange Juice
		Multi-vitamine Juice

Source : own construction.

The basic principle of the products is healthy and fitness food with ordinary recipes. In each product, a customer will find unique healthy recipes developed and implemented for commonly known products. There are two main types of healthy food that we provide: desserts and baked products. All recipes of those products are made without sugar and gluten-free. Hot and cold beverages are what we offer with our main products. There are different types of tea and coffee so that every customer could order anything that he or she wants. All types of coffee will be sold for use inside the bakery or takeaway in plastic cups. The choice of tea will be as varied. Customers can choose not only the usual tea bags but also the herbal teas of our own production.

Working type: working every day from 7 a.m. – 11:30 p.m.

Payment policy: we accept payments by credit/debit card and cash.

Obsolete Inventory Expenses: Since we are selling products with short expiry dates, we assumed that 12% of our monthly average inventory will be expensed as obsolete inventories and scraps.

Key activities:

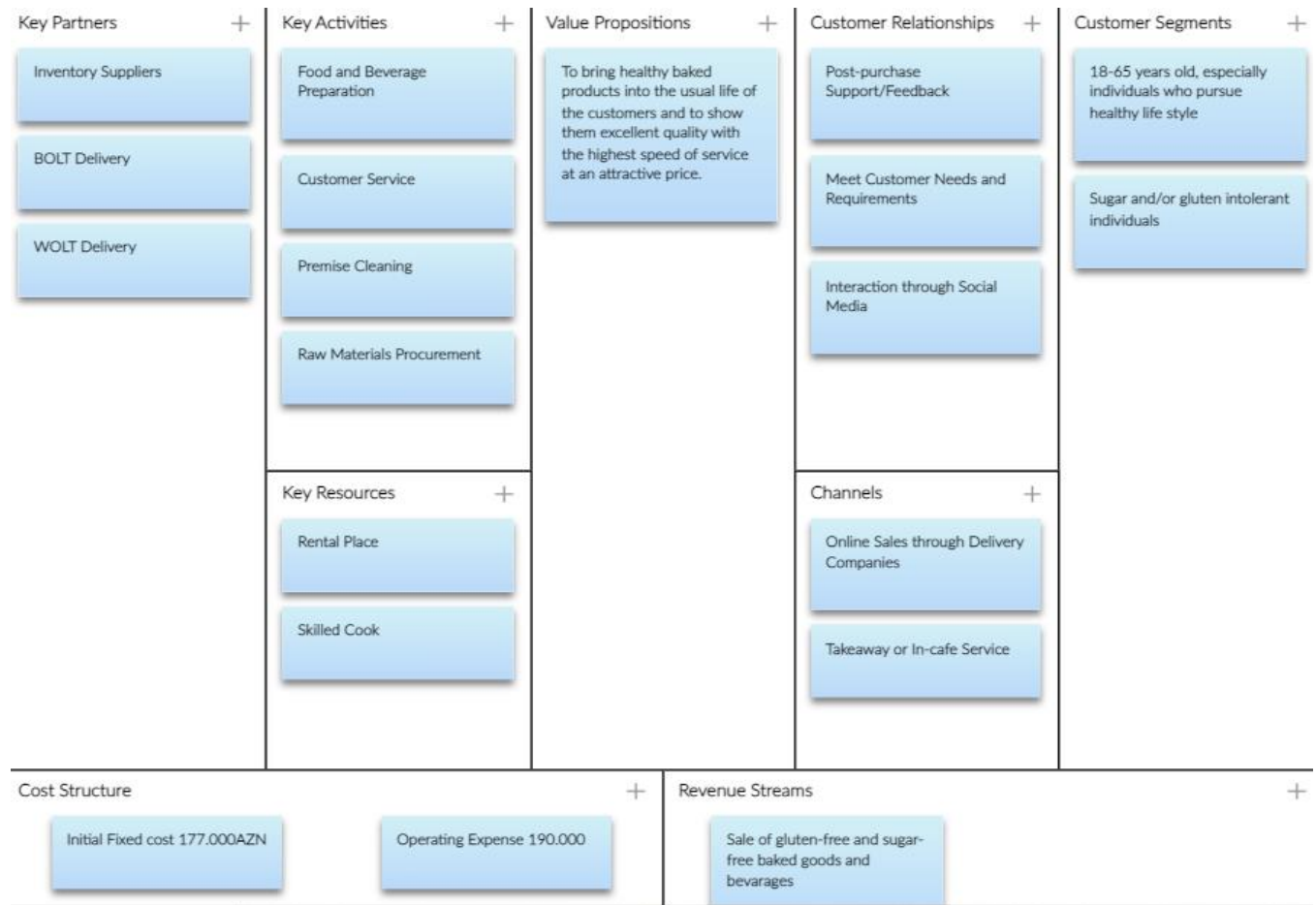
The main activities of Healthy Bakery consider the numerous events held in our coffee shop to manage the company. These include food and beverage preparation, customer service, premise cleaning, raw materials procurement. Some of the main processes are listed below:

- Kitchen processes (along with food safety, expiry date controls)
- Service processes (processed by service staff to get orders and payments from in-café customers)
- Cleaning processes (processed by housekeepers)
- Administration of marketing campaigns (in-store and social media marketing).

Mission statement: The atmosphere created by healthy pastries, a cup of aromatic coffee and a book is something that you will remember for a long time. Our main purpose is to provide an incredible atmosphere of care, comfort and saving time experience. “Take care of yourself” -is the value proposition that we present to our customers.

Vision statement: The vision of the bakery is to bring healthy baked products into the usual life of the customers and to show them excellent quality with the highest speed of service at an attractive price.

Figure 1. Business Model Canvas.



Source : own construction.

1.2 Resources

After considering all the factors, we concluded that, in terms of competitiveness of the environment and inhabitants' attitudes, Baku would be a good fit for our business.

Even though we have not yet concluded an agreement, we are taking into consideration a 90 square meters rental in Baku. This would be just the right size for Healthy Bakery since we don't really plan to have a big indoor catering service. The shop has a 90 sqm capacity that includes a catering area and the kitchen. The monthly rent of the healthy bakery is estimated to be around 2,500 AZN (2022) for one shop and is dependent on the number of branches we wish to have. For simplicity, we will estimate every additional shop at a monthly price of 2,500 AZN.

Fixed Assets (in AZN)

The bakery shop was rented as shell and core and all the capital expenditures were paid by using paid capital. The company's initial fixed asset investment amounted to 177,000 AZN.

Below you can find the summary of initial fixed asset additions, please refer to the section of "Fixed Asset Items (CAPEX)" for further information regarding the fixed asset movements, detailed fixed asset list including item names, lifespans, book value and quantities.

Inventories

Inventories of our company consist of raw materials (coffee beans, milk, syrups, fruits, chocolate, etc.) and finished goods including desserts and baked products. Initial inventory purchase amounted to 25,000 AZN, the stock retention policy is defined as the highest possible preservation of food stocks in the first and second year and subsequently keeping as little stock as possible.

Intellectual Resources

The intellectual resources of a Healthy Food Bakery considered intangible property, including brand, intellectual property, and copyrights. In addition, the lists of potential customers, the knowledge of consumers and our employees are also testifying to the use of intellectual resources.

Human Resources

Our Healthy Bakery company has 11 registered employees consisting of 2 shareholders working at the coffee as managers, 2 baristas, 2 housekeepers, 2 cashiers and 3 service staff. These people oversee carrying out the bakery procedures from the beginning. The human resources functions lead by managers who have restaurant management experience and professional education. Accounting services regarding all personnel costs like payroll calculations, social benefits and accounting entries are provided by the outsourced accounting company.

Please keep in mind that expenses coming from accounting services are recorded as operating expenses. All other personnel expenses including salaries, social security and taxes, food and beverage and transportation are followed under personnel expenses and other social expenses. In addition, all profit prices are paid on the last day of the month, therefore, the corporation no longer bears any obligations to its employees from the end of the year to the beginning of the next. The company does not generate any revenue from tips, all tips are shared only by staff excluding

managers. Income revenue regarding tips is directly paid to the staff. Since the staff received the tips, the overall performance bonus was no longer considered in financial statements.

Financial Resources

The financial resources are principally related to the money invested in Healthy Bakery. The amount equalling 200,000 AZN was taken from one of the commercial banks operating in Azerbaijan. We believe that this amount would be enough for the set-up of the business and to meet all the expenses which will not be covered by the net profit we will make at the end of every accounting period. The loan will be transferred to the cash account of the business, and all the reimbursements will be subtracted from the cash balance.

Our company receives its receivables in cash or via credit card payments (40% of total sales and collection 1 month after the transaction). Since the cash collection is done efficiently, managers prefer making cash payments for all purchases and services received in order to decrease purchasing costs and increase bargaining power. Furthermore, considering shareholders have month-to-month remuneration, no dividend price has been projected that allows you to improve the economic shape of the agency with the aid of using staying in a cash position for similarly viable expansions, joint challenge possibilities or refurbishments.

Market segments

The service we offer healthy bakery and consist of customers that wish to follow a healthy lifestyle. Thanks to the professionalism of our technical staff, it would create confidence of consuming healthy products, that perfectly reflects one's taste.

Thus, the market for our business will be a growing population (people between 18 and 65 years old), who are more or less aware of preserving the good state of health. Our company does not respond to the problems of a type of population defined by their age, their gender, their origin or their economic and social situation, but rather to the problems of fast-food and obsolescence in this industry. Therefore, the market we are targeting is neither more nor less than the catering market coupled with the healthy menu. The market that we will aim to reach with this type of service will be different and complementary to the one that we aim to reach with physical stores.

Key Success Factors

The key success factors for the industry are as follows:

- Technical specialization of workers
- Growing demand for quality
- Spread knowledge across the districts
- Ability to influence consumers' tastes
- Effective use of communication channels, above all social network and web channels
- Ability to stimulate loyalty among customers and to build a strong relationship with them.

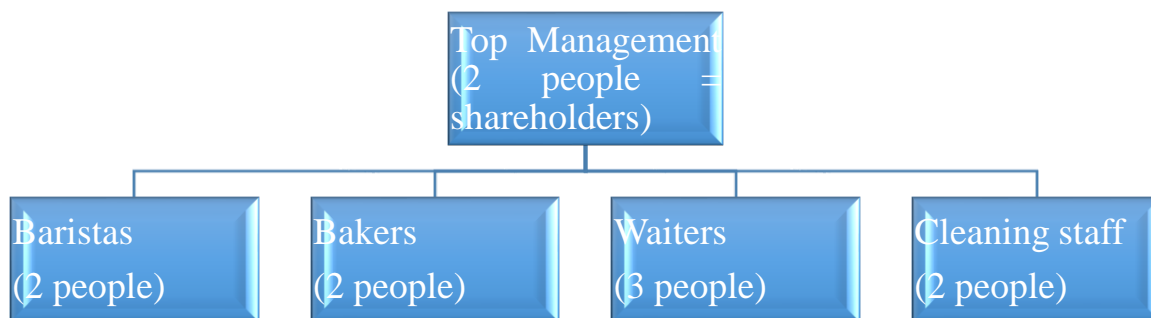
1.3 Organizational Structure

The organizational structure of our Healthy Bakery is a linear management structure, shown in the figure below (Figure 1).

The advantages of the linear structure are associated with the ease at which it is used. All responsibilities and authorities are clearly assigned, and therefore conditions are created for an operational decision-making process, to maintain the necessary discipline in the team. Among the shortcomings of the linear management of the organization, there are rigidity and inflexibility usually being noted.

The linear structure is focused on a large amount of information transferred from one level to another.

Figure 2. Organizational structure.



Source: own construction.

The top management monitor the organization of the sale and production of items, and is responsible for the timely troubleshooting and continuous operation of the bakery. In addition, the shareholders perform the functions of a freight forwarder, maintain document circulation, determine development strategy of the company, recruitment and working hours arrangement. Moreover, all the business-related campaigns are maintained in the scope of this role. Since the turnover of the bakery at the initial stage will be relatively small, it can be assumed that the combination of these duties is possible within the framework of two people in such positions.

The accounting service will be outsourced, and all the accounting processes would be done by some partner company. The accountant organizes and carries out all the accounting processes, checks the accuracy of the information flow, and monitors whether the procedures are in lines with laws and regulations.

The functions of the cleaners include maintaining cleanliness and order in the hall and in the auxiliary rooms, as well as washing the dishes.

The functions of the barista include greeting guests, maintaining warm relations with them, and creating a friendly and comforting atmosphere, accepting orders from guests and transferring them to the kitchen, preparing drinks, serving drinks, desserts and pastries to guests (from the display rack), settlements with guests (working with the cashier), consultation on the choice of healthy drinks and pastries by guests, restoring the current order at the workplace in the bar area. Additionally, baristas are responsible to inform top management about the procurement of drinks and consumption materials.

The functions of the chefs are as follows: preparation of desserts, pastries and bread, organization of the process of cooking and baking, as well as control of their quality, development, and implementation of new recipes for dishes, etc.

Waiters serve guests at the tables. They serve drinks from the bar as well as dishes from the kitchen to guests and pick up the dishes after the guest has finished. They also consult guests on their orders.

Bakers in cooperation with waiters are responsible to inform shareholders on the procurement of foods.

1.4 Marketing

In today's world, it is seen that the importance and development of the concept of customer is constantly being updated. For this reason, it is necessary to explain the concept of customer before examining the concept of customer relations. Customer can be defined as people or organizations that constantly shop from a particular store or organization. Customer organization is person or persons who buy (accept) a product or service. Customers are the most valuable assets a business has, even though they are not shown on the balance sheet. The customer is the reason for the business. In fact, the new marketing approach puts the customer at the center of business functions. The concept of customer includes not only those who buy products, but also everyone who is affected by the goods and services produced by the business. Therefore, those who use the outputs of a part of the business, or the people, organizations, systems, or processes affected by these outputs are also customers.

It has been observed that the concept of customer has developed from the last twenty-five years to the present day. Customers are now more selective and freer in the shopping process than they were in the past. For this reason, it has become more difficult for businesses to satisfy customers and maintain the relationship (Maslow, 2010). Considering the definitions made, the word customer has ceased to be only the person who pays money, but also includes the person who benefits from a good or service.

Ensuring customer satisfaction is the priority for Healthy Bakery. We believe that customer satisfaction creates loyalty, and it will have long-term positive contribution to our bakery. We believe that the customer loyalty will create a better business performance. Every loyal customer is seen as a satisfied customer, but not every satisfied customer is a loyal customer. The contributions of satisfied customers to the business can be listed as follows:

1. Customer goes to buy more products
2. It also buys other products produced by the enterprise
3. It contributes to the establishment of a positive image of the enterprise, as positive thoughts about the enterprise and the products produced by the enterprise are fed
4. Customers become loyal to the business
5. Customers become less sensitive to the brands and products of competing businesses.

To take the relations with the customers one step further, to understand the customer behaviors correctly, to be able to respond fully to their requests and needs, and thus to create customer satisfaction, institutions that prioritize their purpose and focus on customer satisfaction, can realize their long-term goals more easily, understand their customers better and serve them more effectively. It has become institutions that can offer new customers and gain new customers by ensuring the satisfaction and loyalty of their customers (Rcbadoor, 2009). In today's world, institutions that can respond to customer requests and expectations at the desired place, at the desired time and with the desired quality are more successful in providing customer satisfaction.

At this stage, Healthy Bakery understands that the most important issue that a company in the service sector should address in the process of differentiation from its competitors and in the target of being a preferred company compared to its competitors is the issue of service quality. In other words, producing quality service should be a must for us.

The concept of service quality, which is extremely important for service businesses and therefore boutique pastry services, expresses the needs and expectations of the buyer, the features that should be in the service in line with these, the degree of having these features and qualities of the service.

In today's service industry, customers do not only purchase services. In other words, customers are now involved in the service process. Service businesses that manage the service processes in which their customers are involved and shape their strategies and policies to satisfy the wishes and needs of their customers can ensure their sustainability in the market. Service enterprises that manage this process well produce quality service and therefore this situation brings customer satisfaction.

Three hypotheses can be established regarding service quality. The first of these is that the quality of the relationship between the seller and the buyer has a positive relationship with the service provided by the seller. The second hypothesis is that the relationship between the seller and the buyer has a positive effect on customer satisfaction. The third hypothesis is the positive effect of the service provided by the seller on customer satisfaction (Chakrabarty, 2007-2008). Healthy Bakery's services are a service area where customer requests and needs are extremely important. Therefore, it is extremely important to ensure customer satisfaction and create customer loyalty in Healthy Bakery's services. In addition, due to the existence of many competitors entering and wanting to enter the boutique pastry sector, which is a developing market, it is extremely important to create competitive advantage and create customer satisfaction. In addition to creating customer

satisfaction, another requirement for the quality of the service is the service lays the groundwork for the next sale.

It is useful to mention the elements of the concept of service quality, which is extremely important for service businesses and therefore for Healthy Bakery. It is possible to list the three main elements of service quality as the product served, the environment in which the service is offered and the way the service is provided.

Trust is an extremely important concept for Healthy Bakery. Because, even if the customers customize the service they will receive beforehand, they cannot see the result before the service is completed. Since these services, which are shaped by their own personal wishes and needs, are not likely to have been offered to someone else before, customers must trust the company that provides the service and believe that they can provide this service in a correct, effective, and timely manner in line with their wishes and needs. At this point, Healthy Bakery should primarily provide this trust to its customers. It is an important requirement to create an environment of trust by exhibiting the products previously made by Healthy Bakery and by presenting the opinions of the satisfied customers by purchasing these products to new customers.

For Healthy Bakery, the basis of innovative marketing is based on the concept of innovation. Innovation can be defined as the long-term advantages in competition, for businesses to use information to gain competitive advantage, to establish a connection between knowledge management and innovation. Jones (2004) defines the concept of innovation as developing new products in both service and industrial enterprises or making new developments in production and operating systems.

With the developments experienced, it is possible to make some definitions about the concept of innovation in the service sector, where market share is replaced by customer share and customer, customer satisfaction and customer loyalty are more important than ever. He tried to define the concept of innovation in service businesses by making the following definitions (Oke, 2004):

- To be able to develop new products and services according to the needs of the customer and the market, and also to develop new ways by using their own abilities while these needs of the employees develop.

- Making new designs by revealing creativity, observing the internal and external environment in line with the needs and wishes of the customers
- Improvement of service methods.

At this point, it is possible to say that innovative marketing is an important concept in the bakery market, where customer demands are at the forefront and the competitive environment is increasing day by day. At this point, it would be useful to detail what kind of contributions innovative marketing has to service businesses such as Healthy Bakery. One of the most important contributions of innovative marketing to service businesses is the increase in productivity. As it is known, globalization and rapid developments in information technologies have enabled service businesses that can use information technologies in the service sector in the best way and thus have a vision of quality. Service businesses that can easily access information and easily compare the information obtained as a result of rapid developments in technology should also develop themselves in a way that satisfies the demands and needs of these new and innovative customers, for which innovative marketing is an extremely important concept.

Another important advantage of innovative marketing for Healthy Bakery is that it creates a competitive advantage. In order to ensure sustainability in the intense competitive environment in the service sector, it is necessary to adopt the concept of innovation. Therefore, service businesses will shape the operations of Healthy Bakery with innovation strategies, which are a requirement of a sustainable competitive environment.

It is possible to say that innovative marketing has an important place in creating awareness of loyal customers, and for Healthy Bakery the customer loyalty is one of the priorities. Loyalty is expressed as the frequency of being a customer for a service or product and the continuity of positive thinking (Kovanci, 2019). In order to create loyal customers, it is necessary to be able to adapt to the changing and developing service sector needs and to satisfy the wishes and needs of the customers. In this regard, it is possible to offer new services by using innovative marketing approaches and thus to create customer loyalty.

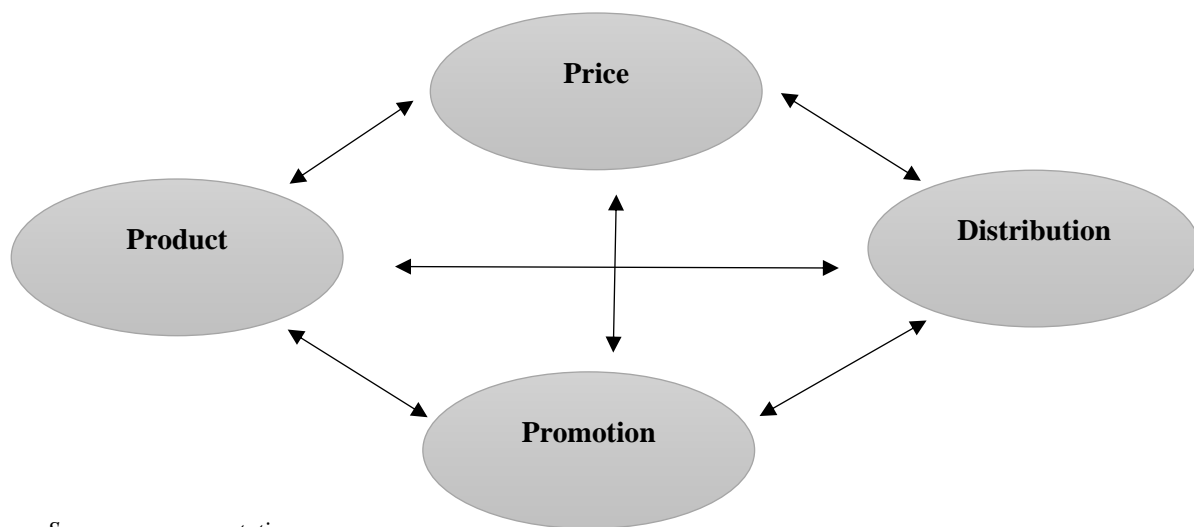
1.4.1 Marketing in Flour and Bakery Products Sector

Before deciding on production activities, companies have to take decisions on some issues. These decisions are mainly about product, distribution mechanism, price and promotion. In marketing,

these 4 elements are expressed as the marketing mix. The marketing mix is all the tools that the firm uses to fulfill its objectives in the target market.

Whether the companies are permanent and successful in the market is an indicator of how much they attach importance to the elements of the marketing mix. As can be seen in Figure 2, all the elements in the marketing mix are in constant interaction with each other. For this reason, decisions to be taken on many issues from which product to produce, from the quality of the product to its price, packaging, distribution and promotion activities require hard work.

Figure 3. Marketing mix.



Source: own computation.

1.4.2 Pricing

Price is an indicator of the exchange value of a product in the market. In free competition conditions, the determinants of price are supply and demand. In other words, the market price is formed as a result of the interaction of supply and demand. Like all marketing decisions, price decisions are influenced by business objectives. Logically, business management determines the intended target in pricing before determining the price of a product; however, in practice, few businesses deliberately and explicitly predetermine their pricing targets or specific pricing policies. Purpose or targets in pricing are generally business and marketing purposes. Business management strives to achieve certain marketing goals not only with price but also with all other decision variables. The main goals that a business wants to achieve when determining a price for a particular product are as follows (Wamsler, Natter, & Algesheimer, 2022):

- Profit maximization
- Target profit
- Market share (in-depth market penetration)
- Maximization of sales revenues
- Skimming the market.

Profit maximization has been accepted as the main goal for business in theory since classical economists. The price model in economic theory is a current profit maximization model based on a simple but solid logic. This model is based on the assumption that the firm has information about the demand and cost functions of its products and can estimate these functions. This target should be determined if the product is considered to be of good quality in the eyes of the consumer, if the high price does not attract competitors to the market and if the demand is considered sufficient. High price is determined with important innovations in order to provide the product-quality image. Some businesses try to set a satisfactory investment profitability ratio, not the maximum profit as the target in pricing, and try to achieve this as the target profit.

In addition, businesses may set a price that will maximize their market share at the expense of sacrificing a part of the profit as a goal. It is tried to increase the market share by establishing the enterprise with a high production capacity and keeping the price below the competitive price. Even if there is not much profit in the beginning or even loss, this loss can be compensated when the market is dominated in the future.

The business can also set a price that can maximize sales revenues. Here, sales take the place of profit. Since sales are an important indicator of size for businesses, this purpose can come to the fore for reputation and image. In some cases, businesses want to take advantage of the fact that the potential buyer may pay a very high price for the product. For this purpose, the price is initially kept high, leaving a high percentage of profit per unit.

Our main target in pricing policy is gaining the highest market share as possible. Being a new entrant to the bakery market, we have a number of advantages over our rivals such as considering health issues as well as setting a price below the average market price. The incumbents of the market are less conscious about the health issues and try to maximize their profits, which is

considered to be the wrong approach by Healthy Bakery. Healthy Bakery will offer prices in a way that all the customers perceive that the price paid for the service is paid off.

1.4.3 Cost Oriented Pricing

In practice, price determination is usually based on cost. This type of pricing is basically handled in two groups as cost plus method and target pricing. The cost-plus method is also applied in two different ways: variable cost basis and full cost basis. The variable cost basis is a method generally used by wholesalers and retailers. It is a cost in which the selling price is formed by finding the share of one unit of the purchase cost of the goods to be sold and adding a certain percentage of profit. Since only variable cost is taken as basis in variable cost calculation, profit share or profit percentage is kept high to leave a certain net profit share after unit costs are covered. The full cost basis is mostly used by manufacturing enterprises. In this method, the total fixed cost is distributed according to a certain standard. In this method, the selling price is calculated by adding a certain percentage of profit to the average full cost found as the variable cost total, with the cost per unit. Finally, in the target pricing method, it is tried to determine the price that will achieve a desired fixed profit target in a predicted sales volume. (Amaral & Guerreiro, 2019).

1.4.4 Competitive Pricing

It is the most easily applicable pricing method among the pricing forms seen in businesses. Basically, it is based on the principle of determining the sales prices of the company by looking at the prices of its competitors. The price can be kept slightly higher or lower, provided that it remains within a certain percentage of the competitive price. The most distinctive feature of the competitive pricing policy is that the firm does not take into account an unchanging relationship between price-cost or price-demand (Toni, Milan , Saciloto, & Larentis, 2017).

Competitive pricing is also considered by Healthy Bakery so that we are going to set the prices in a way that we gain significant portion of the market share of the gluten-free and/or sugar-free products serving cafes and restaurants.

1.4.5 Pricing and Pricing Policy

Firms follow various pricing methods according to the developments in the market and economy. The most used methods in practice vary depending on the purpose of the company. If the company aims to be a brand in the product, it chooses to pursue a high price level. The business prefers to

earn from the release, if it cannot raise the target bar, it has to follow a lower price level. (Dost & Geiger, 2017).

1.4.6 Promotion

It is not enough for businesses to plan and develop suitable products according to the demands and needs of consumers, to price them at affordable prices, and to make them available for purchase when requested with an appropriate distribution. All these must be added to the factors that increase sales. All sales promotion activities are called promotion, or in other words, promotion. Promotion activities have 5 main purposes (Fransiska, Andhika, Indra, & Rengganis, 2012):

1. Sales promotion
2. Sales
3. PR
4. Direct marketing
5. Personal selling.

Factors such as the growth rate of the market structure, product features, the cost of the promotion, and the stage of the product life cycle determine which method will be used in promotion studies. If the product is in the declining phase of the life cycle in a market where there is no competition, promotion efforts are unnecessary.

Advertising refers to the non-personal presentation of goods, services or ideas, for a fee, for the purpose of publicizing and adopting to large audiences. The message intended to be given to consumers is usually television, radio, newspaper, magazine, etc. through mass media such as In addition to printed and visual media, billboards, bus advertisements, flyers etc. Tools like these are used for advertising. The most important function of marketing is to provide an appropriate mix of advertising, sales, and development. It is often thought that these tools only target the consumer, that is, they appeal to the consumer. However, considering all marketing channels from the manufacturer to the retailer to the consumer, these activities require the collaboration and encouragement of every interested person in the marketing channel to ensure the development of a successful program. It is the function of marketing managers to provide a unique mix of advertising, development and sales activities in order to maximize the effect of the product in the appropriate market segment (Vakratsas & Ambler, 1999).

Sales promotion is a method that is generally used to increase the sales of an existing product within a certain period of time. The tools for this are price reduction, increasing the weight of the product, giving additional products, coupons, etc. is in the form. Public relations is the activity of developing and maintaining good relations between the enterprise and its environment. Public relations is a method that has started to develop in Azerbaijan in recent years (International Trade Administration, 2021). Product promotion brochures, television programs, sponsorships, seminars, company magazines, foundation establishment etc. activities such as these are the commonly used tools of this type of promotion.

Personal selling means talking, negotiating and reaching a result with one or more potential buyers in order to make sales (Mucuk, 2001). In the personal selling method, the product is delivered to the end user by making sales presentations, sales meetings and trade shows. The tools used in direct marketing are catalog sales, television sales, and electronic sales, which have become widespread in recent years. There are various factors that play a role in the importance and spread of promotion today (Mucuk, 2001):

- Increasing physical distances between producers and consumers
- Increase in the number of consumers as a result of population growth
- Growth of markets as a result of revenue growth
- Increasing competition with the proliferation of substitute goods
- Increase in intermediary institutions and expansion of distribution channels.

With the increase in consumer incomes, the change in their desires and needs and the consumer's search for difference, superior quality and qualities, factors such as promotion lead to gaining more and more importance.

Advertising will be the main marketing tool of Healthy Bakery. Our marketing expenses include social media advertising and stand advertising in the parts of the city with a high flow of individuals.

1.4.7 Distribution

Products are not usually sold directly to the end user by the manufacturers. The environments where the products are changed hands by subjecting them to various processes between the consumer and producer points are called distribution or marketing channels (Gunes et al. 2012).

The length or shortness of the marketing channel followed in the delivery of the products to the end consumer depends on the structure of the product, the distance between the producer and consumer regions, the level of processing technique, and the development of the marketing organization. There are many marketing intermediaries in the marketing or distribution channels. Products are processed differently in various stages and markets within marketing channels. In a traditional marketing system, these stages or markets can be grouped into three main groups: manufacturer, wholesaler and retailer (Montgomery, 2011). The number of these intermediaries operating under different names such as broker, intermediary, trader, distributor, wholesaler, retailer, broker increases as the marketing channel gets longer. Whether the distribution channel is long or short depends on the nature of the product, the distance of the producer and consumer region, the level of processing technique and especially the development of marketing organizations. In addition, the number of consumers in the country, their geographical distribution, purchasing behaviors and habits also lead to the shaping of marketing organizations. The existence of dispersed consumers causes the distribution channel to be extended and widespread. The shortness of the distribution channel also indicates the low number of intermediaries between the producer and the consumer, and the number of intermediaries can be reduced thanks to strong organizations.

Intermediaries within an individual or corporate structure fulfill various marketing functions in delivering the products from the producer to the consumer. Intermediaries can work as individuals, partnerships, cooperatives or joint stock companies. Intermediaries dealing with food marketing can be classified in 5 groups (Gunes et al., 2012):

- a. merchant intermediaries
 1. Retailers
 2. Wholesalers
- b. agency intermediaries
 1. Commissioners
 2. Brokers
- c. speculative intermediaries
- d. Processors and manufacturers
- e. Facilitating organizations

Merchant intermediaries buy and sell products for their own profit and for sale to the consumer. This type of intermediaries is examined in two parts as retailers and wholesalers. Retailers, the first of the merchant intermediaries, buy products from the manufacturer or wholesaler according to the consumer's demand. Wholesalers, the second type of merchant intermediaries, sell products to retailers, other wholesalers, users of industrial products and, in small quantities, to final consumers.

Agency intermediaries operate as the representatives of their customers. They do not have legal ownership of the products, but only administer them. While wholesale and retail traders derive their income from a margin between the purchase and sale prices, agent brokers derive from fees and commissions. Brokers have the physical management of the products and organize issues such as product collection and price reductions. Brokers, on the other hand, have less say in physical control of products and price than brokers.

Speculative intermediaries, on the other hand, are those who adopt making profit in short-term price movements as their main purpose. It is known that speculative intermediaries take risks while commercial intermediaries do not take risks. Processors and manufacturers are tasked with making changes to products. Apart from the processing activity, food processors have an activity with marketing and other organizational aspects. Facilitating organizations assist various intermediaries in carrying out their activities. These organizations do not directly participate in the marketing stages, such as traders, agent processors or speculators. Some perform various physical activities (such as grading, arranging and arranging payments) for the maintenance of products or for agents and vendors.

Generally, there are four different marketing channels from phaseless to three phases (İnan, 2001):

1. Phaseless: Producer-Consumer
2. One-stage: Producer-Retailer-Consumer
3. Two-stage: Producer-Wholesaler-Retailer-Consumer
4. Three stages: Manufacturer-Wholesaler-Semi-Wholesaler-Retailer-Consumer.

Healthy Bakery's product distribution will be the "phaseless" one, where the baked products will be directed sold to consumers. Healthy Bakery aims to create partnerships with Wolt and Bolt delivery companies operating in Azerbaijan. Likewise, every brand offering their products in the

applications of these two delivery companies, Healthy Bakery will enter the menus of them with appealing offers as well as free delivery offerings from time to time.

1.4.8 Activities to Create Customer Satisfaction

Market needs, general expectations of customers, meeting customer expectations, below listed factors are expected to create customer satisfaction for Healthy Bakery:

- Healthy Bakery deems that understanding market needs is essential for creating customer satisfaction: Today, the great acceleration of technological developments has changed many things, especially the development on the Internet, including marketing models, customer relations, and consumption habits. Keeping up with this rapid change is the most necessary for businesses to survive. For Healthy Bakery, it is very important to identify customer requests, needs and expectations in understanding market needs. For this reason, Healthy Bakery should be in constant communication with customers and present what they need and what they expect to the business environment. Interviews, market research, focus groups, customer applications, surveys, benchmarking studies, literature, local, and cultural factors during customer visits should be taken into account and these resources should be used

1.4.9 Managing Relationship with Customers

Customer relations management is expressed as a process established between the business and the customer, covering all pre-sales and post-sales activities, prioritizing mutual benefit and need satisfaction. In line with this information, customer relations do not only cover sales, but it is also not limited to sales and includes after-sales activities as well. This understanding aims to establish long-term relationships with the customer and to make these long-term relationships profitable. Customer relations management can be defined as the business strategy developed by an enterprise to ensure its profitability, income and most importantly, customer satisfaction at the highest point. Customer relations management is seen as a philosophy that sees the customer as the focal point and proposes a close relationship with the customer. The main purpose of this philosophy is understanding and anticipating the needs of current and potential customers in the business base creates a strategy (Tiwana, 2001). Customer relations management is a customer-oriented business strategy. Implementing this strategy within the business requires a series of strategic steps. These

stages are listed as creating a customer-centered strategy and redefining the interaction process with the customer, realizing the organizational change whose organizational structure and functionalities will be determined within this framework, starting a "change project" and creating the necessary human resource's structure and ensuring that they are trained.

A customer-oriented strategy should be developed by collecting the necessary information and making the necessary changes in order to determine the most profitable and essential customer profile for a business and to keep this customer profile. Customer relationship management in line with this information can also be defined simply as a process that aims to bring profit to relations (Yereli, 2001). The reasons for the emergence of customer relationship management, which is one of the important management strategies of today, are listed below:

1. Mass marketing is an increasingly expensive way of gaining customers
2. Customer share becomes important, not market share
3. Importance of customer satisfaction and customer loyalty concepts win
4. With the understanding of the value of the existing customer, the current customer need for efforts to retain
5. With the importance of one-to-one marketing, each customer is special.
6. Developing strategies to act according to their needs
7. Intense competitive environment
8. Communication technologies (web, e-mail) and database management systems developments.

For Healthy Bakery, customer relations management is a strategy that helps businesses gain customer value, the ability to understand the behavior of customers, and the opportunities to benefit from human resources and technology. Customer relationship management also offers a high return potential by providing a competitive advantage for businesses (Crosby, 2013). Customer relationship management as a marketing strategy is the change in the needs, wishes and expectations of customers due to the increase in the level of knowledge and awareness underlines an important strategic change with the combination of emerging new marketing theories and existing technologies.

Our primary goals in customer relationships management are:

1. To accurately determine customer needs, tastes, and preferences to meet customer demands
2. Using the correct, timely, and relevant information obtained before the sale to ensure correct, error-free production at the first time
3. To realize customer-oriented sales during the sale, to provide value with benefit to the customer, to minimize the cost.
4. To ensure that satisfaction or dissatisfaction is measured by constantly monitoring the customer during and after the sale
5. To ensure customer satisfaction and the customer's loyalty to the business by transforming this satisfaction into loyalty, to make customer relations profitable
6. To provide differentiation, to increase the efficiency of the enterprise, to provide harmonious activities.

Customer relationship management is a marketing practice and a strategic management tool that aims to be consumer oriented as a requirement of today's marketing understanding and to maintain business success as a result of the close relationship established with consumers. To be able to establish a relationship with each of the customers in order to achieve success in the competition, to learn directly the needs and wishes of the consumers, to identify the problematic areas of the business through customer complaints and to find solutions to them are among the goals of customer relationship management.

As a result of factors such as the effect of globalization and the increasing number of players, the rapid advancement of technology, increasing competition, communication technologies and the introduction of the internet into our lives, people's lifestyles have changed rapidly, and this change has made it necessary to make radical changes in the business models and strategies of businesses. As a result of the development of mass production techniques along with technology, many goods and services that offer the same features have appeared in the market, the differentiation between products has become increasingly difficult, the options for customers have increased, and thus the profitability of the business has decreased, and it has become difficult to gain a competitive advantage. In a period of such rapid changes, businesses have now had to change their traditional marketing understanding and have started to turn to new marketing approaches in order to keep their customers. This situation caused the mass marketing approach, which adopted the understanding of making the most production and going to the market, to be completely changed,

and a new marketing approach based on a one-to-one relationship with the customer was developed instead. According to this approach, businesses can develop real-time dialogues with customers, identify the needs and wishes of customers and produce solutions accordingly, and offer unique values to their customers by going beyond customer satisfaction. This situation necessitated dealing with customer relations within the scope of a project. Businesses that do not care about the perspective of their customers and stay away from them fail in the intense competition period. In today's business world, where the speed of change is increasing and its quality is changing, the customer profile is also affected by this change. A customer model that is freer, more participatory, able to change decisions rapidly and whose demands are getting more and more complex has emerged. Today, customers demand better, personalized and distinctive products and services. Being aware of the fact that there are many alternatives for them, this new customer profile prefers businesses that know their own value and give confidence. Businesses need to know the needs of their customers and take precautions accordingly. At this point, the biggest helper is Customer Relationship Management. Because Customer Relationship Management is a marketing approach that perceives the customer as an individual, not as a consumer group consisting of thousands of people, tries to get to know them with their personal characteristics, determines their needs and wishes individually and produces personal solutions.

Recently, the importance of quality has come to the fore in all sectors. The factors that are important in increasing the quality are that those who produce and provide services need to discover what they are competent and inadequate in and improve themselves in the areas where they are insufficient. For this reason, research and observations about satisfaction are close to service quality. To create customer satisfaction, the following factors will be considered by Healthy Bakery:

- The effectiveness of customer satisfaction depends on the performance of business owners and employees
- Customers do not depend on the sole sales experience of the business, but also evaluate it with its performance in the after-sales stage
- As a result of positive relations with customers, customers prefer to use waste management
- Customers who are satisfied with their past shopping prefer the business again
- Customers tend to spend a lot of money on high-quality products.

1.5 Legal Body

Logically, as in many other countries of the world, the most popular form of entrepreneurship in Azerbaijan is LLC. The minimum authorized capital for an LLC in Azerbaijan is about 11 AZN and considering the state duty for registration, which is defined to be 220 AZN, the business will spend 231 AZN to be set up legally.

A feature of business in Azerbaijan is that each type of entrepreneurial activity is regulated by a licensing law – it is necessary to obtain a license from the local business department. In general, the procedure for starting your own business looks like the following:

1. Come up with an idea for your company, decide on the founding staff, write a business plan. The director of the company does not have to be an Azerbaijani citizen. At this stage, a name for the company has to be established as well.
2. Write the memorandum of association and sign it at the notary.
3. Submit documents proving your identity and confirming that you did not have a criminal record in Azerbaijan.
4. Obtain a license for the selected activity. If everything is in order with your documents, it should be issued within 15 days.
5. Deposit the minimum share capital to the firm's account. It must be opened in a bank in Azerbaijan.
6. Register the company in the commercial register.
7. Within 30 days, register with the tax office. Income tax on small businesses in Azerbaijan is 20% (Caspian Legal Center, 2022).

2 Environmental Analysis

2.1 Macroenvironment and Analysis

The sector is mostly unaffected by political and legal factors. The business is in the bread supply business. The food business is linked to this field. Every firm in the food sector should adhere to the government's and the generally accepted catering business' standards. Sociocultural factors are

the most significant. The key trends include a preference for traditional bread and pastry, as well as shopping at hypermarkets, which are less likely to be the focus of this study.

Figure 4. Fresh white bread and similar products.



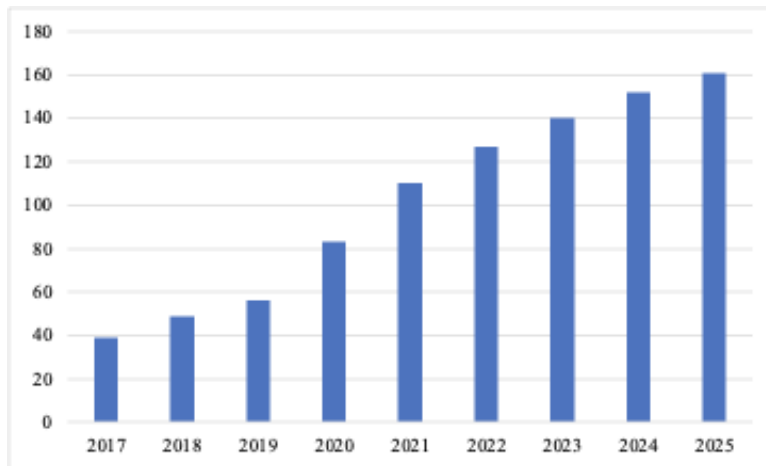
Source: Statista (2021)

The chart above illustrates the consumption of fresh white bread and similar products measured in tons throughout the years from 2008-2019 (Statista, 2021). The trend is mostly stable, and the data is stationary. “Healthy Bakery” is the producer of gluten-free and healthy products, whereas the data represented above stands for all bakery products. As there is a consistently growing tendency to consume healthy products in societies, the trendline of only healthy bakeries would be growing without any downturns.

2.2 Microenvironment and Market Analysis

The flow of tourists to Baku is increasing, making the customer base even bigger, especially in tourist seasons. As for the whole Food and Beverage segment in Azerbaijan, it can be said it has an upward trend, the number of customers is growing as well as the revenue of the segment. Moreover, Figure 1 represents the annual revenue growth which is expected to be about 9.85%, resulting in a market volume of 161 million AZN by 2025 (Statista, 2021a).

Figure 5. Food and beverages revenue from 2017 to 2025.



Source: Statista (2021) and own computations.

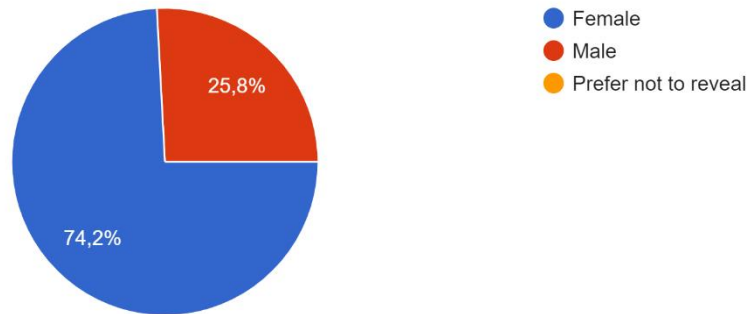
2.2.1 Survey Measuring the Needs and Tastes of Potential Customers

For collection of data, convenience sampling method is used within the scope of the research. The reason for selecting this method is to reach a wide range of participants with different backgrounds and demographic variables in short period of time. Participants are exposed to questionnaire items via online survey that was created on Google Forms (see Appendix A). The survey of the study was distributed through various communication channels such as Facebook, LinkedIn, Whatsapp, and Email. For generating healthy results, survey was shared with each individual directly. Also, carrying out the survey via online form allows us targeting survey participants who have access to internet. As a result of the implementation of the survey, a total of 240 responses were collected.

2.2.1.1 Demographic Statistics

Figure 6. Gender Statistics.

Please indicate your gender.

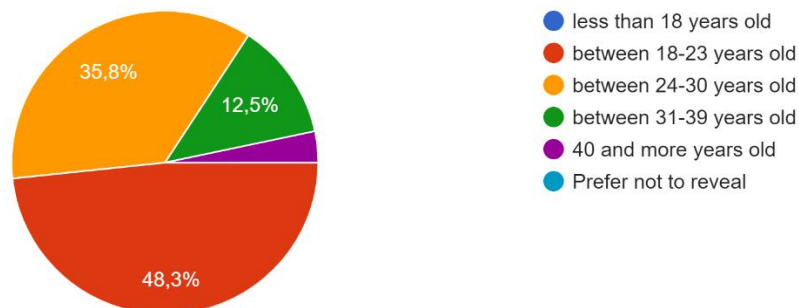


Source: Google Forms, survey results.

Gender information was asked as a multiple-choice question and was one of the mandatory questions 25.8% (62) of the respondents indicated male, whereas 74.2% (178) indicated as female.

Figure 7. Age Statistics.

Please state your age.



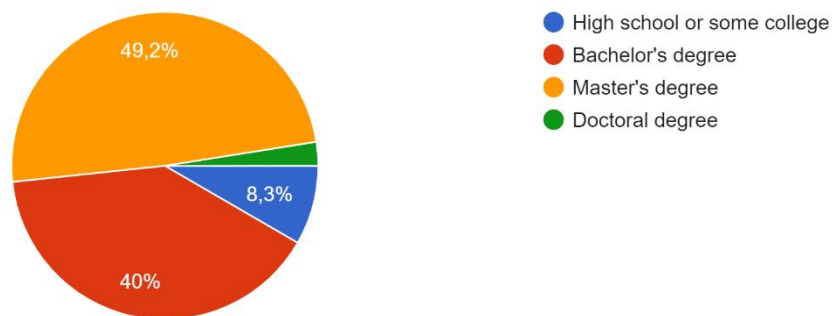
Source: Google Forms, survey results.

The sample of the survey was focused on five different age groups, which are the ages less than 18, between 18 and 23, 24 and 30, 31 and 39, 40 and above. The respondents, whose ages are less than 18 do not constitute any portion of the survey with the total number of

0 respondents. The majority of the sample is consisting of the age between 18 and 23 (48.3%). 86 respondents of the sample are in age group 24 to 30 which makes 35.8% of the sample. There are 30 respondents, whose age are between 31 and 49, make up 12.5% of the sample. And finally, the age group older than 40 years make up 3.3% of the sample size with a total number of 8 respondents.

Figure 8. Education Statistics.

Please state your educational status.



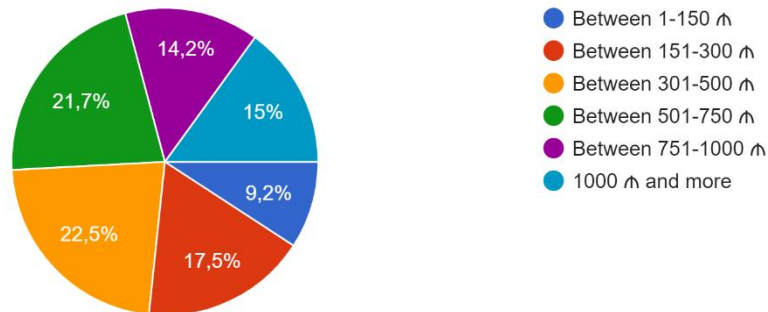
Source: Google Forms, survey results.

The questionnaire contains four different categories for the level of education which are high school or some college, bachelor's degree, master's degree, and doctoral degree. The level of education of the sample is mostly master's degree which makes up 49.2% of the sample with 118 respondents. The respondents who's the highest educational level is bachelor's degree makes up 40% of the sample with 96 respondents. 6 of the respondents had a doctoral degree and makes up 2.5% of the sample. Respondents who have only graduated from a high school or some college comprises only 8.3% of total respondents with a total number of 20 respondents.

2.2.1.2 Demand Analysis

Figure 9. Monthly Expenditure on Food & Beverages.

Please state your average monthly expenditure on food & beverages.

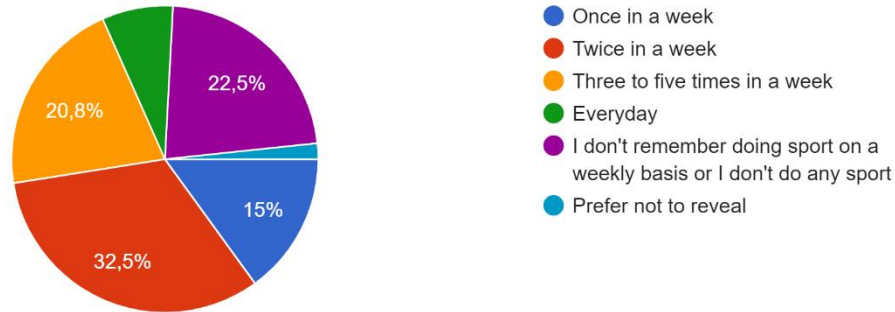


Source: Google Forms, survey results.

The purpose behind this survey question was to determine the average monthly expenditure of respondents on food and beverages so that to be able derive some insights about the purchasing power and proclivity towards eating out of the respondents. The results indicate a robust potential customer base for Healthy Bakery so as more than half of the respondents spend more than 500AZN monthly on food and beverages. As per survey results, respondents who spend more than 1000AZN makes up 15% of the sample size with the total number of 36 responses, whereas 22.5% (54 respondents) spend between 301-500AZN, 21.7% (52 respondents) – between 501-750AZN, 17.5% (42 respondents) – between 151-300AZN, and 14.2% (34 respondents) – between 751-1000AZN. The pricing strategy of Healthy Bakery complies well with the expectations and expenditure tendencies of the potential customers.

Figure 10. Sport Activity Statistics.

Please state how many times in a week you do some kind of sport?

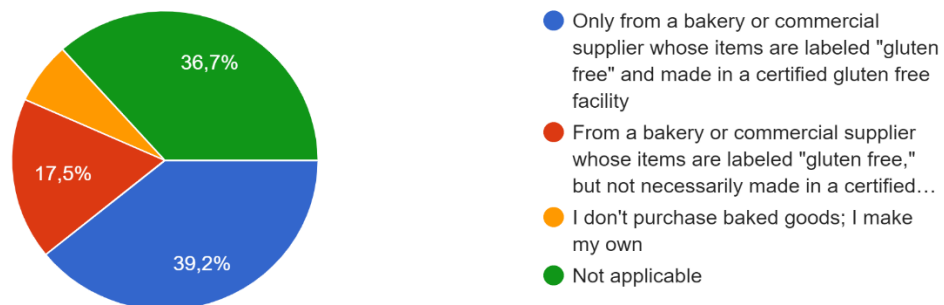


Source: Google Forms, survey results.

Deriving from the results of the survey question “How many times in a week you do some kind of sport?”, it can be inferred that the sample size is lenient in being engaged in some sport activity so as only 20.8% (50 responses) of respondents do sport from three to five times in a week on average and only 7.5% (18 responses) of respondents do some kind of sport on a daily basis. It can be added that given the low level of sport engagement of participants, it is extremely important for an average respondent of the questionnaire to eat healthy and consume low-fat meals. Once again, the results signal to the expansion of the supply of healthy food.

Figure 11. Gluten Intolerance Statistics.

If you eat gluten free because of a disease or allergy requires it, do you purchase baked goods:

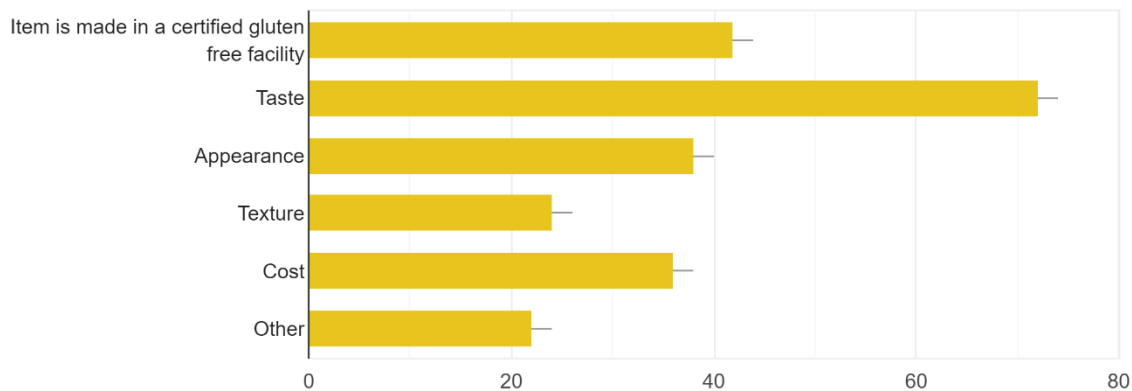


Source: Google Forms, survey results.

39.2% of the respondents indicated that they purchase the gluten-free products only from a commercial supplier whose items are labeled “gluten-free” and made in a certified gluten free facility because of some allergy or disease. These results once more points to the hidden demand for gluten-free products, which are made with the proper risk communication marketing, so as it was not expected that the substantial portion of the respondents especially look for gluten-free products because of their health issues. Till this survey, no data was available on the approximate percentage of glute intolerant population even to develop any insights.

Figure 12. Preferences.

If you eat gluten free by choice, which of the following are important in deciding to purchase baked goods:



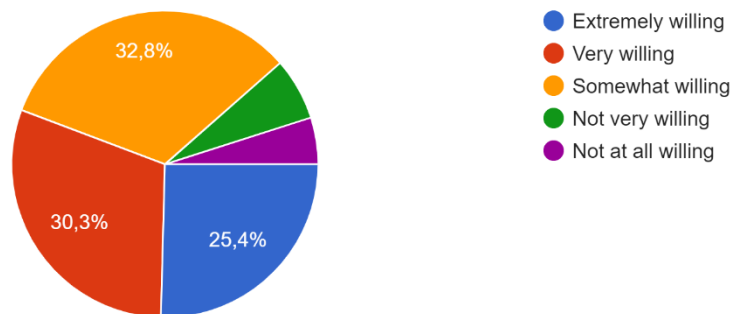
Source: Google Forms, survey results.

The respondents were asked to choose one or more options when answering this survey question. As a result, the most important element when deciding to purchase baked goods appeared to be the taste of the products so as 72% of the respondents' utility of the consumption of baked goods depends on taste. Second most weighted item in decision making of respondents was that the product is made in a certified gluten-free facility with the share of 43%. This result telltales the significance of establishment gluten-free baked goods suppliers in Baku so as the product being gluten-free the most second important

element which affects the utility of the potential customers. Deriving from the results of the questionnaire, our priority will be to supply gluten-free baked goods and beverages with the special accent on taste, appearance, texture, and cost.

Figure 13. Willingness to Pay.

Gluten free and vegan products are more expensive to produce than non-gluten free and non-sugar products. How willing would you be to pay...ingredients, no trans fats, and no preservatives?

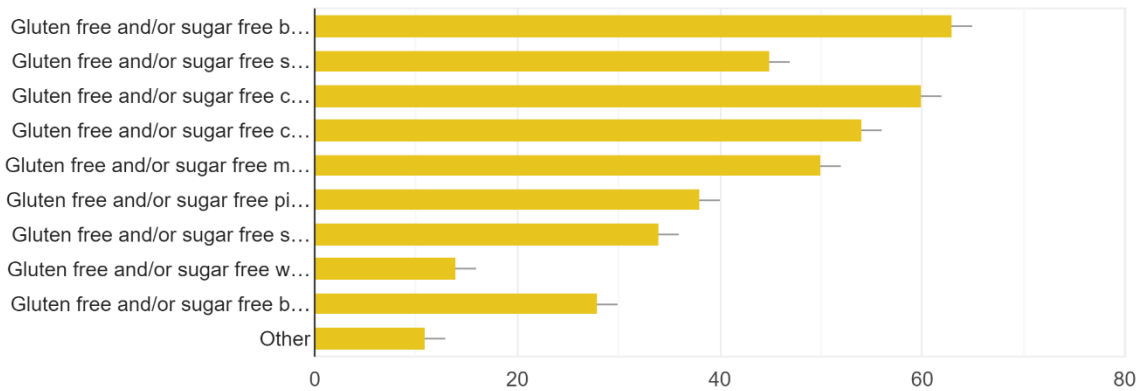


Source: Google Forms, survey results.

Although the preliminary prices set by Healthy Bakery are low compared to its competitors, we designed the survey question asking the willingness to purchase gluten-free products to determine the trends in the purchasing behavior of the sample size. 25.4% (61) respondents indicated that they are extremely willing to purchase, and 30.3% (73) respondents indicated that they are very willing to purchase gluten-free baked products even if they would be more expensive than the traditional bakery products. On the other side of coin, 9% (22) respondents indicated that they are not very willing, and 5.7% (14) respondents indicated that they are not at all willing to purchase gluten-free baked products if the prices would be expensive compared to the market average. To sum up, 88.2% of total respondents indicated the inclination toward the consumption of the gluten-free products.

Figure 14. Menu Preferences.

Whether you eat gluten free and/or sugar free or not, what kinds of gluten free and/or sugar free baked goods would you like to see offered at a bakery (check all that apply)?



Source: Google Forms, survey results.

This question is designated to reveal the menu preferences of the potential customers so as it is asking to choose one or more products from the list, which includes gluten-free and/or sugar free bread, gluten-free and/or sugar-free sandwich bread, gluten-free and/or sugar-free cookies, gluten-free and/or sugar-free cakes, gluten-free and/or sugar-free muffins/scones/biscuits, gluten-free and/or sugar-free pies/tarts, gluten-free and/or sugar-free sweet rolls, gluten-free and/or sugar-free wedding cakes, gluten-free and/or sugar-free beverages, and other. As a result, the most desired product was chosen to be gluten-free and/or sugar-free bread and gluten-free and/or sugar-free cookies.

2.3 SWOT Analysis

Table 2. SWOT analysis of Healthy Bakery.

Strengths Population of Azerbaijan Self-conscious Trend Preference for Local Brands	Weaknesses Price-sensitivity Competition Lack of Experience
Opportunities Consumer Consumption Increase Trend to Eat Out	Threats Limited Budget Raw Material Suppliers

Source: own construction.

Strengths

- The population of Azerbaijan is strongly increasing, which results in a bigger potential customer's base (World Bank, 2021).
- Our coffee shop and bakery care about customers' health by offering healthy bakery, which is an advantage against competitors since the self-conscious trend is growing nowadays (Davies, 2021).
- Our coffee shop will be more demanded than some of our foreign competitors.

Weaknesses

- Azerbaijani customers are very price-sensitive; hence the market is dominated by cost-conscious customers (Export.gov, 2018).
- The coffee shop and bakery segment have severe competition, as was discussed above.
- We are new entrants to the market, so we lack experience in conducting a business in the Food and Beverage market, particularly in a coffee shop and bakery segment.

Opportunities

- Consumer consumption of Azerbaijan had a strong increase before the pandemic. However, it started to increase again, which benefits our coffee shop and bakery (Trading Economics, 2021)
- After the period of lockdowns during the COVID-19 pandemic, people tend to eat out more (Nolsoe, 2020).

Possible threats

- Our limited budget may result in a lack of marketing activities, meaning weak brand awareness and hence fewer sales
- Possible issues with raw material suppliers.

2.4 Competitor Analysis

The competition in Azerbaijan can be considered as intense, as there are many coffee outlets with quite a similar percentage value proposition. Table 3 shows the main competitors in the coffee shop segment. Those coffee shops also offer bakery products.

We identified two categories of competitors, direct and indirect: the first one offers a product which is very similar to ours while the latter offers substitutes.

Table 3. Competition in gluten-free food & beverage stores segment, Azerbaijan.

Flavors Fusion Cuisine
Maharani Indian Cuisine
Organic Food Store
Eco Product
Bio Market
Brot Haus
Food Port

Source: Baku coffee shop and bakery market analysis.

2.4.1 Direct Competitors

In the catering industry, competition is always a huge factor in analysis for a bakery business and financial plan. Once we identify our competitors, it's helpful to know mainstream bakeries that are more alike to our business model. Furthermore, we can get a leg up on the competition by improving our marketing strategies, focusing on the target audience, and reaching potential new clients. It's also important to know the difference between a direct competitor and an indirect competitor.

According to direct competition, we focus on the physical stores located in Baku, where we can find only Flavors Fusion Cuisine, Food Port, and Maharani Indian Cuisine. These probably would be our direct competition, that is to say, our direct rivals that are competing in the same market segment. That kind of store practically offers the same service as us, but in a different way. Flavors Fusion Cuisine and Maharani Indian Cuisine serve both gluten-free and gluten and sugar-containing meals. Neither of them serves baked products and not popular because of their healthy meals.

After appropriate competition research, we will know how to position our store on the market; Learn our rivals' strengths, weaknesses, and competitive advantages with respect to the price, quality, customer service and reputation.

2.4.2 Indirect Competitors

In this area, we are going to focus on other kinds of competitors who provide slightly different items but can satisfy the same customer needs.

On the one hand, we can stand out the physical stores are located in Baku, such as Paul, Entrée etc. which are international coffee and bakery serving brands . We operate in the same target market but employ different strategies and methods to satisfy the consumers, due to the fact, their products are available in the whole world. Whereas our products and services are specific and unique to each consumer, and only available in Baku.

From other perspectives, there are several indirect competitors such as websites that deliver food products. However, we don't really see those as threats. Even though it can substitute our services in terms offering a catering service, we target the customer who wants exactly what they see.

3 Financial Plan

3.1 Assumptions

In this section of the work, we present the assumptions made by us to be able to build a full financial model of Healthy Bakery.

Table 4. Assumptions.

ANNUAL MAINTENANCE, REPAIR AND OVERHAUL	
Factor (%) on capital equipment	15%
ASSET DEPRECIATION	
Number of Years	10
TAX	
Annual Tax Rate	20%
INFLATION	
Annual Inflation Rate	5%
PRODUCT PRICE INCREASE	
Annual Price Increase	5%
FUNDING	
Loan Amount	200,000.00
Annual interest rate	15.00%
Term of loan (months)	60
Monthly rate	1.25%
Payment	3,764.08
Total Amount Payable	230,000.00

Source: Own calculations, own construction.

Packing Equipment	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00
Miscellaneous Equips: Small RO Plant, small flour mill	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
Frappe and Smoothie Blender	100.00	100.00	100.00	100.00	100.00	100.00
Reach-in Refrigerator	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00
Worktop Refrigerator	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
Catering Tables and Chairs	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Dish Washer	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Reach-in Refrigerator	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00
Cash Register	300.00	300.00	300.00	300.00	300.00	300.00
Security Cameras	750.00	750.00	750.00	750.00	750.00	750.00
Beverage Dispensers	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Air Conditioner	22,650.00	22,650.00	22,650.00	22,650.00	22,650.00	22,650.00
Machinery and equipment	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Less Accumulated depreciation expense		8,265.00	17,715.30	27,350.90	37,171.80	47,178.00
Total Property and Equipment	177,400.00	169,135.00	159,684.70	150,049.10	140,228.20	130,222.00

Source: Own calculations, own construction.

3.3 Operating and Other Costs (OPEX)

Operating costs are incurred in the course of an enterprise's current operations and are an ongoing expense. OPEX refers to costs associated with financial, production, business operations, and services. Unlike capital costs, operating expenses are constant and regular. Operating costs directly affect the profitability of the business: the higher the value of OPEX, the lower the net profit of the company. An unreasonable increase in operating expenses is always perceived negatively by investors, so the company's management tries to minimize them. However, it is very important that a reduction in OPEX does not jeopardize the quality of the product or service that the company

offers. At a more detailed classification, it can be expenses for rent, wages, raw materials advertising, transport, insurance, utilities, services of specialists (outsourcing), etc. The company's performance indicator is the share of operating expenses in relation to the company's revenues. The rate of growth of OPEX should not be higher than the rate of revenue growth, otherwise, it will be an indicator of lower efficiency of activity and consequently, reduction of profits. Every company strives to improve these indicators. Below you can find the estimated 5 years OPEX of Healthy Bakery.

Table 7. Summary of Total OPEX.

Year	2022	2023	2024	2025	2026
Sales and marketing	15,000.00	15,300.00	15,912.00	16,866.72	18,216.06
Depreciation	8,265.00	9,450.30	9,635.60	9,820.90	10,006.20
Insurance	7,500.00	7,650.00	7,956.00	8,433.36	9,108.03
Payroll and Payroll Tax	110,000.00	112,200.00	116,688.00	123,689.28	133,584.42
Property taxes	2,500.00	2,550.00	2,652.00	2,811.12	3,036.01
Maintenance, repair, and overhaul	1,500.00	1,530.00	1,560.00	1,590.00	1,620.00
Utilities	5,000.00	5,100.00	5,304.00	5,622.24	6,072.02
Administrative fees	300.00	306.00	318.24	337.33	364.32
Financial & Tax Audit expenses	4,000.00	4,080.00	4,243.20	4,497.79	4,857.62
Telecommunication expenses	1,200.00	1,224.00	1,272.96	1,349.34	1,457.28
IT support expenses	8,000.00	8,160.00	8,486.40	8,995.58	9,715.23
Security & Alarm services	2,400.00	2,448.00	2,545.92	2,698.68	2,914.57
Interest expense on long-term debt	22,434.99	17,910.62	13,160.03	8,171.91	2,934.39
Other	1,000.00	1,020.00	1,060.80	1,124.45	1,214.40
Total operating expenses	189,099.99	188,928.92	190,795.15	196,008.71	205,100.55

Source: Own calculations, own construction.

3.3.1 Personnel Expenses

Planning of personnel expenses is based on the results of planning the need for personnel. It requires taking into account the goals and objectives of the organization for the planning period, company development plans, production and sales plans, the state of the labour market in the reporting region. It is important not only to assess the quantitative need for personnel but also to assess the qualitative - in particular, the requirements in terms of education, qualifications, personal and business qualities, compliance with the characteristics of employees in relation to the requirements of their jobs. According to the current instruction of Azerbaijan Accounting principles, costs include 3 groups of costs:

- Labour costs (wage fund)
- Social payments
- Expenses, which do not relate to wage fund and social payments.

Labour costs include all of a company's relevant expenses, regardless of the sources of financing. At this stage, we want to reveal how we calculated personnel expenses:

- The salaries of the employees are adjusted to the average salary in Baku (AZN1,200.00)
- The salaries of shareholders and top management team members are excluded
- The employer cost is calculated as the sum of his/her gross salary, social securities, and employee taxes
- Healthy Bakery does not cover transportation costs of employees
- Healthy Bakery does not allocate funds for training of employees
- We take into account 2% inflation rate when calculating salaries for the subsequent years

The allocation of salaries is as below (payroll tax included):

Monthly payroll of barista: AZN1,200.00

Monthly payroll of waiter: AZN1,000.00

Monthly payroll of cleaning staff: AZN800.00

Monthly payroll of baker: AZN1,400.00.

Table 8. Personnel Expenses.

Year	2022	2023	2024	2025	2026
Payroll and Payroll Tax	110,000.00	112,200.00	116,688.00	123,689.28	133,584.42
Insurance	7,500.00	7,650.00	7,956.00	8,433.36	9,108.03
Total	117,500.00	117,850.00	124,644.00	132,122.64	142,692.45

Source: Own calculations, own construction.

3.3.2 Other OPEX

Other OPEX in Healthy Bakery includes unexpected expenses that we need to include for safety and other expenses which are classified under non-recurring expenses.

Table 9. Other OPEX.

Year	2022	2023	2024	2025	2026
Unexpected Expenses	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Petty Cash	100.00	100.00	100.00	100.00	100.00
Total Non-Recurring Expenses	1100.00	1100.00	1100.00	1100.00	1100.00

Source: Own calculations, own construction.

3.4 Revenues

This part of the work provides insights into the revenues of Healthy Bakery. The revenues of Healthy Bakery are provided in detail in this section.

Table 10. Revenues and Gross Profit.

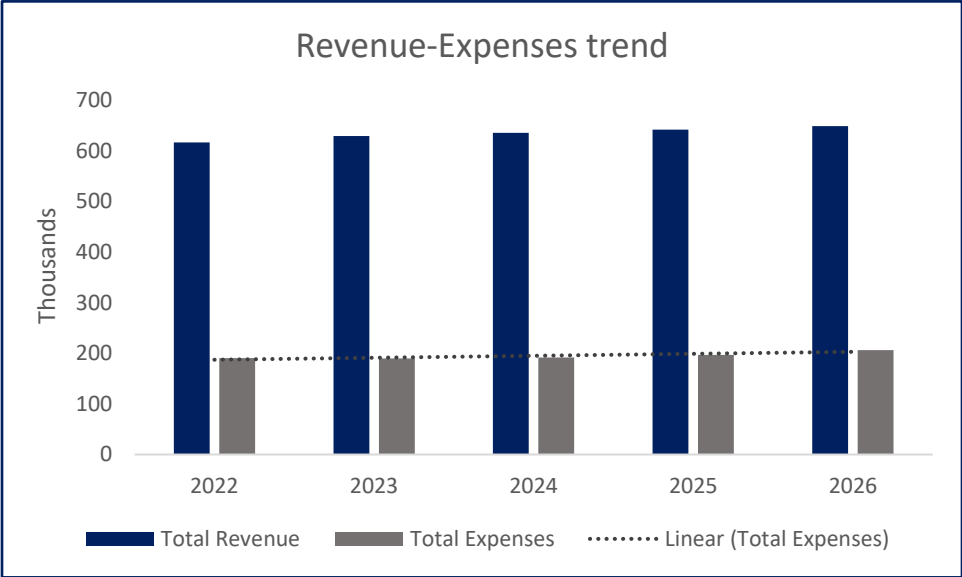
Year	2022	2023	2024	2025	2026
Annual cumulative price (revenue) increase	0.00%	2.00%	4.00%	6.00%	8.00%
Annual cumulative inflation (expense) increase	0.00%	2.00%	4.00%	6.00%	8.00%
Total revenue	616,860.00	629,258.56	635,650.29	642,178.64	648,855.46
Cost of goods sold	325,311.49	331,817.72	338,454.08	345,223.16	352,127.62
Gross Profit	291,548.51	297,440.84	297,196.21	296,955.48	296,727.83

Source: Own calculations, own construction.

Healthy Bakery is in the midst of a commercial and business district. Because the number of employees outnumbers the number of customers, weekend sales are expected to be 30% lower

than weekday sales. Furthermore, because the company will be located in the heart of the city, raising brand recognition will be quick. As a result, earnings in the first year are nearly identical to those in succeeding years. Inflation was also taken into account, and gross profit was adjusted accordingly. The company plans to use its cash assets to cut expenses, boost profits, and keep product quality at the same level that consumers have expected from the company's inception.

Figure 15. Revenue-Expenses (2022-2026) (in thousand manats).



Source: Own calculations, own construction..

In the following two tables, you can see the estimated units of production, cost, and selling prices.

Table 11. Units and Price of Goods Sold.

FORECASTED REVENUE			
	Units sold annually	Average price per unit (AZN)	Annual revenue per product (AZN)
Deserts			
Non-sugar Tiramisu	5509	7.00	38,563.60
Raspberry matcha cheese	5509	6.00	33,054.51

Chocolate Bento cake	5509	7.00	38,563.60
Healthy cheesecake	5509	5.00	27,545.43

Baked products

Bread (different kinds of healthy bread)	18363	2.50	45,909.05
Croissant	33054	4.00	132,218.05
Almond croissant	22036	4.50	99,163.54
Macaroni	18363	1.50	27,545.43
Profiteroles	14690	4.20	61,701.76
Fudgy Pumpkin Brownie Bites	7345	3.50	25,709.07

Beverages

Green tea	1836	2.00	3,672.72
Ginger Tea	1836	2.00	3,672.72
Black Tea	7345	1.50	11,018.17
Matcha Chai	1836	2.50	4,590.90
Herbal Tea	3672	3.00	11,018.17
Americano	14690	1.50	22,036.34
Cappuccino	7345	1.80	13,221.80
Late	7345	1.80	13,221.80
Flat White	3672	2.00	7,345.45
Non-sugar hot chocolate	1836	2.20	4,040.00
Sparkling water	367	1.50	550.91
Non-sparkling water	367	1.50	550.91
Apple Juice	367	3.00	1,101.82
Orange Juice	367	3.00	1,101.82
Multi-vitamin Juice	734	3.00	2,203.63

TOTAL OF FORECASTED REVENUE

629,321.19

Source: Own calculations, own construction.

Table 12. Units and Cost of Goods Sold.

COST OF GOODS SOLD		
	Expected gross margin	Annual cost of goods sold (2022)
Deserts		
Non-sugar Tiramisu	50%	19,281.80
Raspberry matcha cheese	50%	16,527.26
Chocolate Bento cake	50%	19,281.80
Healthy cheesecake	50%	13,772.71
Baked products		
Bread (different kinds of healthy bread)	90%	41,318.14
Croissant	50%	66,109.02
Almond croissant	40%	39,665.41
Macaroni	50%	13,772.71
Profiteroles	50%	30,850.88
Fudgy Pumpkin Brownie Bites	50%	12,854.53
Beverages		
Green tea	50%	1,836.36
Ginger Tea	50%	1,836.36
Black Tea	50%	5,509.09
Matcha Chai	50%	2,295.45
Herbal Tea	50%	5,509.09
Americano	60%	13,221.80
Cappuccino	50%	6,610.90
Late	50%	6,610.90
Flat White	50%	3,672.72
Non-sugar hot chocolate	50%	2,020.00
Sparkling water	50%	275.45
Non-sparkling water	50%	275.45
Apple Juice	50%	550.91
Orange Juice	50%	550.91
Multi-vitamin Juice	50%	1,101.82

TOTAL COST OF GOODS SOLD 325,311.49

Source: Own calculations, own construction.

Cost of goods sold is determined by the gross margin and the respective gross margins were applied to each product based on its elasticity of demand, uniqueness, etc.

Table 13. Revenue Generated by Each Product Yearly.

Year	2022	2023	2024	2025	2026
Revenue					
Deserts					
Non-sugar Tiramisu	37,800.00	38,559.78	38,945.38	39,334.83	39,728.18
Raspberry matcha cheese	32,400.00	33,051.24	33,381.75	33,715.57	34,052.73
Chocolate Bento cake	37,800.00	38,559.78	38,945.38	39,334.83	39,728.18
Healthy cheesecake	27,000.00	27,542.70	27,818.13	28,096.31	28,377.27
Baked products					
Bread (different kinds of healthy bread)	45,000.00	45,904.50	46,363.55	46,827.18	47,295.45
Croissant	129,600.00	132,204.96	133,527.01	134,862.28	136,210.90
Almond croissant	97,200.00	99,153.72	100,145.26	101,146.71	102,158.18
Macaroni	27,000.00	27,542.70	27,818.13	28,096.31	28,377.27
Profiteroles	60,480.00	61,695.65	62,312.60	62,935.73	63,565.09
Fudgy Pumpkin Brownie Bites	25,200.00	25,706.52	25,963.59	26,223.22	26,485.45
Beverages					
Green tea	3,600.00	3,672.36	3,709.08	3,746.17	3,783.64
Ginger Tea	3,600.00	3,672.36	3,709.08	3,746.17	3,783.64
Black Tea	10,800.00	11,017.08	11,127.25	11,238.52	11,350.91
Matcha Chai	4,500.00	4,590.45	4,636.35	4,682.72	4,729.55
Herbal Tea	10,800.00	11,017.08	11,127.25	11,238.52	11,350.91
Americano	21,600.00	22,034.16	22,254.50	22,477.05	22,701.82
Cappuccino	12,960.00	13,220.50	13,352.70	13,486.23	13,621.09

Late	12,960.00	13,220.50	13,352.70	13,486.23	13,621.09
Flat White	7,200.00	7,344.72	7,418.17	7,492.35	7,567.27
Non-sugar hot chocolate	3,960.00	4,039.60	4,079.99	4,120.79	4,162.00
Sparkling water	540.00	550.85	556.36	561.93	567.55
Non-sparkling water	540.00	550.85	556.36	561.93	567.55
Apple Juice	1,080.00	1,101.71	1,112.73	1,123.85	1,135.09
Orange Juice	1,080.00	1,101.60	1,145.66	1,214.40	1,311.56
Multi-vitamin Juice	2,160.00	2,203.20	2,291.33	2,428.81	2,623.11
Total revenue	616,860.00	629,258.56	635,650.29	642,178.64	648,855.46

Source: Own calculations, own construction.

Table 14. Cost of Each Product through 5 Years

Deserts					
Non-sugar Tiramisu	8,100.00	8,181.00	8,262.81	8,345.44	8,428.89
Raspberry matcha cheese	5,400.00	5,454.00	5,508.54	5,563.63	5,619.26
Chocolate Bento cake	8,100.00	8,181.00	8,262.81	8,345.44	8,428.89
Healthy cheesecake	5,400.00	5,454.00	5,508.54	5,563.63	5,619.26
Baked products					
Bread (different kinds of healthy bread)	16,200.00	16,362.00	16,525.62	16,690.88	16,857.78
Croissant	32,400.00	32,724.00	33,051.24	33,381.75	33,715.57
Almond croissant	21,600.00	21,816.00	22,034.16	22,254.50	22,477.05
Macaroni	18,000.00	18,180.00	18,361.80	18,545.42	18,730.87
Profiteroles	11,520.00	11,635.20	11,751.55	11,869.07	11,987.76
Fudgy Pumpkin Brownie Bites	6,480.00	6,544.80	6,610.25	6,676.35	6,743.11
Beverages					
Green tea	900.00	909.00	918.09	927.27	936.54

Ginger Tea	900.00	909.00	918.09	927.27	936.54
Black Tea	3,600.00	3,636.00	3,672.36	3,709.08	3,746.17
Matcha Chai	900.00	909.00	918.09	927.27	936.54
Herbal Tea	1,800.00	1,818.00	1,836.18	1,854.54	1,873.09
Americano	7,200.00	7,272.00	7,344.72	7,418.17	7,492.35
Cappuccino	3,600.00	3,636.00	3,672.36	3,709.08	3,746.17
Late	3,600.00	3,636.00	3,672.36	3,709.08	3,746.17
Flat White	1,800.00	1,818.00	1,836.18	1,854.54	1,873.09
Non-sugar hot chocolate	900.00	909.00	918.09	927.27	936.54
Sparkling water	180.00	181.80	183.62	185.45	187.31
Non-sparkling water	180.00	181.80	183.62	185.45	187.31
Apple Juice	180.00	181.80	183.62	185.45	187.31
Orange Juice	180.00	181.80	183.62	185.45	187.31
Multi-vitamin Juice	360.00	363.60	367.24	370.91	374.62

Cost of goods sold	325,311.49	331,817.72	338,454.08	345,223.16	352,127.62
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Source: Own calculations, own construction.

3.5 Inventories

Healthy Bakery maintains inventory of both raw and finished goods. In addition, inventories are subject to a 2% annual inflation rate. With time, we will be able to better manage the volume of inventory purchases, and the amount of inventory remaining at the end of the year will decrease. As of 2022, 2023, 2024, 2025, and 2026, year-end inventories were AZN25k, AZN20k, AZN16k, AZN12.8k, and AZN10.24k, respectively.

Table 15. Net Working Capital.

Year	Initial Balance	2022	2023	2024	2025	2026
Long-term receivables	2,000.00	2,000.00	2,250.00	2,512.50	2,788.13	3,077.53

Total inventory	26,000.00	26,000.00	21,000.00	16,642.50	13,832.37	11,321.72
Prepaid expenses (Receivables from partners, cooperative members and association members)	1,000.00	1,000.00	1,100.00	1,210.00	1,331.00	1,464.10
Deferred income tax	-	-	-	-	-	-
Short-term trade receivables	3,000.00	3,000.00	3,330.00	3,630.00	3,993.00	4,392.30
Other receivables	1,000.00	1,000.00	1,350.00	1,712.00	2,119.13	2,541.63
Short-term financial assets (Bank accounts)	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Long-term payables	(1,500.00)	(1,500.00)	(1,850.00)	(2,235.00)	(2,658.50)	(3,124.35)
Short-term payables	(2,000.00)	(2,000.00)	(2,000.00)	(2,000.00)	(2,000.00)	(2,000.00)
Accrued expenses	(1,000.00)	(1,000.00)	(1,050.00)	(1,102.50)	(1,157.63)	(1,215.51)
Notes payable/short-term debt	-	-	-	-	-	-
Capital leases	-	(500.00)	(505.00)	(510.05)	(515.15)	(520.30)
Total NWC	29,500.00	29,000.00	24,595.00	20,859.45	19,742.35	16,936.82

Source: Own calculations, own construction.

Table 16. Inventory Movements through 5 Years.

Year	Initial Balance	2022	2023	2024	2025	2026
Inventory	26,000.00	26,000.00	21,000.00	16,642.50	13,832.37	11,321.72
Materials	20,000	20,000	15,000	10,000	6,800	4,240
Work in progress and semi-products	1,000	1,000	1,000	1,000	1,000	1,000
Finished products	3,500	3,500	3,500	3,500	3,500	3,500
Merchandise	0	0	0	642.50	1,032.37	1,081.72
Advance payments for inventory	1,500	1,500	1,500	1,500	1,500	1,500

Source: Own calculations, own construction.

3.6 Receivables

Because the catering service is paid promptly, Healthy Bakery does not plan to forecast huge receivables. However, we set aside some money for receivables in case of things like card payment delays, tax receivables, and so forth.

Table 17. Receivables.

Year	Initial Balance	2022	2023	2024	2025	2026
Long-term receivables	3,000.00	3,000.00	3,350.00	3,722.50	4,119.13	4,541.63
Trade receivables	2,000.00	2,000.00	2,250.00	2,512.50	2,788.13	3,077.53
Receivables from controlled and managed organizations	0	0	0	0	0	0
Receivables from accounting units with substantial influence	0	0	0	0	0	0
Receivables from partners, cooperative members and association members	1,000.00	1,000.00	1,100.00	1,210.00	1,331.00	1,464.00
Estimated receivable	0	0	0	0	0	
Other receivables	0	0	0	0	0	0
Deffered tax receivable	0	0	0	0	0	0
Short-term receivables	4,000.00	4,000.00	4,650.00	5,342.00	6,112.00	6,934.00
Trade receivables	3,000.00	3,000.00	3,300.00	3,630.00	3,993.00	4,392.30
Receivables from controlled and managed organizations	0	0	0	0	0	0
Receivables from accounting units with substantial influence	0	0	0	0	0	0
Receivables from partners, cooperative members and association members	0	0	0	0	0	0
Receivables from social security and health insurance	0	0	0	0	0	0
Due from state - tax receivable						0
Other deposits given	0	0	0	0	0	0
Estimated receivable	0	0	0	0	0	0
Other receivables	1,000.00	1,000.00	1,350.00	1,712.00	2,119.13	2,541.63

Source: Own calculations, own construction.

3.7 Payables

Because the catering service is paid promptly, Healthy Bakery does not plan to forecast huge receivables. However, we set aside some money for receivables in case of things like card payment delays, tax receivables, and so forth.

Table 18. Payables.

Year	Initial Balance	2022	2023	2024	2025	2026
Long-term payables	1,500.00	1,500.00	1,850.00	2,235.00	2,658.50	3,124.35
Trade payables	0	0	0	0	0	
Payables to controlled and managed organizations	0		0	0	0	
Payables to accounting units with substantial influence	0	0	0	0	0	
Payables from partners, cooperative members and association members	0	0	0	0	0	
Long-term advances received	0	0	0	0	0	
Issues bonds	0	0	0	0	0	
Long-term notes payables	0	0	0	0	0	
Estimated payables	0	0	0	0	0	
Other payables	1,500.00	1,500.00	1,850.00	2,235.00	2,659.00	3,124.00
Deffered tax liability	0	0	0	0	0	
Short-term payables	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Trade payables	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Payables to controlled and managed organizations	0	0	0	0	0	
Payables to accounting units with substantial influence	0	0	0	0	0	
Payables from partners, cooperative members and association members	0	0	0	0	0	
Payroll	0	0	0	0	0	
Payables to social securities and health insurance	0	0	0	0	0	
Due from state – tax liabilities and subsidies	0	0	0	0	0	
Short-term deposits received	0	0	0	0	0	
Issues bonds	0	0	0	0	0	
Estimated payables	0	0	0	0	0	
Other payables	0	0	0	0	0	

Source: Own calculations, own construction.

3.8 Cash

We'll give you the lowdown on our funding operations and cash balance in this area. The initial cash balance would be 200,000 AZN since the firm started with a 200,000 AZN bank loan that was transferred to the business as cash. The loan is repaid annually for the next five years at a rate of 15% interest, which is taken from our cash balance and cumulative cash flow.

Table 19. Total cash and cash flow throughout 5 years.

Year	2022	2023	2024	2025	2026
Cash at the beginning of the accounting period	243,084.00	294,287.94	341,949.34	382,427.79	413,772.39
Profit / loss ordinary activity before tax	102,449.00	108,532.00	107,461.00	101,071.00	91,842.00
Adjustment of noncash transaction	8,265.00	9,450.00	9,636.60	9,820.90	10,006.20
Depreciations of intangible and tangible assets (+) with exception of net booked value of disposed fixed assets	8,265.00	9,450.00	9,637.00	9,821.00	10,006.00
Other noncash transactions					
Net Operating Cash Flow before tax, changes of working capital and extraordinary items	110,714.00	117,982.22	117,097.46	110,892.13	101,847.90
Changes of Noncash Working Capital Items	0	4,500.00	3,450.00	2,595.00	1,894.50
Changes of Operating Receivables (+/-) and Accruals		-300.00	-330.00	-363.00	-399.00
Changes of shortterm Operating Liabilities (+/-) and Accruals		-200.00	-220.00	-242.00	-266.00
Inventory changes (+/-)		5,000.00	4,000.00	3,200.00	2,560.00
Changes of shortterm financial noncash assets and equivalents					
Net Operating Cash Flow before tax and extraordinary items	110,714.00	122,482.22	120,547.46	113,487.13	103,742.40
Net Operating Cash Flow	110,714.00	122,482.22	120,547.46	113,487.13	103,742.40
Net Investing Cash Flow	0	0	0	0	0
Long-term Debt Payment	-36,194.96	-38,004.71	-39,904.94	-41,900.19	-43,995.20
Net Cash Flow of Financial Operations	-36,194.96	-38,004.71	-39,904.94	-41,900.19	-41,900.19
Net increase or decrease of Cash or Equivalents	43,084.00	51,203.93	47,661.40	40,478.45	31,344.60
Cash at the end of the accounting period	243,084.00	294,287.94	341,949.34	382,427.79	413,772.39

Source: Own calculations, own construction.

3.9 Financing

Owner's equity refers to the owner's rights to the company's assets. After we deduct all of the liabilities from the assets, it's what's left-over for the owner. If one looks at your company's balance sheet, the owner's equity can be found by the following formula:

$$\text{Total Assets} - \text{Total Liabilities} = \text{Owner's Equity.}$$

The following items are included in the owner's equity:

- Money put into the firm by the owner
- plus earnings earned since its commencement
- money is taken out of the company by the owner
- minus money owing to others

Below you can see the items of equity of Healthy Bakery.

Table 20. Equity of Healthy Bakery.

EQUITY						
Year	Initial balance	2022	2023	2024	2025	2026
Owner's equity (common)	206,900.00	206,400.00	206,145.00	205,854.95	205,525.85	205,153.27
Paid-in capital		-	-	-	-	-
Preferred equity	-	-	-	-	-	-
Retained earnings		71,013.96	146,272.30	220,753.05	290,715.79	354,154.89
TOTAL EQUITY	206,900.00	277,413.96	352,417.30	426,608.00	496,241.64	559,308.16

Source: Own calculations, own construction.

3.10 Total Liabilities

The company's assets should match its liabilities and equity, according to the accounting equation, often known as the balance sheet formula:

$$\text{Total Liabilities} + \text{Equity} = \text{Total Assets}$$

When the firm's obligations exceed your assets, its equity value will be negative, indicating that the business is in debt. In other words, the amount the business owes exceeds the worth of all of its company's assets.

Table 21. Total Liabilities.

LIABILITIES						
Current Liabilities	Initial balance	2022	2023	2024	2025	2026
Accounts payable	2,000.00	2,000.00	2,200.00	2,420.00	2,662.00	2,928.20
Accrued expenses	1,000.00	1,000.00	1,050.00	1,102.50	1,157.63	1,215.51
Notes payable/short-term debt	-	-	-	-	-	-
Capital leases	-	500.00	505.00	510.05	515.15	520.30
Other current liabilities	1,500.00	1,500.00	1,650.00	1,815.00	1,996.50	2,196.15
Total Current Liabilities	4,500.00	5,000.00	5,405.00	5,847.55	6,331.28	6,860.16
Debt	Initial balance	2022	2023	2024	2025	2026
Long-term debt/loan	200,000.00	163,805.04	125,800.33	85,895.39	43,995.20	-
Other long-term debt		-	-	-	-	-
Total Debt	204500.00	168805.04	131205.33	91742.94	50326.48	6860.16
TOTAL LIABILITIES	204500.00	168805.04	131205.33	91742.94	50326.48	6860.16

Source: Own calculations, own construction.

3.11 Financial Statements

In this section of the work, we will elaborate more on profit and loss, balance sheet, and cash flow statements of the Healthy Bakery throughout the 5 years.

A balance sheet is a breakdown of all of the company's assets and liabilities. It tells us how much money the business has leftover if it liquidated all of its assets and paid off all of its obligations at any given time.

Table 22. Financial Position.

Year	Initial Balance	2022	2023	2024	2025	2026
TOTAL ASSETS	411,400.00	446,219.00	483,622.64	518,350.94	518,568.12	566,168.32
Fixed assets	177,400	169,135	159,685	150,048	140,228	130,222
Current assets	234,000.00	277,084.00	323,937.94	368,301.84	406,339.92	435,946.32
TOTAL LIABILITIES + Equity	411,400.00	446,219.00	483,622.64	518,350.94	518,568.12	566,168.32
Equity	206,900.00	277,413.96	352,417.30	426,608.00	496,241.64	559,308.16
Bank loans and financial accommodations	200,000.00	163,805.04	125,800.33	85,895.39	43,995.20	0.00
Long-term bank loans	200,000.00	163,805.04	125,800.33	85,895.39	109,988.00	0.00

Source: Own calculations, own construction.

After differentiation of total assets (inventory, cash, accounts receivable, etc.) and total liabilities (accounts payable, equity, etc.) at the end of each year, we get the result 0, as it should be followed by the formula. We anticipate excellent net worth growth and a strong financial position. As long as we reach our precise objectives, we should be able to satisfy our debt commitments without difficulty.

The Profit and Loss Statement (P&L) is one of the most common ways to assess the state of affairs of an enterprise. It is generally accepted that the most complete information about the financial condition of an organization is provided by the Balance Sheet and Profit and Loss Statement. The balance sheet gives an idea of the availability of tangible assets in the ownership of the enterprise. The OPU shows the result of the use of these assets and other aspects of operations, i.e., profit or loss. The profit and loss statement is prepared on an accrual basis for a certain period. It is customary to compare the results obtained with similar periods in the past. As a rule, the compared time periods should be equal in duration and other significant conditions. The basic information in the Report is considered to be data on:

- the profit or loss of the organization as a whole
- the profit or loss by each of the main kinds of activity and from other operations
- the sources of income
- directions of expenses.

Net Profit = Total Revenue – Total Expenses or

Revenue

– Cost of Sales

= Gross Margin (or profit)

– Operating Expenses
 - Income Tax Expenses
 =NET PROFIT

Table 23. Profit and Loss Statement of Healthy Bakery.

INCOME					
	2022	2023	2024	2025	2026
Revenue					
Deserts					
Non-sugar Tiramisu	37,800.00	38,559.78	38,945.38	39,334.83	39,728.18
Raspberry matcha cheese	32,400.00	33,051.24	33,381.75	33,715.57	34,052.73
Chocolate Bento cake	37,800.00	38,559.78	38,945.38	39,334.83	39,728.18
Healthy cheesecake	27,000.00	27,542.70	27,818.13	28,096.31	28,377.27
Baked products					
Bread (different kinds of healthy bread)	45,000.00	45,904.50	46,363.55	46,827.18	47,295.45
Croissant	129,600.00	132,204.96	133,527.01	134,862.28	136,210.90
Almond croissant	97,200.00	99,153.72	100,145.26	101,146.71	102,158.18
Macaroni	27,000.00	27,542.70	27,818.13	28,096.31	28,377.27
Profiteroles	60,480.00	61,695.65	62,312.60	62,935.73	63,565.09
Fudgy Pumpkin Brownie Bites	25,200.00	25,706.52	25,963.59	26,223.22	26,485.45
Beverages					
Green tea	3,600.00	3,672.36	3,709.08	3,746.17	3,783.64
Ginger Tea	3,600.00	3,672.36	3,709.08	3,746.17	3,783.64
Black Tea	10,800.00	11,017.08	11,127.25	11,238.52	11,350.91
Matcha Chai	4,500.00	4,590.45	4,636.35	4,682.72	4,729.55
Herbal Tea	10,800.00	11,017.08	11,127.25	11,238.52	11,350.91

Americano	21,600.00	22,034.16	22,254.50	22,477.05	22,701.82
Cappuccino	12,960.00	13,220.50	13,352.70	13,486.23	13,621.09
Late	12,960.00	13,220.50	13,352.70	13,486.23	13,621.09
Flat White	7,200.00	7,344.72	7,418.17	7,492.35	7,567.27
Non-sugar hot chocolate	3,960.00	4,039.60	4,079.99	4,120.79	4,162.00
Sparkling water	540.00	550.85	556.36	561.93	567.55
Non-sparkling water	540.00	550.85	556.36	561.93	567.55
Apple Juice	1,080.00	1,101.71	1,112.73	1,123.85	1,135.09
Orange Juice	1,080.00	1,101.60	1,145.66	1,214.40	1,311.56
Multi-vitamin Juice	2,160.00	2,203.20	2,291.33	2,428.81	2,623.11
Total revenue	616,860.00	629,258.56	635,650.29	642,178.64	648,855.46

Cost of Sales					
Non-sugar Tiramisu	8,100.00	8,181.00	8,262.81	8,345.44	8,428.89
Raspberry matcha cheese	5,400.00	5,454.00	5,508.54	5,563.63	5,619.26
Chocolate Bento cake	8,100.00	8,181.00	8,262.81	8,345.44	8,428.89
Healthy cheesecake	5,400.00	5,454.00	5,508.54	5,563.63	5,619.26
Bread (different kinds of healthy bread)	16,200.00	16,362.00	16,525.62	16,690.88	16,857.78
Croissant	32,400.00	32,724.00	33,051.24	33,381.75	33,715.57
Almond croissant	21,600.00	21,816.00	22,034.16	22,254.50	22,477.05
Macaroni	18,000.00	18,180.00	18,361.80	18,545.42	18,730.87
Profiteroles	11,520.00	11,635.20	11,751.55	11,869.07	11,987.76
Fudgy Pumpkin Brownie Bites	6,480.00	6,544.80	6,610.25	6,676.35	6,743.11
Green tea	900.00	909.00	918.09	927.27	936.54

Ginger Tea	900.00	909.00	918.09	927.27	936.54
Black Tea	3,600.00	3,636.00	3,672.36	3,709.08	3,746.17
Matcha Chai	900.00	909.00	918.09	927.27	936.54
Herbal Tea	1,800.00	1,818.00	1,836.18	1,854.54	1,873.09
Americano	7,200.00	7,272.00	7,344.72	7,418.17	7,492.35
Cappuccino	3,600.00	3,636.00	3,672.36	3,709.08	3,746.17
Late	3,600.00	3,636.00	3,672.36	3,709.08	3,746.17
Flat White	1,800.00	1,818.00	1,836.18	1,854.54	1,873.09
Non-sugar hot chocolate	900.00	909.00	918.09	927.27	936.54
Sparkling water	180.00	181.80	183.62	185.45	187.31
Non-sparkling water	180.00	181.80	183.62	185.45	187.31
Apple Juice	180.00	181.80	183.62	185.45	187.31
Orange Juice	180.00	181.80	183.62	185.45	187.31
Multi-vitamin Juice	360.00	363.60	367.24	370.91	374.62
Cost of goods sold	325,311.49	331,817.72	338,454.08	345,223.16	352,127.62

Gross Profit	291,548.51	297,440.84	297,196.21	296,955.48	296,727.83
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Non-Operation Income					
Rental	-	-	-	-	-
Interest income	-	-	-	-	-
Loss (gain) on sale of assets	-	-	1,000.00	-	-
Other income	100.00	100.00	100.00	100.00	100.00
Total Non-Operation Income	100.00	100.00	1,100.00	100.00	100.00

TOTAL INCOME	291,648.51	297,540.84	298,296.21	297,055.48	296,827.83
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EXPENSES

Operating expenses					
Sales and marketing	15,000.00	15,300.00	15,912.00	16,866.72	18,216.06
Depreciation	8,265.00	9,450.30	9,635.60	9,820.90	10,006.20
Insurance	7,500.00	7,650.00	7,956.00	8,433.36	9,108.03
Payroll and Payroll Tax	110,000.00	112,200.00	116,688.00	123,689.28	133,584.42
Rent	2,500.00	2,550.00	2,652.00	2,811.12	3,036.01
Maintenance, repair, and overhaul	1,500.00	1,530.00	1,560.00	1,590.00	1,620.00
Utilities	5,000.00	5,100.00	5,304.00	5,622.24	6,072.02
Administrative fees	300.00	306.00	318.24	337.33	364.32
Financial & Tax Audit expenses	4,000.00	4,080.00	4,243.20	4,497.79	4,857.62
Telecommunication expenses	1,200.00	1,224.00	1,272.96	1,349.34	1,457.28
IT support expenses	8,000.00	8,160.00	8,486.40	8,995.58	9,715.23
Security & Alarm services	2,400.00	2,448.00	2,545.92	2,698.68	2,914.57
Interest expense on long-term debt	22,434.99	17,910.62	13,160.03	8,171.91	2,934.39
Other	1,000.00	1,020.00	1,060.80	1,124.45	1,214.40
Total operating expenses	189,099.99	188,928.92	190,795.15	196,008.71	205,100.55

Non-Recurring Expenses

Unexpected Expenses	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Petty Cash	100.00	100.00	100.00	100.00	100.00

Total Non-Recurring Expenses	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00
TOTAL EXPENSES	190,199.99	190,028.92	191,895.15	197,108.71	206,200.55
TAXES					
Income Tax	30,434.55	32,253.58	31,920.32	29,984.03	27,188.18
TOTAL TAXES	30,434.55	32,253.58	31,920.32	29,984.03	27,188.18
NET PROFIT	71,013.96	75,258.34	74,480.74	69,962.75	63,439.10

Source: Own calculations, own construction.

We have optimistic expectations about the profits we are going to make throughout the 5 years. In the first year, we expect to make 71k AZN of profit which deviates in a range of 8k AZN for subsequent 5 years of operation.

The cash flow statement shows information about all sources of cash flow and how they are used during the reporting period. You can also use the report data to determine receipts, either indirectly or directly. The incoming amounts will be classified by type of source and shown by the specified period. The main purpose of the report is to provide a picture of all of the organization's operating results, short-term liquidity, and long-term lending opportunities.

- Current (operating). The type of activity that is the main one in the company. It can also include activities that create cash inflows and outflows
- Investing - directly related to the purchase, production, or sale of assets that are not in circulation. For example, fixed assets or intangible assets. It can also be various types of investments that are not included in the general list of cash
- Financing activities. In this type of activity, changes that depend on the size and composition of the firm's total capital are reflected in the CDFS. Most often this type of activity is used in attracting creditors.

For calculation of the cash left after certain activities, the following formula is applied:

Starting Cash
 + Cash In
 -Cash Out
 = Ending Cash

Table 24. Cash Flow Statement for 5 Years.

Operating activities	2022	2023	2024	2025	2026	Total
Net income	71,013.96	75,258.34	74,480.74	69,962.75	63,439.10	
Depreciation	8,265.00	9,450.30	9,635.60	9,820.90	10,006.20	47,178.00
Accounts receivable	-	300.00	- 330.00	363.00	399.30	1,392.30
Inventories	-	5,000.00	4,000.00	3,200.00	2,560.00	14,760.00
Accounts payable	-	200.00	- 220.00	242.00	266.20	928.20
Amortization	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Other operating cash flow items	-	-	-	-	-	-
Total operating activities	79,278.96	89,208.64	87,566.34	82,378.65	75,339.80	413,772.39

Financing activities	2022	2023	2024	2025	2026	Total
Long-term debt/financing	36194.96	38004.71	39904.94	41900.19	43995.20	20000.00
Preferred stock	-	-	-	-	-	-
Total cash dividends paid	-	-	-	-	-	-
Common stock	-	-	-	-	-	-
Other financing cash flow items	-	-	-	-	-	-
Total financing activities	36194.96	38004.71	39904.94	41900.19	43995.20	200000.00

Cumulative cash flow	43,084.00	51,203.93	47,661.40	40,478.45	31,344.60	213,772.39
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Frappe and Smoothie Blender	100.00	100.00	100.00	100.00	100.00	100.00
Reach-in Refrigerator	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00
Worktop Refrigerator	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
Catering Tables and Chairs	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Dish Washer	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Reach-in Refrigerator	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00
Cash Register	300.00	300.00	300.00	300.00	300.00	300.00
Security Cameras	750.00	750.00	750.00	750.00	750.00	750.00
Beverage Dispensers	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Air Conditioner	22,650.00	22,650.00	22,650.00	22,650.00	22,650.00	22,650.00
Machinery and equipment	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Less Accumulated depreciation expense		8,265.00	17,715.30	27,350.90	37,171.80	47,178.00
Total Property and Equipment	177,400.00	169,135.00	159,684.70	150,049.10	140,228.20	130,222.00

TOTAL ASSETS	411,400.00	446,219.00	483,622.64	518,350.94	546,568.12	566,168.32
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LIABILITIES						
Current Liabilities	Initial balance	2022	2023	2024	2025	2026
Accounts payable	2,000.00	2,000.00	2,200.00	2,420.00	2,662.00	2,928.20
Accrued expenses	1,000.00	1,000.00	1,050.00	1,102.50	1,157.63	1,215.51
Notes payable/short-term debt	-	-	-	-	-	-
Capital leases	-	500.00	505.00	510.05	515.15	520.30
Other current liabilities	1,500.00	1,500.00	1,650.00	1,815.00	1,996.50	2,196.15
Total Current Liabilities	4,500.00	5,000.00	5,405.00	5,847.55	6,331.28	6,860.16

Debt	Initial balance	2022	2023	2024	2025	2026
Long-term debt/loan	200,000.00	163,805.04	125,800.33	85,895.39	43,995.20	-
Other long-term debt		-	-	-	-	-
Total Debt	204,500.00	168,805.04	131,205.33	91,742.94	50,326.48	6,860.16

TOTAL LIABILITIES	204,500.00	168,805.04	131,205.33	91,742.94	50,326.48	6,860.16
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EQUITY						
	Initial balance	2022	2023	2024	2025	2026
Owner's equity (common)	206,900.00	206,400.00	206,145.00	205,854.95	205,525.85	205,153.27
Paid-in capital		-	-	-	-	-
Preferred equity	-	-	-	-	-	-
Retained earnings		71,013.96	146,272.30	220,753.05	290,715.79	354,154.89
TOTAL EQUITY	206,900.00	277,413.96	352,417.30	426,608.00	496,241.64	559,308.16

TOTAL LIABILITIES AND EQUITY	411,400.00	446,219.00	483,622.64	518,350.94	546,568.12	566,168.32
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Source: Own calculations, own construction.

Within the framework of financial analysis, a loan payment calculator for the payment of AZN200,000 loan to the bank was designed. The installments and the details are demonstrated below:

Table 26. Loan payment calculator.

LOAN AMORTIZATION SCHEDULE

Healthy Bakery					
MONTH	BALANCE	SCHEDULED PAYMENT	PRINCIPAL	INTEREST	
1	200,000.00	3,764.08	2,949.25	814.82	
2	197,050.75	3,764.08	2,961.27	802.81	

3	194,089.47	3,764.08	2,973.34	790.74
4	191,116.14	3,764.08	2,985.45	778.63
5	188,130.69	3,764.08	2,997.61	766.47
6	185,133.08	3,764.08	3,009.82	754.26
7	182,123.25	3,764.08	3,022.09	741.99
8	179,101.17	3,764.08	3,034.40	729.68
9	176,066.77	3,764.08	3,046.76	717.32
10	173,020.01	3,764.08	3,059.17	704.90
11	169,960.83	3,764.08	3,071.64	692.44
12	166,889.19	3,764.08	3,084.15	679.93
13	163,805.04	3,764.08	3,096.72	667.36
14	160,708.32	3,764.08	3,109.33	654.75
15	157,598.99	3,764.08	3,122.00	642.08
16	154,476.99	3,764.08	3,134.72	629.36
17	151,342.27	3,764.08	3,147.49	616.59
18	148,194.77	3,764.08	3,160.32	603.76
19	145,034.46	3,764.08	3,173.19	590.89
20	141,861.27	3,764.08	3,186.12	577.96
21	138,675.15	3,764.08	3,199.10	564.98
22	135,476.05	3,764.08	3,212.13	551.95
23	132,263.91	3,764.08	3,225.22	538.86
24	129,038.69	3,764.08	3,238.36	525.72
25	125,800.33	3,764.08	3,251.55	512.53
26	122,548.78	3,764.08	3,264.80	499.28
27	119,283.98	3,764.08	3,278.10	485.98
28	116,005.88	3,764.08	3,291.46	472.62
29	112,714.42	3,764.08	3,304.87	459.21
30	109,409.55	3,764.08	3,318.33	445.75
31	106,091.22	3,764.08	3,331.85	432.23
32	102,759.37	3,764.08	3,345.43	418.65
33	99,413.94	3,764.08	3,359.05	405.02
34	96,054.89	3,764.08	3,372.74	391.34
35	92,682.15	3,764.08	3,386.48	377.60
36	89,295.67	3,764.08	3,400.28	363.80
37	85,895.39	3,764.08	3,414.13	349.95

38	82,481.26	3,764.08	3,428.04	336.04
39	79,053.22	3,764.08	3,442.01	322.07
40	75,611.21	3,764.08	3,456.03	308.05
41	72,155.18	3,764.08	3,470.11	293.97
42	68,685.07	3,764.08	3,484.25	279.83
43	65,200.82	3,764.08	3,498.44	265.64
44	61,702.38	3,764.08	3,512.70	251.38
45	58,189.68	3,764.08	3,527.01	237.07
46	54,662.67	3,764.08	3,541.38	222.70
47	51,121.30	3,764.08	3,555.81	208.27
48	47,565.49	3,764.08	3,570.29	193.79
49	43,995.20	3,764.08	3,584.84	179.24
50	40,410.36	3,764.08	3,599.44	164.64
51	36,810.92	3,764.08	3,614.11	149.97
52	33,196.81	3,764.08	3,628.83	135.25
53	29,567.98	3,764.08	3,643.62	120.46
54	25,924.36	3,764.08	3,658.46	105.62
55	22,265.90	3,764.08	3,673.37	90.71
56	18,592.54	3,764.08	3,688.33	75.75
57	14,904.21	3,764.08	3,703.36	60.72
58	11,200.85	3,764.08	3,718.45	45.63
59	7,482.40	3,764.08	3,733.60	30.48
60	3,748.81	3,764.08	3,748.81	15.27

Source: Own calculations, own construction.

4 Risk Assessment

4.1 Qualitative Risk Analysis

The main problem in risk management is the size of the list of risks derived from the identification phase. It is not possible to manage all identified risks because it requires large financial and staff resources. The main objectives of qualitative analysis are to divide risks into groups and prioritize them. A probability and consequence matrix is a tool to determine the risk rank separately for each objective, such as cost, time, or content. The risk rank helps manage risk response. For example, for risks located in the high-risk area (the red area) of the matrix, preventive operations and an

aggressive response strategy are required. For threats located in the low-risk area (the green area), preventive operations may not be necessary.

Table 27. Risk assessment matrix of Healthy Bakery.

Risk code	Risk	Probability	Impact	Risk Score
A	Operational Risk	1	2	2
B	Operational Risk	2	4	8
C	Operational Risk	2	4	8
D	Operational Risk	1	4	4
E	Marketing Risk	2	4	8
F	Marketing Risk	2	3	6
G	Marketing Risk	1	3	3
H	Marketing Risk	1	1	1
I	Human resource Risk	1	1	1
J	Human Resource Risk	1	2	2
K	Human Resource Risk	1	2	2
L	Financial Risk	1	2	2
M	Financial Risk	1	4	4
N	Financial Risk	1	3	3
O	Financial Risk	2	4	8

Source: Own calculations, own construction.

Table 28. Risk analysis matrix.

	Minor	Moderate	Significant	Severe
Certain				
Likely				
Possible				
Unlikely			F	B,C,E,O
Rare	H,I	A,J,K,L	G,N	D,M

Source: Own calculations, own construction.

The most severe and rare risk was attributed to operational and financial risks of Healthy Bakery. Indeed, it would be severe problem for the start-up not to be able to raise funds for set up, failure to take a loan from a commercial bank would mean the realization of the risk category “O”. All the risk factors were allocated according to their severity and rarity in the matrix above.

Operational risks: causes of occurrence. Operational risk holds a special place among the risks of the company and is formulated as the risk of direct and indirect losses due to distorted construction of business processes, ineffective internal control procedures, technological deviations, unauthorized actions of staff and external impact. Since these risk factors are partially within the influence of the company's management, there is a possibility of limited impact on the source of the operational risk. For this reason, the main direction in the management of the company's operational risks is their minimization rather than optimization, which is typical for other types of risk.

The process of management of human resources of the company is continuous and should include: the formulation of goals, objectives and requirements for personnel, recruitment and hiring, performance evaluation, development and training, personnel movement, rationalization of the system of labor motivation, remuneration and incentives. It is necessary to take into account the fact that the relevant risks arise at each stage of the management process, but at the same time, there are conditions for their minimization. For example, at the stage of development of requirements to

personnel, job risks may arise as a mismatch of a particular position to activities, functions, goals, objectives, technology. The cause of job risk should be sought in the irrational distribution of functional responsibilities in the company's staff schedule or in a distorted job description. To minimize this risk a reasonable structure of positions, authorities and responsibilities should be formed and used as a tool, not a job description, describing the main functions of the employee, but a description (model) of the workplace - the main document that allows assessing whether the candidate for the vacant position is able to perform the relevant functions.

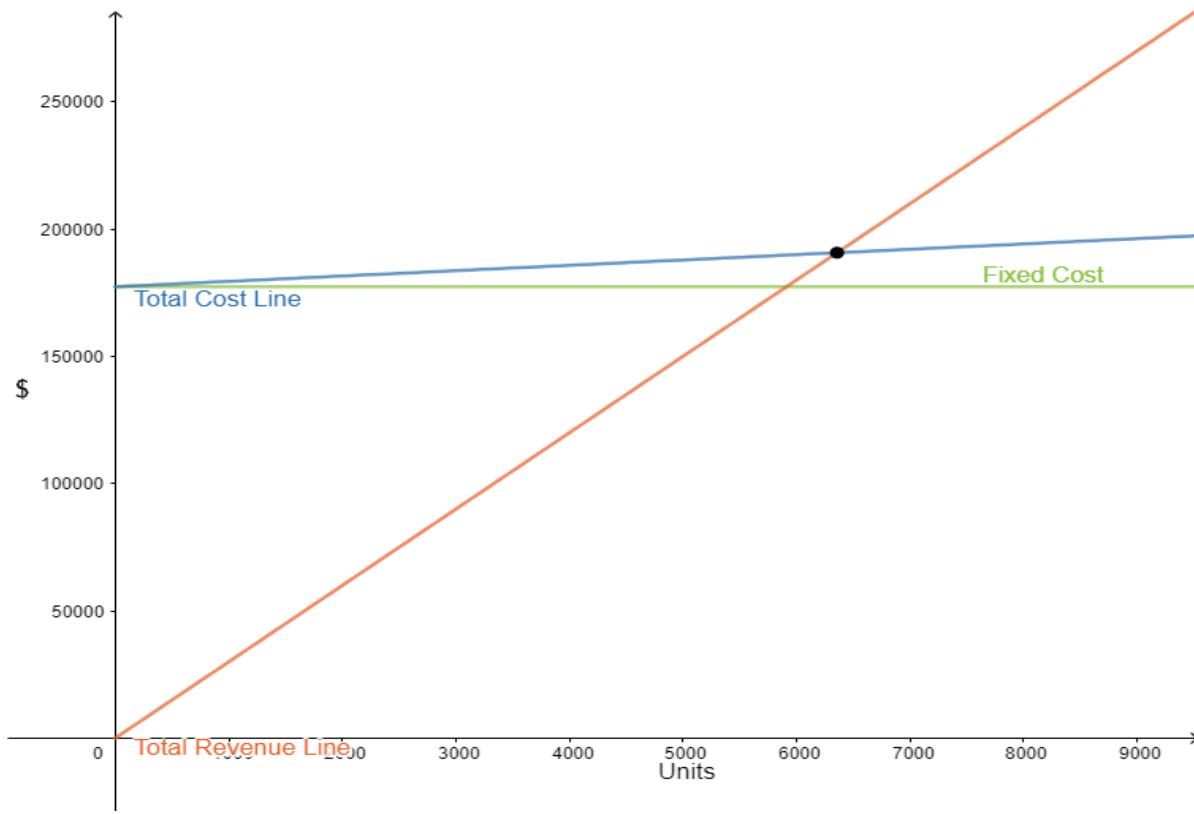
4.2 Break-even Analysis

The break-even point is the estimated point at which the sales amount will cover all the costs incurred in making those sales. In other words, it is the point at which the business stops losing money. At the break-even point the business is able to support itself from just its own trading activities, rather than having to rely on outside funding to stay in business. Until the new business reaches the break-even point it is losing money which needs to be funded by working capital provided by either loan funds or the shareholders. While all businesses may find a use for this metric as a profitability marker, it is of critical importance for startups, entrepreneurs, and their funders. In fact, it is a prime investor focus, as it forms part of their risk assessment process.

The formula is:

$$\text{Breakeven point} = \text{Fixed Costs} \div (\text{Average Selling Price Per Unit} - \text{Average Variable Cost Per Unit}) = 6512 \text{ units}$$

Figure 16. Break-even Point.



Source: own construction.

A breakeven point is a goal measured in revenue or ROI or sales or profits. When the goal is reached it means that the entire capital raised and invested in the business has been earned back. A lower breakeven point is generally preferred. The lower the investment needed for the same type of businesses, the easier it is to achieve it. But it is a decision that is not to be taken lightly, as more investment/capital means more resources to be better in marketing, service delivery etc. So, a balance between these two is what most companies strive for.

5 Final Recommendation

Healthy Bakery was founded on the concept that consuming nutritious, organic bakery products may improve a person's health and mood, as well as the environment. Customers may enjoy fantastic tasting organic baked products, according to Healthy Bakery, provided the correct attention is made to sourcing, recipes, and consistency.

The Bakery will open its first shop in the Republic of Azerbaijan, in Baku, to serve commuters and establish a local brand that may be expanded in the future. Advertising, referral marketing, and a loyalty program can help Healthy Bakery gain a following.

The bakery will be able to focus its marketing efforts by taking the long view and monitoring outcomes on a daily and weekly basis to ensure that the strategies chosen are effective.

If Healthy Bakery succeeds in its aim, the way will be cleared for the company to expand to other places. Healthy Bakery is synonymous with delicious tasting baked products, not just for organic aficionados, but for Baku inhabitants in general. The organic living market will increase in the future, becoming a commercial force to be reckoned with rather than a niche. Healthy Bakery's products will appeal to both the healthy living and high-quality baked goods markets.

Customers will come to our location because of the consistent service and flavor, as well as the company's honesty in identifying its ingredients and their origins. The customer will not mind waiting in line for a few minutes and will love sitting at the counter with a paper to eat their freshly made scone, croissant, or bagel.

The firm will begin to make money in its first year of operations and will be able to repay the debt in five years. After 5 years, it is intended to open stores in other places to increase revenues. Higher profitability will arise from increased manufacturing capacity.

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Appendix A



survey_results_bake
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healthybakerysurvey.pdf

https://docs.google.com/forms/d/e/1FAIpQLScWM4OjfCUNrfmTE_R3ILWAIFU4fqR1-5h6uHyV7iCAgpyUhg/viewform?usp=sf_link