

**BUSINESS PLAN FOR THE FLOURY**

**NATTAPHORN KHANTIRACH**

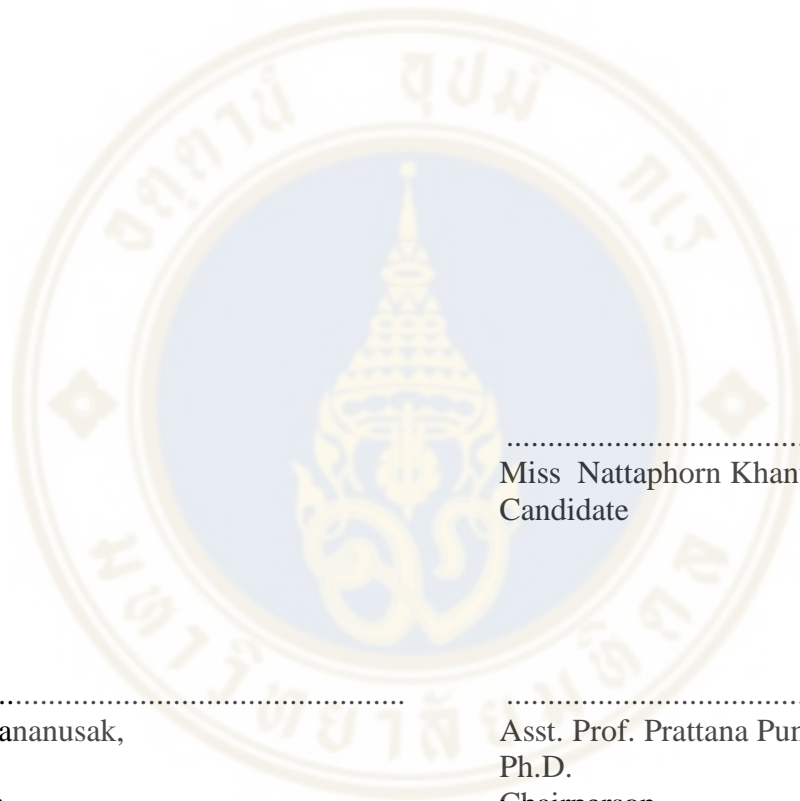
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**BUSINESS PLAN FOR THE FLOURY**

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M.M. (ENTREPRENEURSHIP MANAGEMENT)

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**ABSTRACT**

The Floury Company Limited is a small family-owned healthy crispy cookies manufacturer in Thailand, founded in October 2018. According to Thailand's 2018 health and wellness report by Nielsen, there has been an increase in Thailand's healthy lifestyle in recent years. The growth of this trend facilitates the company with ample opportunities to succeed. This paper focuses on establishing a comprehensive business plan for the company so that the company could implement them as a business guideline.

The methodology used in this paper is by collecting data and information, both qualitative and quantitative, from various reliable data sources. Knowledge gained will then be assessed to choose only the qualified data to craft strategies for the company. While writing the full business plan is primarily about evaluating the company itself, the healthy baked products industry is also reviewed to see its attractiveness. As a result, this complete business plan would provide benefits to the owners in several ways, which includes realizing the company's strengths and weaknesses, seeing the competitive climate, and establishing strategic sales and marketing plans for expanding the business in Thailand.

**KEYWORDS:** Health and Wellness/ Food Trend/ Healthy Food Market/ Healthy  
Snack/ Thailand Consumption

83 pages

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# CHAPTER I

## INTRODUCTION

### 1.1 Introduction

According to Thailand's 2020 health and wellness report, there was an increase in Thailand's healthy lifestyle in recent years (Euromonitor International, 2020a). The demand for products that provide a convenient way to maintain health and boost well-being, such as healthy foods, increases (Euromonitor International, 2020a). In other words, Thai people become more aware of their health and wellness by being more careful when choosing things to consume (Sachamuneewongse, 2019). They pay more attention to low calories and high protein food and snacks.

Recognizing an opportunity in this health-conscious food trend, Nattaya and Nattaphorn decided to develop their healthy crispy cookies recipe. The Floury is a small family-owned healthy crispy cookies manufacturer located in Amphor Pakchong, Nakhon Ratchasima province. The business was started in October 2018 and is registered as The Floury Co., Ltd. one year later on September 10, 2019. Nattaya Khantirach and Nattaphorn Khantirach are two founders of the company. Inspiration for starting this business came when the bigger sister, Nattaya Khantirach, earned a Pastry and Confectionery diploma from Le Cordon Bleu, Thailand. She always has a passion for baking high quality and delicious bakery to all of her customers.

There are three key success factors for their business. Firstly, their products are delicious. This is the most important key success factor because customers will never re-purchase their products if the taste is bad. Secondly, they choose only high-quality ingredients in making their products to ensure the best experience for their customers. For instance, they use only cocoa powder from Belgium, quality oil that does not contain trans-fat, and organic jasmine rice flour certified by several certifications of organic and fair-trade such as USDA Organic and TH-BIO-154 Thailand Agriculture. Another key success

factor would be that they are responsible for all of their customers, no matter big or small. In this way, it enables them to build trust and develop a long-term relationship with their customers. As a result, their sales revenue has increased by 348% from January 2019 to January 2020.

## 1.2 Problem Statement

Since the business is a small family-owned company, its current problem is that they do not have a plan to be a guideline for their business activity such as managing supplier, sales, marketing, operation, and finance. Consequently, everything is not going in the same direction. For instance, the promotion that is posted on their Instagram is not consistent with the one that they answer customers on Line official account applications. Moreover, they never thoroughly evaluate their competitors and market opportunity. They operate their company only by their guts. For example, before owners decided to develop their first healthy products, they have not done any market research of the healthy market. Instead, they just felt that this healthy trend was coming strongly and it was the right time to enter into this market since there were not many competitors at that time.

According to increasing demand in the products, both domestic and overseas, they get approached by many distributors from Taiwan and Hong Kong with impressive feedback from them. The company found that their products have the potential to be expanded outside Thailand. Therefore, they are planning to enlarge their business to the international market in Asia, Europe, and America continents. The company needs to have strategic expansion planning to prepare their budget to be ready for the enlargement. There are four major problems of The Floury business are:

- The owner of the company never analyzes market opportunity
- The owner of the company never analyzes competition climate
- An inconsistency between each activity such as marketing, sales, and operation
- The company need strategic planning for business expansion

### **1.3 Objectives**

There are four primary objectives of conducting a business plan for The Floury, which are:

- To analyze the market opportunity of healthy products as well as its trend
- To study the competitive climate of the healthy bakery industry
- To establish a consistent strategic plan of marketing, sales, and operation
- To establish a strategic business expansion plan

### **1.4 Organization of the Study**

The following chapter contains a literature review on topics related to conducting a business plan. Chapter 3 will provide information about the research methodology. A full business plan for ‘The Floury’ business will be in chapter 4. In this chapter, information is gained through secondary data from various reliable data sources. Chapter 5 consists of a summary and recommendation of the study.

## **CHAPTER II**

### **LITERATURE REVIEW**

A business plan is a written document describing the business's opportunity and goals as well as defining a strategy that an entrepreneur could follow to achieve the business's goals (Ekanem, 2018). Haag (2013) stated in her study, "The business plan is evidence of the business owner's initiative and allows the owner to communicate a step-by-step agenda for reaching the goal." This chapter will provide knowledge related to business plans based on the literature review that the researcher has studied from various data sources.

#### **2.1 Importance of a Business Plan**

Even though there is no guarantee that writing a good business plan will assist entrepreneurs to become successful, it can help them reduce the chance of failure by enabling entrepreneurs to quickly make necessary changes when needed (Haag, 2013). From the research of Kevin Miles (2013), a study of the success factor of businesses in Pennsylvania that has been operating their businesses for at least five years. The result showed that 45% of Pennsylvania's successful companies had a business plan and reviewed it weekly or monthly.

Some people argued that a business plan is only used to acquire investment from banks (Haag, 2013). However, Kalina and Fitko (1997) stated that developing a business plan would allow entrepreneurs to organize their thought, clearing identifying their vision, mission, and goals so that the company could set a purpose, direction, and value to work off all employees. As a result, all departments and activities within the organization will become synergized. In other words, every department will work in the same direction to achieve the same goal of the business.

## **2.2 Type of Business Plan**

According to the book “The Business Plan: How to win your investor’s confidence” by Schwetje and Vaseghi (2007), three types of business plans are short, extended, and operational business plans. The criteria are justified by the stage of the business and the details of its plan.

### **2.2.1 Short business plan**

The length of a short business plan is approximately 10 to 15 pages. It is suitable for a young company that is currently in an early stage of its adoption. This kind of business plan is also applicable to a company that does not have the complexity of its organization and activities. Even though it is a “short” business plan, information in each part should be detailed enough so that it could attract potential investors. For example, entrepreneurs should be able to convince their target capitalists that their products have a competitive advantage and there are significant potential customers for them.

### **2.2.2 Extended business plan**

An extended business plan usually suits a more complicated company than one in a short business plan. In this type of business plan, a company should include business issues more thoroughly and more detailed than a short one. The more investment you want to gain from your investor, the more attractive a business plan should be. The company should provide its market and competition analysis much more precisely than a short business plan. Moreover, the plan should also comprise a five-year period of sales, cost, and financial projection. The length of an extended business plan should be about 20 to 40 pages.

### **2.2.3 Operational business plan**

A business plan could be employed as an operational plan for a well-established company. In other words, it is a business guideline for every stakeholder of the company, which would help the company to ensure its consistency through every part of an organization. Therefore, this type of business plan is generally very long and detailed. It could be more than 40 pages or more than 100 pages long.

## **2.3 Audience of Business Plan**

There are several ways for classifying the audience type of a business plan. Schwetje and Vaseghi (2007) indicated in their book that audiences of the business plan could be categorized into two groups, which are internal and external. Internal audiences mean management within an organization. External audiences refer to venture-capital, banks, strategic alliances, mergers and acquisitions, and customers.

However, by focusing on sources of funding, another aspect of identifying audiences is whether they are institutional or individual (Nofsinger & Wang, 2011). Institutional investors consist of banks and venture capital. Individual investors mean business angels.

Empirical studies implied that most investors face the same problem when analyzing a firm's information when it comes to making a decision about whether to give funds to entrepreneurs or not. Such problems are information asymmetry and moral hazard, which creates risk for them (Mason & Stark, 2004; Nofsinger & Wang, 2011). Moreover, each investor also has different resources to analyze information in the business plan. For example, institutional investors may have a specialist to evaluate the business, while angel investors mostly analyze by their own perspective.

According to Nofsinger and Wang (2011), one way that investors could overcome this asymmetric information problem is by evaluating signals that are sent by venture founders through its business plan. In addition, previous research also indicated that different audiences look at business plans from different perspectives (Mason & Stark,



2004). Therefore, it is critical to understand (1) a characteristic of each type of investor (e.g., banks, venture capital, and business angel) and (2) what information that they are expecting to see and emphasize in the business plan.

### **2.3.1 Banks**

From an economic concept, there are two types of risks that banks normally face when evaluating a loan request, which is an adverse selection and moral hazard. Adverse selection happens prior to the decision when one party has more information than another. In this case, it means the owner of the company that is asking for a loan from the bank (Van, 2000). This makes banks sometimes lend their money to businesses that consequently fail or not lending to businesses that have the potential to become successful. Moral hazard relates to the behavior of the company after receiving funds from the bank. In particular, entrepreneurs might decide to pursue a riskier project, and that bank has an inability to monitor this (Van, 2000).

The most important concern of the bank is that the loan will not be repaid. Past research suggested that banks rely most heavily on the financial aspect of the business plan (Mason & Stark, 2004), which accounted for 55%. This aspect includes the financial structure of the business (e.g., costs, pricing, and revenue stream), the value of equity, and the rate of return. Moreover, when making a decision lending a loan, banks are also concerned about its protection, which is collateral (Nofsinger & Wang, 2011; Mason & Stark, 2004). It is also normal that banks usually compare financial information with an industry average.

### **2.3.2 Venture Capital (VCs)**

Venture capital is a form of private equity that is provided to a high-growth private company during its early-stage (Monika, & Sharma, 2015). The purpose of this funding is to assist a company in facilitating, increase scale, and monetize the investment through a liquidity event (Talmor et al., 2017).

There are five steps in the process of VCs (Tyebjee & Bruno, 1984). This process includes: (1) deal origination – when potential deals are brought to VCs from

various sources include business plan, referral, and VCs community; (2) screening – VCs will then screen proposals that they have received. This based on four criteria, which are the size of the investment, the technology and market sector of the venture, geographic location of the venture, and stage of financing; (3) evaluation – which is an assessment of the business plan through several factors such as potential opportunity, products, and financial; (4) deal structuring – forming an agreement after the deal is accepted; and (5) post-investment activities – when VCs transform from investors to collaborator and has an involvement in the private company. The intensity of such involvement differs from one VCs to another.

Monika and Sharma (2015) suggested that not all VCs could follow the same decision process and criteria for evaluating proposals. For instance, one VC might give more importance to an entrepreneur's characteristics while others emphasize on marketing and financial part. From the research of Mason and Stark (2004), they found that VCs put the greatest emphasis on market issues (22%), financial issues (21%), the entrepreneur (12%), and strategy (11%). In contrast, another study suggested that the most important factor is an entrepreneur's personality and experience (Macmillan et al., 1985).

### **2.3.3 Business Angel (BAs)**

“A business angel investor is a high-net-worth individual, who typically provides capital, in the form of debt or equity from his or her own funds to a small private business” (Talmor et al., 2017, p.341). BAs are one type of informal investors. Another type can be defined as a person who has personal relations with the founder of the company, such as friends, colleagues, and cousins.

A decision-making process of BAs is expected to be similar to one of VCs (Mason & Stark, 2004). However, there are some key differences between them. First, while VCs obtain money from fund providers, BAs invest their own money (Van, 2000). This leads to a second difference, which is VCs will be more selective in the screening process (Van, 2000). Third, BAs usually have less information asymmetric and moral hazard problems than VCs. This is because a typical BAs investment is carried out by introducing entrepreneurs from close friends, relatives, colleagues, or professors (Talmor et al., 2017).

In other words, BAs have more information about the founder's habit and behavior than VCs. Fourth, VCs probably have project-picking expertise, while BAs only make a decision based on his or her own experiences (Nofsinger & Wang, 2011).

A study result of Mason and Stark (2004) showed that BAs emphasized 22% on the financial part, 21% on market issues, and 17% on the entrepreneur itself (e.g., background, experience, range of skills, and personal quality such as commitment and enthusiasm). They also indicated that BAs were the only type of funder that gives an emphasis on investor's fit (14%), which means that they will probably choose to support projects that are similar to their personal interests. Even though both VCs and BAs may highlight entrepreneurial teams as an important criterion, however, they stress in a different aspect (Van, 2000). In particular, BAs are also considered 'chemistry' between themselves and the founder (Mason & Stark, 2004). Consequently, they might also take enjoyment and satisfaction into their consideration as well.

## **2.4 The Business Planning Process**

According to Haag (2013), there are five steps to writing a business plan. These processes include: (1) define the business concept – entrepreneurs should be able to determine their products or services as well as its unique selling point, and identify their customers; (2) gather data – lists all questions related to products and services, and looks for answers. For example, if the business concept is to conduct educational seminars, the data needed might consist of the number of competitors that are currently offering similar services; (3) focus and refine the concept – analyzing all data that are collected in the previous step and examining whether the idea is still viable or not; (4) outline the specifics of the business – crafting a statement of purpose; (5) using a compelling form for the plan – start writing a business plan. However, an appropriate format may vary, depends on the intended use of the plan.

## **2.5 Elements of Business Plan**

As mentioned above, the business plan format could vary according to its purpose and audiences (Haag, 2013). Key common components which several books and article suggested that it should be included in the business plan are executive summary, the company, management team and organization, details of products and services, the industry, the market, sales and marketing strategies, the operation, sensitivity and risk analysis, and financial data and projection (Hazelgren, 2005; Schwetje & Vaseghi, 2007; Leach, 2012; Haag, 2013; Bridge & Hegarty, 2013).

### **2.5.1 Executive summary**

An executive summary is the most important part of the business plan (Schwetje & Vaseghi, 2007; Haag, 2013). It is not just a preface of the business plan but an elaboration of all elements in the business plan (Schwetje & Vaseghi, 2007). In other words, it is a crystallization of the entire plan (Hazelgren, 2005; Bridge & Hegarty, 2013). Bankers and investors receive a lot of business plans every day (Schwetje & Vaseghi, 2007). Some of them may prefer reviewing the executive summary before other components (Haag, 2013). Readers would feel encouraged to read the rest of the plan if the summary sounds promising. In contrast, they might decide to abandon the plan if the executive summary fails to convince them (Schwetje & Vaseghi, 2007). They also concluded that essential information of the executive summary which consists of:

- An outline of the company together with an emphasis on the success factor
- Key qualification of the management team
- Short explanation of the market and how your products will satisfy such market
- Company's competitive advantages
- Short description of products and services
- A communication method for building awareness of the products
- Key financial data
- Financial requirement

### **2.5.2 The company**

A business overview describes the overall business ideas of the company and how such ideas have been developed over time (Schwetje & Vaseghi, 2007; Bridge & Hegarty, 2013). Entrepreneurs should also include the vision and mission of the company as well as its strategic goals within the next three to five years (Schwetje & Vaseghi, 2007; Haag, 2013).

A vision could be a big picture that entrepreneurs want the company to achieve in the next five to ten years (Schwetje & Vaseghi, 2007). A good vision consists of six critical attributes (Freemantle, 1994) which are: (1) uniqueness – it should be different from other's vision; (2) personal belief – entrepreneur should be personally want to achieve this vision; (3) challenging – it should not be too easy to achieve; (4) achievable – a good vision should be realistic; (5) simple – it should be concise and clear within few sentences; and (6) graphic – it should be able to explain in the graphic term that everyone could relate to.

Schwetje and Vaseghi (2007) stated that the mission statement is a strategic direction towards the vision of the company. It describes the purpose of the organization, behavior pattern, as well as its values.

Entrepreneurs should also indicate a company's strategic goal in the business overview part. The company's goal should be derived from its vision and mission (Schwetje & Vaseghi, 2007). Goals could be set by various indicators such as profit, revenue, growth, and market share. The company's goals would be the one that sets the framework for the rest of the business plan. Goals should also be realistic.

### **2.5.3 Management team and organization**

As mentioned in the section of 'audience of the business plan and its expectation' above, Mason and Stark (2004) found that the management team is a critical consideration factor for banks, venture capitalists, and business angels for giving funds to

a particular firm. Hall and Hofer (1993) also stated in their research that characteristic of the entrepreneur and team was one important factor for VCs decision-making, especially their background, experience, and management capabilities.

In this section of the business plan, it could be divided into three parts: (1) legal form (Schwetje & Vaseghi, 2007; Haag, 2013); (2) organizational structure – addressing overall activities within the firms (Schwetje & Vaseghi, 2007); (3) management team: including responsibility as well as their background and experience (Haag, 2013)

#### **2.5.4 Products and Services**

This section incorporates all information about the company's products and services. Referring to Schwetje and Vaseghi (2007), there are three sub-topics in this section.

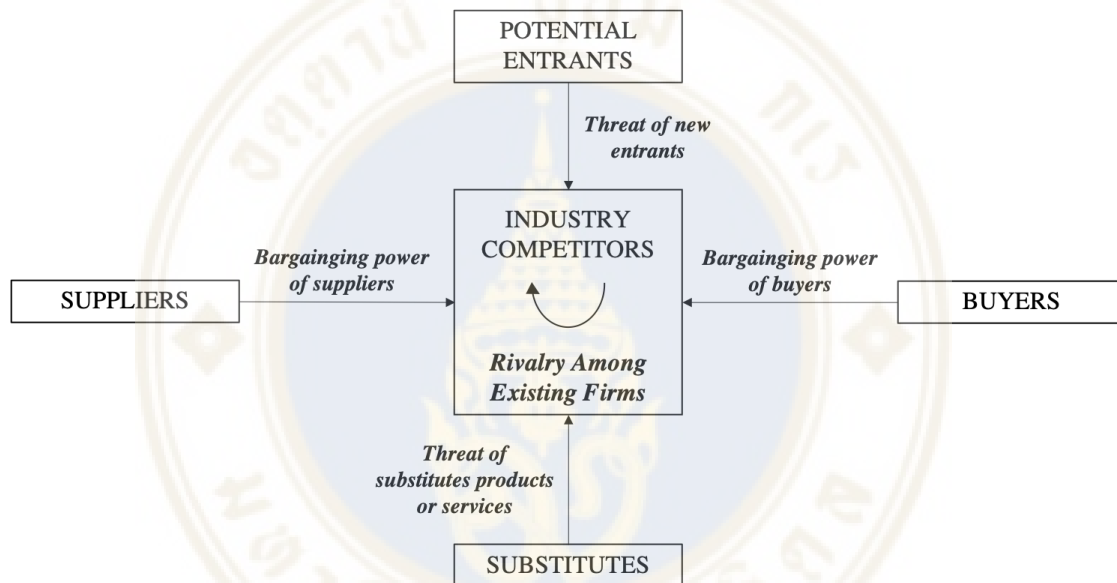
The first part is product features, which state all the unique selling propositions as well as auxiliary services that the company offers to its customers, for instance, fast and flexible implementation customization and better complaint management. Such auxiliary service becomes increasingly important so that firms could differentiate themselves from others. The second part is about the product description, including the specification of the product's benefits and advantages. The final part would be a product plan that the company plans to launch.

#### **2.5.5 The industry**

This section of a business plan is about analyzing an industry that the business is currently in as well as analyzing the company's potential competitors within the same industry. Weirich and Phills (2005) suggested that there are four strategic goals of industry analysis, which are: (1) to assess the overall level of prosperity environment; (2) to predict the impact of changes in the structure of the industry; (3) to identify strategic choices and actions that can improve the structure of the industry; and (4) to inform company's entry and exit decision.

Porter's five forces analysis is perhaps the most influential tool for analyzing the business environment (Weirich & Phills, 2005). Porter (1980) highlighted that

competitors were not the only actors in such an industry but also other players, including buyers, suppliers, potential entrance, and substitutes, which are shown in figure 2.1. Each player generates force to the company, a source of pressure on the profitability of an industry (Weirich & Phills, 2005). These forces include rivalry among existing firms, the bargaining power of buyers and suppliers, and the threat of new entrants and substitutes. It is critical to understand who these players are and how they can affect the industry. After crystallization this, the company would be able to craft its competitive strategy.



**Figure 2.1 Forces driving industry competitions**

### 2.5.6 The market

The market part is another key aspect of the business plan. It is the top two most important parts which venture capitalists and business angels emphasize (Mason & Stark, 2004). Referring to Schwetje & Vaseghi (2007), it is critical that entrepreneurs should have an ability to demonstrate the attractiveness of the potential market, both in the present situation and future. What investors care about is how the company and its products could solve a significant customer problem rather than the entrepreneur's idea itself (Mullins, 2010). In order to assess the market, Mullins (2010) suggested to analyze both the macro and micro level.

For the macro level, overall market size and its growth rate should be identified. Moreover, it is also important to do trend analysis so that firms could assess and show investors of the future market growth and attractiveness. The micro-level analysis consists of indicating marketing segmentation and customer targeting. Firms should also be able to state the benefits of their product solution and how it could capture payment from the target customer.

Haag (2013) stated that strengths and weaknesses should also be listed. In order to gain confidence from investors, firms should emphasize their strengths. However, when it comes to discussing weaknesses, entrepreneurs must be able to explain how to overcome such problems.

### **2.5.7 Marketing and sales strategies**

After clearly identifying the target group of customers, market volume, market trends, and competitors, entrepreneurs should now be able to conduct their sales and marketing strategies (Schwetje & Vaseghi, 2007). This part of the business plan includes stating pricing policy, marketing strategy, marketing plan, and sales plan. The plan should project at least five years (Haag, 2013).

### **2.5.8 The operation**

According to Haag (2013), the operation section relates to the day-to-day activities of the company. In other words, it describes the physical necessity of business operation. Haag (2013) also suggested that contents in this part vary according to the type of business. For the manufacturing business, it can include facilities, location, operating costs, manufacturing capability, processes, suppliers, distribution channel, labor, research and development, quality control, contingency plan, and customer satisfaction feedback.

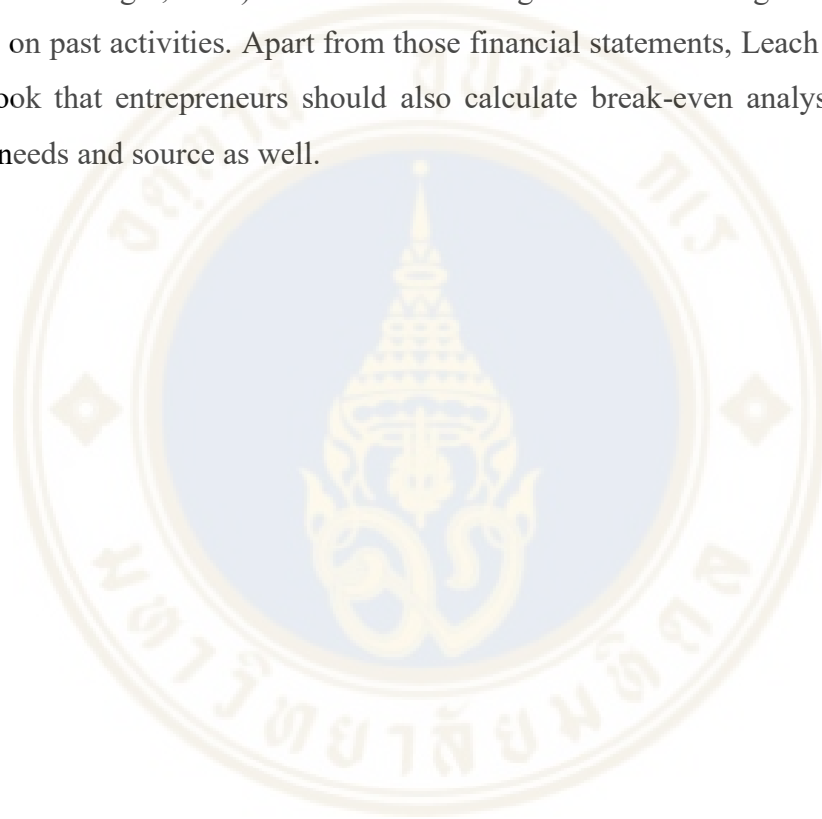
### **2.5.9 Financial data and projection**

The financial part is said to be the heart of the business plan (Mason & Stark, 2004; Schwetje & Vaseghi, 2007; Haag, 2013). In particular, it is the part that investors pay most of their attention. The financial projection, therefore, should be conservative, realistic,



and supported with actual orders, client demographic information, and accurate production costs (Haag, 2013).

There are three main financial statements that the company should prepare in the financial part of the business plan, which are the income statement, balance sheet, and cash flow statement (Schwetje & Vaseghi, 2007; Haag, 2013). Before planning the future statement projection, the entrepreneur must analyze an existing financial situation first (Schwetje & Vaseghi, 2007). The reason for doing this is because a good projection should be based on past activities. Apart from those financial statements, Leach (2012) suggested in his book that entrepreneurs should also calculate break-even analysis as well as the funding needs and source as well.



## **CHAPTER III**

### **RESEARCH METHODOLOGY**

The purpose of this independent study is to conduct a sound business plan for “The Floury.” All data and information used in this study are gained from reliable secondary data sources. This chapter consists of three parts: (1) research design – describing the frame of the study; (2) data collection – clarifying the source of data that the researcher would gain throughout the study; (3) data analysis – identifying steps that the researcher will work from gaining data to crafting strategies

#### **3.1 Research Design**

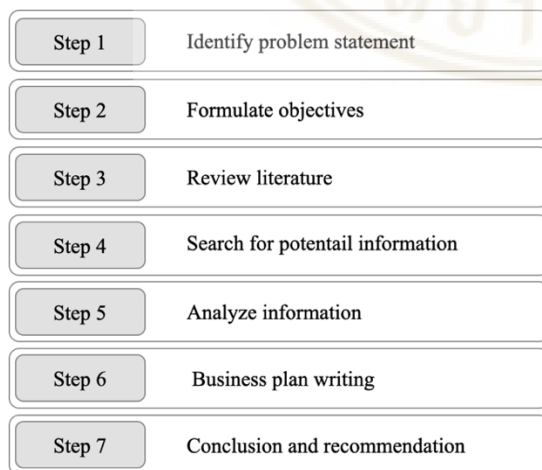
This study is divided into seven steps, as illustrated in figure 3.1 below. The first step is to identify the current problems of the business. In order to gain such problems, the researcher begins by evaluating the current situation of the business to see which parts are still problematic. By doing this, the researcher will be able to identify a set of problem statements. Next, the second step would be setting objectives of the study that would enable the business to overcome such problems. For example, one problem of the business is an inconsistency between each activity within the firm. Therefore, one objective of developing a business plan is to establish a consistent strategic plan for each department, such as marketing, sales, financial, and operation, which would enable firms to become synergized.

In step three, the researcher will review past works of literature that are related to business plans to gain a grounded theory of writing an effective business plan. The review aspects include a definition of the business plan, the importance of the business plan, type of business plan, audiences of the business plan, the business planning process, and elements of the business plan. After gaining grounded knowledge, step four will be to

collect all data that are related to the content of the business plan and the business itself from secondary data. For instance, it is critical to include information about the competition situation in the industry part of the business plan. Therefore, the researcher will search for all information about the competition related to the health industry from a reliable data source such as Google Scholar, Statista, and Euromonitor.

Since information obtained in step four is probably imperfect, the researcher needs to do further work by analyzing and classifying only those that are validated, which will be step five of conducting the study. For example, the researcher might gain a huge set of competitors in a healthy market such as lists of manufacturers that produce ketogenic, low carb, and gluten-free products around Thailand. Then, the researcher will classify only gluten-free producers because it is related to the concept of The Floury products and do further analysis on each producer.

In step six, the researcher will write a business plan based upon information obtained from an analysis in step five. All information will be categorized into an appropriate section. For instance, the company section will contain information that is related only to the company itself, such as background, vision, mission, strength, and weakness of the company. Lastly, the researcher will conclude all important parts as well as provide a recommendation for the future researcher that wishes to conduct a business plan.



**Figure 3.1 Frame of the study**

### 3.2 Data Collection

In this study, all data and information are secondary data which was collected from various sources such as books, SAGE Journals, ScienceDirect, JSTOR, Wiley Online Library, Business Source Complete, ProQuest, Statista, Euromonitor, and Market Line. The researcher employs two search engines for scholarly literature search, which are Google Scholar and Oria. With these search engine tools, the researcher will be able to search for interesting topics across many discipline sources, including articles, theses, books, from academic publishers.

As illustrated in Table 3.1 below, there are two types of information gaining from secondary data in this study. The first one is qualitative data, which will be related to the framework of the study. This includes an overview and elements of the business plan, five force analysis, and value chain analysis. Information sources of this qualitative data include books, articles, and peer-reviewed journals. The second type of information is quantitative data, which is market research. Topics from this type of information comprise a country analysis report, operational risk of doing business in Thailand, organic food market, and gluten-free food market. The researcher incorporates these data from various database sources such as Statista, Euromonitor, and Market Line.

Keywords that are used for searching in this study consists of “health and wellness,” “healthy food market,” “organic food market,” “gluten-free food market,” “health functional food,” “food trend,” “healthy snack,” “organic snack,” “gluten-free snack,” and “Thailand consumption.”

**Table 3.1 Examples of secondary data used in this study**

Type of Information	Topic	Source/Publisher
Qualitative Data (Framework)	Overview and elements of the business plan	<ul style="list-style-type: none"> <li>- SAGE Journals</li> <li>- Wiley Online Library</li> <li>- Business Source Complete</li> <li>- Oxford University Press</li> </ul>

**Table 3.1 Examples of secondary data used in this study (cont.)**

Type of Information	Topic	Source/Publisher
Qualitative Data (Framework)	Overview and elements of the business plan	- Palgrave Macmillan - Routledge - McGraw-Hill - Sourcebooks - South-Western - Springer
	Five Force Analysis	- Free Press
	Value Chain Analysis	- Free Press
Quantitative Data (Market Research)	Country Analysis Report (i.e., GDP, private consumption level, import, and export level)	- Market Line - Statista
	Operational Risk of Doing Business in Thailand	- Statista
	Organic Food Market	- Statista - Euromonitor
	Gluten-free Food Market	- Statista - Euromonitor

### 3.3 Data Analysis

After obtaining the initial data sets mentioned in Table 3.1, the researcher will then proceed with those data to be ready for writing in a business plan. Following is the procedure for analyzing information that researcher will use in this study:

### **3.3.1 Evaluate original of the data set**

Since data obtained from table 3.1 is only the initial step and might still be broad, not all of them are appropriate to this study. Consequently, the researcher needs to classify to choose only valid data by evaluating the data sets. This step will be done by assessing the origin of the data, including purpose of the study, target population, sample size, and period when the data were collected.

### **3.3.2 Analyze data by finding insights from each study and categorize them**

In this study, there are two main sections of the business plan that require secondary data for analyzing the content, which is “the industry” and “the market”. In this step, the researcher will find key insights from each original study and categorize them according to those sections.

### **3.3.3 Craft strategies**

In this step, researcher will craft strategies by taking information from previous step into consideration. These strategies will locate in marketing and sales strategies, the operation, sensitivity, and risk analysis section of the business plan.

## **CHAPTER IV**

### **THE BUSINESS PLAN**

#### **4.1 Executive Summary**

The Floury Company Limited is a manufacturer of healthy baked products, founded in October, 2018. Products of the company are solely sold under the brand ‘The Floury.’ Our vision is to become the world’s first choice of healthy-bakery products that appears in the mind of customers. To pursue our vision, we aim to expand our business to the Asia continent by 2025. By 2029, we expect to enlarge our brand to Europe and America continents. Even though we have just started our business for nearly two years, feedback from our customers in Thailand, Hong Kong, and Taiwan are very impressive. To compare year over year, our sales revenue has increased from 370,000 Baht in July 2019 to 555,394 Baht in July 2020, or 50.11%

In terms of our products, we focus on providing customers with delicious healthy snacks that they can consume anytime. At the moment, we have only one product line, which is Brittles with the unique selling points of organic ingredients, gluten-free, non-dairy, and no preservatives. Since there is a strong growth of healthy trends in Thailand and worldwide, we are now planning to launch new ‘Vegan’ crispy cookies within October 2020. These products will contain a high percentage of organic grains and superfood.

From our actual past sales data together with our assumptions, we forecast our sales to thrive by 26% yearly. Moreover, since our factory and office are built on shareholder’s land, we do not have rental fees. This helps us to minimize our expenses. In 2025, we plan to open our head office in Bangkok to support sales and marketing activities. Our five-year projection of the company's financial statement is also impressive. The company has the positive growth rate for operating income, earning before taxes, net income, and cash position. On average, our operating margin is 30.27%, and profit margin is 24.35%.

## 4.2 The Company

In order to give an overview of the company, this section will start by providing information about the company's background, its vision, mission, and business goals. Then, the strengths and weaknesses of the company will be assessed in detail.

### 4.2.1 Company background

The Floury is a manufacturer of healthy bakery products, located in Amphor Pakchong, Nakhonratchasima province. The business was founded in October, 2018 by two sisters, Nattaya Khantirach and Nattaphorn Khantirach. An inspiration of starting this business came when the bigger sister, Nattaya Khantirach, earned a diploma of Pastry and Confectionery from Le- Cordon Bleu, Thailand. She always has a passion for baking high quality and delicious bakery to all of her customers. In September 2019, the business was registered as The Floury Co., Ltd.

The products are solely sold under the brand “The Floury”. At the moment, the company has only one product line of crispy cookies with four flavors which are Brownie Almond Brittle, Orange Chocolate Brittle, Mocha Almond Brittle, and Earl Grey Brittle. All products of the company can be founded in 90 healthy shops (e.g. Baimiang, Healthy Planet, Kleens, Natural Rich, etc.) around Thailand, Hong Kong, and Taiwan. For Hong Kong, we have already signed an exclusive agreement with one distributor in Hong Kong.

The vision of the company is to become the world’s first choice of healthy-bakery products that appears in the mind of customers. For mission, the company aims to be an ethical company that is responsible to all stakeholders as the following aspects:

- **Shareholders**
  - Generating sales and growing profit of the company
- **Customers**
  - Being customer-centric to ensure customer’s highest satisfaction
  - Innovating and developing new products continuously
  - Offering only delicious with best quality of healthy bakery products



- **Business Partners**
  - Building trust by conducting fair business to every partner
- **Employee**
  - Ensuring that all employees have a well-being life by providing them good and fair of welfare
- **Society**
  - Manufacturing high quality products in accordance with international guidelines to ensure environment cleanliness

#### 4.2.2 Business goals

Goals of the 'Floury' are illustrates in table 4.1. The company categorizes its goals by short-term and long-term timeframe. Short-term goals are goals that firms wish to achieve within the 3-year period, starts from year 2021. Long-term goals are what firms want to gain within 10 years.

For short-term goals, from 2021, the company expect to increase its total sales by 25% yearly. We expect to expand our business to China, Taiwan, and Singapore in year 2022, 2023, and 2024 accordingly. Moreover, we also plan to open our head office in Bangkok in 2023 to better serve our customers. In terms of long-term goals, we expect to enlarge our products to America and Europe continent in 2027 and 2029 respectively.

**Table 4.1 Goals of The Floury Co.,Ltd.**

Type of goals	Description	Timeframe
Short-term goals	Increase total sales by 25% each year	2021-2024
	Expand market to China	2022
	Expand market to Taiwan	2023
	Open head office in Bangkok	2023
	Expand market to Singapore	2024
Long-term goals	Expand market to America and Europe continent	2027

### **4.2.3 Strengths and weakness of the company**

In order to provide a clear understanding of the company, this section will be an analysis of strengths and weaknesses of The Floury Co.,Ltd.

#### **Strengths**

##### **(1) Competitive products unique selling point**

Our concept of the product focuses on the allergy concern of customers which assists us to differentiate ourselves from competitors. Our product unique selling points are: (1) made from organic jasmine rice flour; (2) gluten-free; (3) non-dairy; (4) no trans-fat; (5) no butter; and (6) no preservative added. Not many available products that are currently in the market can provide these all functions in their products.

##### **(2) High experience in product development**

Nattaya is the one who is responsible for developing new products. In 2012, she obtained two certificates of basic and intermediate in Patisserie and Superior Cuisine from Le Cordon Bleu, Thailand. After completing the course, she worked as a chef in Dee's cook house restaurant for two years before opening her own cafe (cloudnine) in Nakhonratchasima for four years.

##### **(3) Delicious and high-quality products**

We believe that taste is the most important key success factor of food and bakery products. This is the reason why we do emphasize on the product's research and development. We usually spend a lot of time in the recipe development process. Before launching our first product line, brittles, we have been trial and error with its recipe more than ten times. After trying any new recipe, we will do the survey by giving a sample to our friend and asking for their opinion and suggestion. We will launch a new product only when they say that it is delicious. Moreover, we choose only quality ingredients to bake our products. For example, an USDA certified organic jasmine rice flour, cocoa powder from France, almond from the US, and no trans-fat oil.

**(4) Loyal customer base**

With our unique selling point mentioned above together with the high quality and delicious of our products, we are able to build a strong loyal customer base which is an individual who usually orders directly from us. Even though we focus on wholesale customers which are healthy shops, our retail customers that buy products from us also have a high repeat purchase rate, approximately 60% of them would come back and buy our product again. Some of them even increased order quantity, for instance, 30 cans per order.

**(5) Small organization**

The most critical advantage of small organizations is flexibility. For instance, when Covid-19 came, we were able to react more quickly than big companies. For instance, in normal time, we bake our products six days per week. However, during Covid-19 situation, our sales have dropped by nearly 50% from normal sales. To respond, we reduced from six to three working days per week and rotated them to other jobs instead so that we could cut our losses from over-stock of the finished goods.

**(6) Low labor costs**

Our head office and factory are located in Amphor Pakchong, Nakhon Ratchasima province which has a lower labor cost than many factory areas. Referring to the ministry of labour, the current minimum wage in Nakhonratchasima area is 325 Baht per day while it is 331 baht per day in Bangkok and 336 baht per day in Phuket and Chonburi area.

**(7) Land owner**

Our office and factory are built on founder's land, meaning that we do not have an expenditure of land rental. This will help us reduce monthly expenditure and, hence, increase monthly profit.

## **Weaknesses**

### **(1) Low brand awareness**

We still have low levels of brand awareness at the moment due to two reasons. The first reason is because we are quite new to this market, we have been operating this business for nearly two years. The second reason is because we did not pay much attention to marketing to build brand awareness, such as creating content, because we do not have people who are specialize or have experience in this field.

### **(2) Limited capital**

Since we are a small family-owned company, we only use our personal assets to invest in this business and it is limited. At our own investment, we can smoothly run our day-to-day business. We probably need to find external source of fund if we need to expand our business such as building another factory.

### **(3) Hard to find skilled labor**

As mentioned earlier that our office and factory are located in Amphor Pakchong, Nakhon Ratchasima province, it is hard to find skilled labor who graduated with a Bachelor degree, especially sales and marketing staff. Currently, we have only one salesperson which is Nattaphorn and outsourcing a freelance for social media administrator.

## **4.3 The Organization and Management Team**

This section of the business plan will give general information of the company related to its legal structure, organizational structure, and description of each position in the organization. After that, an education background and experiences of the management team will be provided.

### 4.3.1 Legal Business Structure

The business has been registered as a juristic person under the civil and commercial code on September 10, 2019 under the name “The Floury Company Limited”. A juristic registration number of the company is 0305562006232.

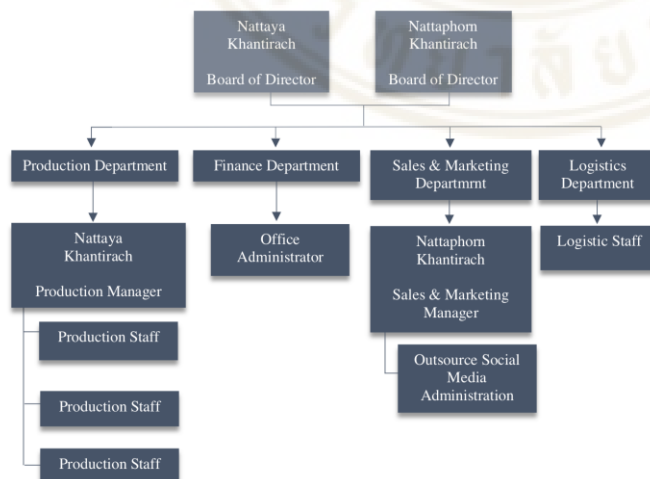
- Head Office Address: No. 123/9, Village No. 10, Khanong Phra Sub-district, Pak Chong District, Nakhon Ratchasima Province
- Registered Capital: 1,000,000 Thai Baht Fully Paid
- Company’s Director: Miss Nattaphorn Khantirach and Miss Nattaya Khantirach

### 4.3.2 Shareholders

The Floury Co., Ltd. has a fully-paid 1,000,000 baht as registered capital divided into 10,000 shares with the value of 100 Baht per share. The company has 3 shareholders as following:

- Miss Nattaphorn Khantirach                      Number of Shares Held: 4,500 Shares
- Miss Nattaya Khantirach                         Number of Shares Held: 4,500 Shares
- Mrs. Nongluk Khantirach                         Number of Shares Held: 1,000 Shares

### 4.3.3 Organizational Structure



**Figure 4.1 Organization chart of The Floury Co., Ltd.**

From figure 4.1, it illustrates the current organizational structure of The Floury Co., Ltd. The company is divided into four departments which are production, finance, sales and marketing, and logistics. Currently, the company has eight full-time employees and two outsourcing for social media administration and graphic designer as part-time staff.

An accounting task has been outsourced to a local private accounting firm in Nakhon Ratchasima province. The company has a responsibility to provide all required documents to the accounting firm at the end of every month.

#### **4.3.4 Responsibility for each position**

##### **(1) Director**

Since the business is a small family-owned company, the board of directors are from inside. Meaning that they are also responsible in another position within the company as an employee. Nattaya Khantirach and Nattaphorn Khantirach are the two board directors of the company. There are three main responsibilities of this position as following:

- Being a key person to determine company's vision and mission as well as assuring that firm is going toward them
- Designing the structure of organization to be appropriate with the company's goal, policies, environment factors, and competition
- Continuously reviewing and making decisions on key financial approval such as financing for new project and distribution of profit to shareholders

##### **(2) Production Manager**

Responsibilities of production manager are:

- Manage production planning and rescheduling the plan when needed to ensure timely availability of products
- Manage stock of raw materials to meet production target
- Coordinate with suppliers
- Estimate and control product cost

- Monitor quality standards of products and process
- Determine and implement improvements to the production process to increase productivity and decrease defect
- Ensure that health and safety procedures are adhered
- Monitor and review staff's performance and organize necessary interventions for improvement
- Develop new products continuously

### **(3) Production Staff**

Responsibilities of production staff are:

- Maintain quality products by carefully baking according to the recipe
- Maintain safety condition by following safety procedures
- Maintain safe and clean work environment

### **(4) Office Administrator**

Responsibilities of office administrator are:

- Manage account receivable by follow up payment from customers
- Manage account payable by paying bills to suppliers
- Prepare monthly documents (delivery bill, invoice, tax invoice, and receipt) to outsource accounting firm
- Prepare monthly petty cash report
- Prepare monthly employer and employee contribution form (SSO 1-10) to social security office
- Assist director for preparing yearly budget forecast
- Prepare monthly staff salary report to director
- Manage office supplies

### **(5) Sales and Marketing Manager**

Responsibilities of sales and marketing manager are:

- Develop growth strategies by doing competitor and market trend analysis
- Develop and implement monthly sales and marketing plan
- Approach new customers to achieve monthly target
- Build long-term relationship with both new and existing customers
- Handle issues from customers
- Communicate marketing plan to an outsource social media administrator
- Measure performance of the outsource social media administrator

#### **(6) Logistics Staff**

Responsibilities of logistic staff are:

- Pack products into carton according to customer's order
- Drive to deliver products to customer's shop in Bangkok area (wholesale customer)
- Send products to customer by Grab in Bangkok area (retail customer)
- Send products to Kerry for up-country customers (both wholesale and retails)
- Give and collect delivery bill, invoice, and receipt to customer
- Collect raw materials from suppliers
- Maintain a good condition of company's car

#### **4.3.5 Management Team**

Currently, the company has 2 people who are considered to be in the management team. Following is their background:

##### **(1) Nattaphorn Khantirach**

Position: Director/Sales and Marketing Manager

Education Background:



B.S. in Statistics, Chulalongkorn University, Thailand

Mini Entrepreneur Certificate Program, Thammasat Business School

Marketing Certificate Program, Thammasat Business School, Thailand

**(2) Nattaya Khantirach**

Position: Director/Production Manager

Education Background:

B.B.A. in Marketing, Chulalongkorn University, Thailand

Basic and Intermediate Patisserie, Le Cordon Bleu, Thailand

Superior Cuisine, Le Cordon Bleu, Thailand

**4.4 Products and Services**

The company is a manufacturer of healthy bakery products. At the moment, merchandises of the company are solely sold under the brand “The Floury”. By targeting health-conscious people, the company pays high attention to a research and development part before launching each product, especially when choosing ingredients. We do care about the source of allergy ingredients. Following section of the product unique selling point will explain how we emphasize and implement our cares.



**Figure 4.2 Logo of “The Floury”**

#### **4.4.1 Product unique selling point**

##### **(1) Made from organic jasmine rice flour and organic cocoa powder**

We use an USDA certified organic jasmine rice flour as a main ingredient of our products. According to the crop production standard of USDA certification (National Organic Program, 2016), it requires: (1) land must not applied any prohibited substances for three years prior the harvest of organic crops; (2) soil fertility and crop nutrients are managed through tillage and cultivation practices, crop rotations, and cover crops; (3) crop pests, weeds, and diseases will be controlled primarily through management practices (physical, mechanical, and biological controls); (4) only organic seeds and other planting stock are allowed to be used; and (5) genetic engineering, ionizing radiation and sewage sludge is not allowed.

Referring to the standards above, it could be inferred that our customers will gain benefit by having a better overall health compared to other products that use inorganic flour because it contains less chemicals. In addition to the benefit of better health, another reason that we choose to use these organic ingredients is because we want to support local farmers in Thailand. Both of them are grown and produced in Thailand. By using these organic flour and cocoa powder, we believe that it would increase revenue and job opportunity to local farmers and labors.

##### **(2) Gluten-Free**

Celiac Disease is a chronic autoimmune enteropathy triggered by abnormal reactions to gluten (Lu et al., 2018). Referring to Mahadov and Green (2011), Celiac Disease is one of the most common genetic disorders in which affecting 1% of the population worldwide and the number is continuously increasing. However, all ingredients used in the product of The Floury are gluten-free, meaning that it is safe for people who have the Celiac Disease.

### (3) Non-Dairy

According to the food allergy research and education report, 19% of all food allergy patients in the United States are from milk. We realize this importance so that we decide to develop non-dairy recipes. The production line of the company does not contain any dairy process. Therefore, all products of The Floury are non-dairy.

### (4) No preservative added

Even though artificial preservatives could help the company to increase the shelf life of the products, we did not put it in our products because preservatives could create side effects to people's health. NDTV Food Desk indicated five possible side effects from artificial or chemical preservatives, it can: (1) be a trigger for breathing problems; (2) cause the hyperactive behavior in young children; (3) weaken heart tissues; (4) cause cancer; and (5) cause obesity.

#### 4.4.2 Product Details

At the moment, the company has only one product line which is called "Brittle". This product line contains four flavors including Brownie Almond Brittle, Orange Chocolate Brittle, Mocha Almond Brittle, and Earl Grey Brittle. Each flavor has two packing sizes. In total, the company has eight stock keeping units (SKUs). All products can be kept at room temperature. Following is a summarized table of the products.

**Table 4.2 Products of The Floury Co.,Ltd.**

Item No.	Description	Net Weight	Shelf Life	Retail Price
BR001	Brownie Almond Brittle 55g	55g	30 Days	55 Baht
BR002	Orange Chocolate Brittle 55g	55g	30 Days	55 Baht
BR003	Mocha Almond Brittle 55g	55g	30 Days	55 Baht
BR004	Earl Grey Brittle 55g	55g	30 Days	55 Baht



## Egg White Chocolate Drops



Nutrition Facts	
5 servings per container	
Serving size 1/5 pack (26 g)	
Amount per serving	<b>Calories</b> 130
	% Daily Value*
Total Fat 6g	8%
Saturated Fat 1.5g	8%
Trans Fat 0 g	
Cholesterol 0mg	0%
Sodium 75mg	3%
Total Carbohydrate 18g	7%
Dietary Fiber 1g	4%
Total Sugars 11 g	
Includes 6g Added Sugars	12%
Protein 1g	
Vitamin D 0mcg	0%
Calcium 10mg	0%
Iron 0.8mg	4%
Potassium 80mg	0%

\* The % Daily Value (DV) tells you how much a nutrient in a serving of food contributes to a daily diet. 2,000 calories a day is used for general nutrition advice.

Figure 4.4 Orange Chocolate Brittle

### (3) Mocha Almond Brittles

Main ingredients:

- Organic Jasmine Rice Flour
- Organic Cocoa Powder
- Espresso
- Almond Silvered
- Canola Oil (No Trans Fat)
- Egg White



Nutrition Facts	
5 servings per container	
Serving size 1/5 pack (26 g)	
Amount per serving	<b>Calories</b> 130
	% Daily Value*
Total Fat 6g	8%
Saturated Fat 0.5g	2%
Trans Fat 0 g	
Cholesterol 0mg	0%
Sodium 75mg	3%
Total Carbohydrate 17g	6%
Dietary Fiber 1g	4%
Total Sugars 9 g	
Includes 6g Added Sugars	12%
Protein 2g	
Vitamin D 0mcg	0%
Calcium 10mg	0%
Iron 0.5mg	2%
Potassium 80mg	0%

\* The % Daily Value (DV) tells you how much a nutrient in a serving of food contributes to a daily diet. 2,000 calories a day is used for general nutrition advice.

Figure 4.5 Mocha Almond Brittle

#### (4) Earl Grey Tea Brittles

Main ingredients:           Organic Jasmine Rice Flour  
                                       Earl Grey Tea  
                                       Almond Silvered  
                                       Canola Oil  
                                       Egg White



Figure 4.6 Earl Grey Tea Brittle

#### 4.4.3 Additional services

There are two additional services that the company provides to its wholesale customers. The first auxiliary service is a free delivery when customer's order reaches a minimum order level. The second service is a returning policy. The company will change new products to customers for free of charge when the product in their shop is expired or defected. This option is available only for customers who choose the consignment option. The consignment is a type of business arrangement where products are left to be sold at a third party (e.g. supermarket, convenience store, and specialty store), namely consignee (Grant, 2020). In this kind of agreement, the brand's owner, or consignor, are actually responsible for products in case that their products cannot be sold and left expired.

## **4.5 The Industry**

The porter's five force model will be used as an analysis tool of the industry part. Our products are classified to be in the health and wellness baked goods industry. The summarize will present as opportunities and threats of the industry in Thailand. Then, two direct competitors will be assessed in detail.

### **4.5.1 Porter's five force model**

#### **(1) Threats of new entrants**

Referring to Euromonitor, the statistic showed that the market value of health and wellness baked goods in Thailand has increased yearly since 2015. From 2018 to 2019, it rose by 9.4% with the value of 3,865.8 to 4,230.5 million baht (Euromonitor International, 2020a). This could be implied that there was an opportunity in this industry that business can either increase their production as well as space where new players can come in. One strategy that new small players use to get a slice of the value share is by offering healthier items such as low sugar, vegan, whole grain flour, and natural ingredients (Euromonitor International, 2019).

Nonetheless, the investment cost for starting a bakery business is low. There is only few equipment required for baking and most of them are inexpensive. Two equipment that contributed as the main cost would be the oven and mixer which business can also find the cheaper one depending on the spec of the machine.

Another barrier of the health and wellness baked goods industry would be the knowledge of health itself. Before developing products, businesses need to have knowledge and insight of their target market before deciding which unique selling point that they will focus on. For instance, focusing on source of allergen (e.g. free from gluten, lactose, milk, and tree nuts), weight management (e.g. high protein, low calories, and low fat), or functional (e.g. collagen, zinc, vitamin C, detox, and fiber). Hence, by taking all three barriers into account, the entry barrier of this industry is considered to be low to medium.

This is because even though the investment cost is low but the healthy market in Thailand is now evolving. Moreover, the business also needs to have health-related knowledge.

## **(2) Threat of substitute products**

Substitute performs the same function of the products by different means. Referring to the unique selling point of the Floury's product, we considered ourselves to be in the alternative snacks of free from products. In this paper, four conditions will be used to analyze the threat of substitutes including switching costs, product price, product quality, and substitute availability.

For the switching costs, it is obvious that the switching costs of the bakery products is low. This is because it is one-time purchase and the price of product is not high. Thus, customers can switch to buy from other brands easily. However, in terms of price, our brand offers more reasonable price if compared with other brands that provide the similar product function. For instance, we sell our products at the price of 130 Baht for 130g of Brittles. However, our competitors, Treemeals and Skinnylicious, sell their crispy brownies at 140 Baht for 120g and 135 Baht for 65g respectively. This helps us in the way that if our competitors sell their products at higher price, customer will probably switch to our brands instead buying from them.

For the product quality, we believe that our company is at the better position than our competitors. One reason is because our company is sourcing only quality ingredients from reliable suppliers. There are very few healthy snack's manufacturers use organic ingredients in their products. In terms of substitute availability, since we focus on people who allergic to gluten and dairy who cannot consume any products that made from ingredients containing such source of allergen. At the moment, it is still hard to find gluten-free snacks in the market. In short, even though the switching costs is high, the threat of substitute products is still low because there are few brands who use organic ingredients in their products and our product price is also more reasonable than other brands.



### **(3) Bargaining power of buyers**

The major buyer of healthy bakery manufacturers is retailers including supermarkets (i.e. Gourmet Market, Tops Supermarket, Big C, and Tesco Lotus) and specialty stores in which sell only healthy products (i.e. Baimiang, Healthy planet, Natural rich, Nubkcal, etc.). The bargaining power of retailers is low. This is because there are still few producers of healthy products currently available in Thailand while the trend of healthy lifestyle is highly evolved (Euromonitor International, 2019). We got many approached by healthy shops in Thailand because they want to sell our products in their shops. Some of them even want us to provide OEM service because our products are sold out easily.

According to the Euromonitor statistics, it illustrates that health and wellness baked goods have approximately 12% of total market share of baked goods (Euromonitor International, 2020b), meaning that there is a huge space for producers of health and wellness baked goods to grow. To grab the trend, retailers need to source healthy products both from local and overseas to sell in their store. This makes the producer have more bargaining power than the buyer because demand is more than supply.

### **(4) Bargaining power of suppliers**

Suppliers are defined as organizations and individuals that assist and allow business to produce its goods and services (Mahat, 2019). One main supplier of healthy bakery manufacturers are ingredients providers.

Ingredients used in healthy bakery products are quite important, especially for those producers who concern and emphasize on the source of allergen, for instance, gluten-free flour and no trans-fat oil. The bargaining power of those ingredient providers are high because there are few companies that provide these ingredients. For instance, in our new products, we want to use oat as one of our ingredients but it is very hard to find the gluten-free oat because most of them are harvested with wheat. Therefore, even though the oat itself does not contain gluten, the producers still cannot certify that it is gluten-free. It took us several weeks until we find oat supplier with gluten-free certified.

However, the level of supplier's bargaining power is also depending on the size of the business itself as well. At the beginning, when the healthy products manufacturer is

still small, the bargaining power of the supplier is high. However, when their business expands, they could have higher bargaining power over the supplier because they are able to purchase ingredients in a higher quantity.

### **(5) Intensity of rivalry**

Three factors will be considered in order to justify the intensity of rivalry. The first one is the number of competitors, as mentioned earlier that, in 2020, the market share of health and wellness baked products is counted only 12% of total market share of baked products in Thailand (Euromonitor International, 2020b), this could imply that there are not many healthy snack providers in Thailand at the moment. Moreover, one major unique selling point of our products is gluten-free. At the moment, there are only three brands (Treemeals, Iya, and 4care) of baked snacks products who promote themselves as gluten-free products which we have noticed so far. One reason is that most of bakery products use wheat flour as ingredient because it is cheaper than gluten-free flour. For example, organic jasmine rice flour that we use is 91 Baht per kilo while wheat flour is 29 Baht per kilo (Kite brand).

The second factor is the size among competitors. Most suppliers in healthy shops are small and medium enterprise (SME). After observing in Baimiang shop, which is the second biggest healthy shop chain in Thailand with 20 branches in Bangkok, the proportion of small brands (e.g. pangfufu, daylean, skinny bites, lean and clean, kleens, treemeals, etc.) is 85% while there is only 15% for big brands (e.g. doi kham, tamarin house, de la lita, and skinnylicious). It can be seen that the business size is vary.

The third factor is product differentiation. By considering target customers of healthy shop, the definition of healthy snack is pretty wide. In one day, there are many types of customers who searching for different type of healthy products. For example, customers entering to Baimiang might be diabetes, specific food allergen, or people who love to do exercise and fitness. These difference groups of customers are looking for difference products and each brand has its selling point. By taking all factors into consideration, it can be concluded that the intensity rivalry of the health and wellness baked goods industry is low.

**Table 4.3 Opportunities and threats of healthy baked products industry**

<b>Opportunities</b>	<b>Threats</b>
1. The high growth of healthy trend	1. New players can enter to market easily due to low investment cost
2. Few substitutes products because healthy products usually focus on specific needs and pain point of customer where normal baked products cannot provide	2. High bargaining power of supplier because some ingredients are provided by few suppliers
3. Low bargaining power of buyers because there are still few suppliers of healthy baked products	3. Low switching cost because it is one-time purchase and value/price of the product is not high
4. Low intensity of rivalry because most of players at the moment are SME	

#### 4.5.2 Competitors analysis

Two brands of healthy snacks that will be analyzed in this part are Skinnylicious and Treemeals. The reason for choosing these two brands is because their brand is well-known and their target group as well as their products are pretty similar to The Floury. The target customers of both brands are people who care about their health and outlook. This is because most of their products are especially for people who are vegan, keto diet, allergy to gluten and dairy. This analysis will base on four aspects including their background, products, sales channel, and marketing strategies.

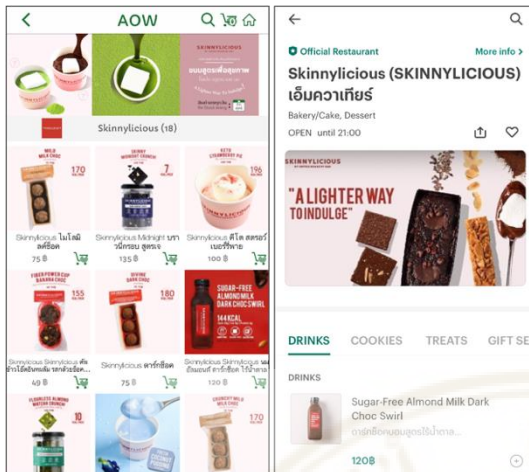
### (1) Skinnylicious

Skinnylicious is a healthy snack brand under Coffee Bean by Dao. Their philosophy is to “...create the tasty sweets you'd love, that would deliver the health benefits you'd seek”. They have 21 SKUs with four product lines consisting of sugar-free chocolate, flourless cookies, skinnylicious treats, and skinnylicious delicious truffles. Their products offer various unique selling points which are vegan, flourless, gluten-free, dairy-free, and high fiber. Their product price ranges from 49 to 180 baht.



**Figure 4.7 Product examples of Skinnylicious**

In terms of sales, they have both online and offline sales channels. For an online channel, customers can buy their products directly from their facebook, line official account, Instagram, and website. However, they do not have their own shop in e-commerce platforms such as Shopee and Lazada but only in delivery platforms such as lineman, lalamove, and AOW (newly established). For offline channels, they have their own store in several shopping malls around Bangkok area such as Siam Paragon, EmQuartier, and Central Ladprao. Moreover, their products can also be founded in nine Coffee Beans by Dao branches as well as in many healthy shops around Thailand.



**Figure 4.8** Skinnylicious official shop in AOW and Lineman application



**Figure 4.9** Skinnylicious offline store

In terms of marketing, they emphasize social networks, especially Instagram, rather than their website because they are more frequently posted on their Instagram and facebook while their website is only aimed to give details of their products. By looking at their twenty latest posts on Instagram, the average percentage of liked compared to a total of 23,200 followers is 1.81% with an average of 19 comments in each post.

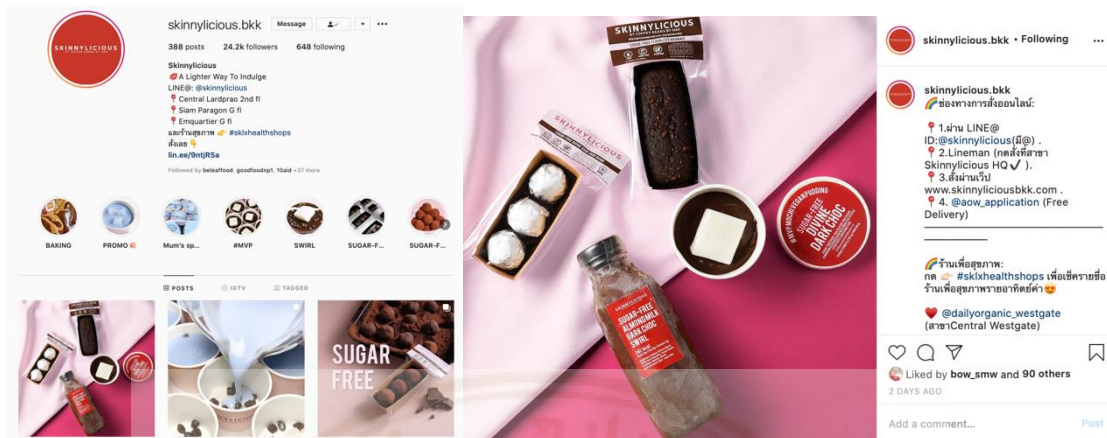


Figure 4.10 Skinnylicious Instagram and post example

## (2) Treemeals

Treemeals is the SME producer of healthy snacks in Thailand founded in July, 2016. They have various products with the same unique selling point of free from concept. They have a total of 51 SKUs. Their three product lines are categorized by the free from ingredients which are free from milk/butter, free from wheat flour, and free from egg. Range of their product price is from 45 to 140 Baht.

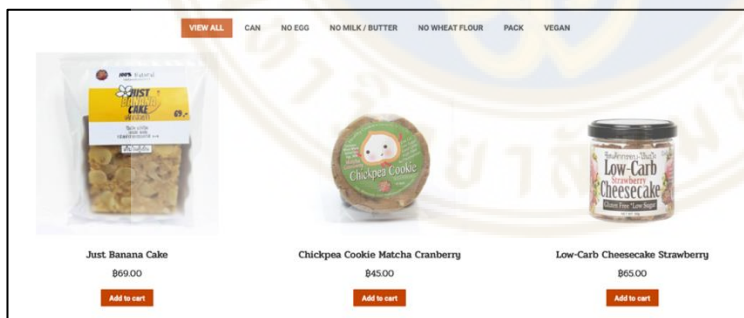
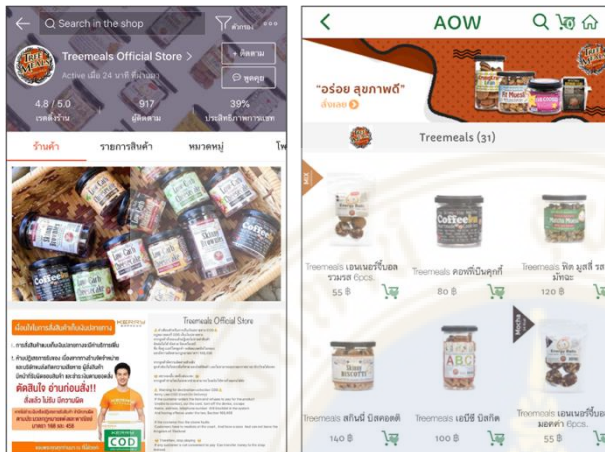


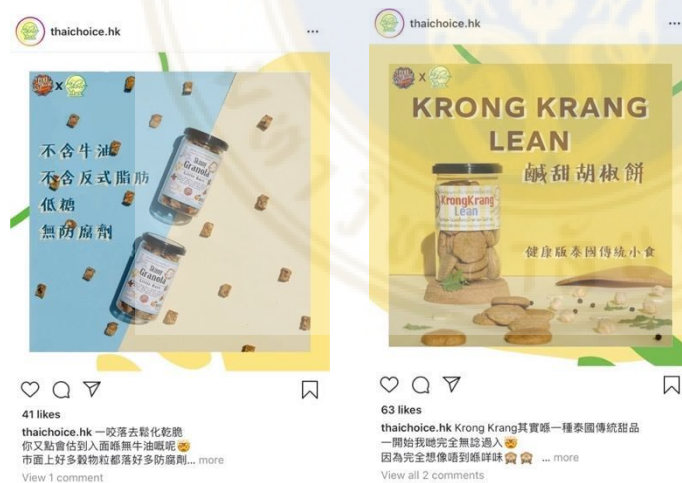
Figure 4.11 Product examples of Treemeals

Treemeals also has both online and offline sales channels. They have their own store in most e-commerce and delivery platforms in Thailand consisting of Shopee, Lazada, lineman, and AOW. They also have a shopping cart function on their website that customers can select desired products and check-out immediately. They also have sales channels in

line official accounts, facebook, and Instagram. Even though they do not have their own offline store, their products could be found in many healthy stores around Thailand. Their products are also exported to Taiwan and Hongkong.



**Figure 4.12 Treemeals official shop in Shopee and Aow application**

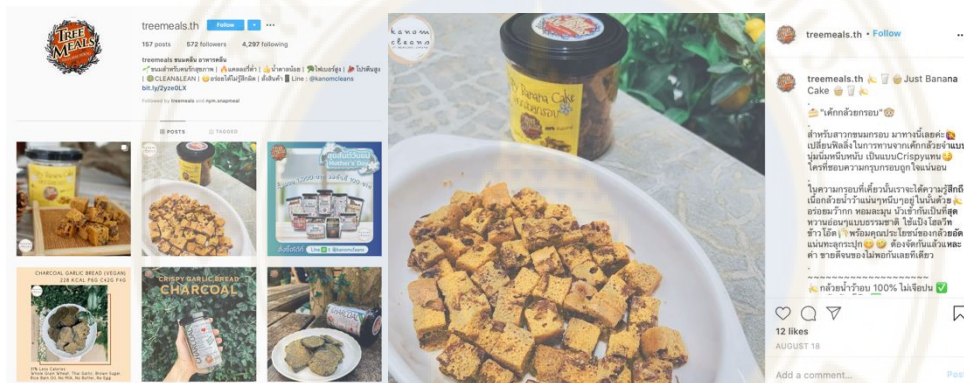


**Figure 4.13 Examples of shop that sell Treemeals products in Hong Kong**

Moreover, they also provide dropshipping service for partners which is a store fulfillment model where the store does not need to keep stock of products (Ferreira, 2020).

The products will be shipped directly from the manufacturer (in this case is treemeals) to end customers. This model would enhance the interest of any individuals to be the dealer of treemeals because they do not have to handle the products and stock cost.

For marketing, they have accounts in most social media platforms that Thai people use including facebook, Instagram, line official, and twitter. They have 24,800 followers on Instagram, 27,755 followers on facebook, and 36 followers on twitter. They frequently created and updated new contents both in the format of infographic and video. By looking into their Instagram, they have an average of 0.06% like of total followers with an average of one comment in each post.



**Figure 4.14 Treemeals Instagram and post example**

It can be seen that, even though Treemeals is smaller than Skinnylicious, they have more variety of products than Skinnylicious as well as sales channel. They have their own official store in every e-commerce and delivery platform which help them to maximize access to their customers. Moreover, they also export their products to international market as well. For Skinnylicious, they are more selective on their sales channels. One clue is that they choose to sell their products only in food or health-related platform. They also choose to open its own store in leading shopping malls in Thailand. This is probably because they are big brand that has connection and budget while Treemeals is only SME. In terms of marketing, both brands did a good job in building brand awareness.



In sum, after analyzing these two brands, we found three areas that we need to improve in order to increase our competitiveness. The first thing is to expand our sales channel to AOW application, which is an e-commerce platform that sell health-related products. This is another potential platform for our brand because users of them would be health-conscious people which is consistent with our target customers. We also realize that we need to put more emphasize on our marketing because we have much less followers and customer engagement on our social media platform. At the moment, we have only 1,652 followers on our Instagram while Skinnylicious has 23,200 and 27,755 for Treemeals.

## **4.6 The Market**

“Companies today recognize that they cannot appeal to all buyers in the marketplace - or at least not to all buyers in the same way. Buyers are too numerous, widely scattered, and varied in their needs and buying practices” (Kotler & Armstrong, 2018, p.212). In order to maintain its competitiveness, the company must be customer-centered. They have to divide up the total market (market segmentation) and choose its best market to focus on so that they can understand the needs and wants of their target customers and be able to define its differentiation strategies as well as choose the most appropriate market positioning for themselves. Hence, this section will walk through the process of market segmentation, market targeting, differentiation, and market positioning of The Floury business.

### **4.6.1 Market segmentation**

Several criteria can be used to classify the segment of the markets (Kotler & Armstrong, 2018). For instance, businesses can classify their target group by customer’s age, gender, education, and income level (demographic factor), by the location they live in such as country and region (geographic factor), by their personality, values, and lifestyle (psychographic factor), and/or by how they use products and what benefits they are looking for (behavioral factor).

This business plan will divide the market focusing more on the customer's psychographic and behavioral rather than demographic and geographic because it is somehow better at describing our customer's purchase behavior. There are three market segmentations for The Floury's products. The first segment would be people who have allergic reactions to certain ingredients such as gluten and milk. This type of people has to pay special attention when buying food and snacks because it would harm to themselves if they make mistakes by consuming things that they are allergic to. They usually carefully read the label of packaging.

The second market segment would be people who usually take care of themselves. They value their health as their first priorities. They also want to have a good look so that they always do exercise. They will pay more attention when choosing things to eat such as products that are made from quality ingredients, low sugar, low calories, and do not contain trans-fat. The last market segment would be people who currently have disease and get food restriction from doctors. For instance, people who have been diagnosed with diabetes have to seriously control their food consumption. They have to eat healthy food that is lower in fat and calories but high in protein and fiber by focusing on fruit, vegetables, and whole grains (Robinson, 2019).

#### **4.6.2 Market targeting**

The company decided to pursue two market segments which are people who are allergic to certain ingredients such as gluten and dairy and people who usually care for their health and outlook. The logic for choosing these two segments are based on two reasons which are the rising of health awareness among Thais and the positive trend of healthy products.

##### **(1) Rising of health awareness among Thais**

According to the health and wellness in Thailand report (Euromonitor International, 2020a), it suggested that sales of health and wellness products continue to rise in Thailand because of the increasing demand for products that provide people with the convenient way to maintain their health, boost wellbeing, and manage weight. Moreover,

the report also indicated three factors influencing this the rising of health awareness in Thailand consisting of the rising of spending power, the endeavouring to tackle the high rate of obesity by government via various educational program, and the investing in promotional and advertising campaign as well as highlighting the healthy attribute on the packaging of products by producers.

## (2) Positive trend of healthy products

As mentioned earlier in the products and services section, there are four unique selling points of our products which are made from organic jasmine rice flour, gluten-free, non-dairy, and no preservative. It could be implied that our products are positioned in the free-from group. Table 4.4 illustrates the forecast sales of health and wellness in Thailand. In 2019, sales of free-from products are 28,144.7 million baht in which contributed to 14.92% of total sales in health and wellness. Moreover, the forecast trend keeps growing yearly to 40,388 million baht in 2024 (18.18% of total sales).

According to table 4.5 also illustrates the same positive trend of free from products, it can be seen that they are in the second highest percentage of 7.5% CAGR (compound annual growth rate). By comparing both table 4.4 and 4.5, it could be implied that even though the total sales of free from (in value) might not be as high as fortified/functional products, its CAGR shows that they are still competitive because they have a higher growth rate.

**Table 4.4 Forecast sales of health and wellness in Thailand by type: value 2019-2024**

THB million

	2019	2020	2021	2022	2023	2024
Better For You (BFY)	9,717.8	10,232.6	10,737.6	11,192.6	11,639.7	12,085.0
Fortified/Functional (FF)	119,721.8	121,298.8	123,094.6	124,967.6	126,855.9	128,753.0

**Table 4.4 Forecast sales of health and wellness in Thailand by type: value 2019-2024 (cont.)**

Free From	28,144.7	30,057.1	32,180.9	34,555.1	37,310.0	40,388.6
Naturally Healthy (NH)	30,394.8	32,117.6	33,926.6	35,826.5	37,826.6	39,940.3
Organic	641.5	694.1	751.8	815.5	885.8	963.3
<b>Health and Wellness</b>	<b>188,620.7</b>	<b>194,400.2</b>	<b>200,691.5</b>	<b>207,357.2</b>	<b>214,518.0</b>	<b>222,130.1</b>

**Table 4.5 Forecast sales of health and wellness in Thailand by type: % value growth 2019-2024**

% constant value growth

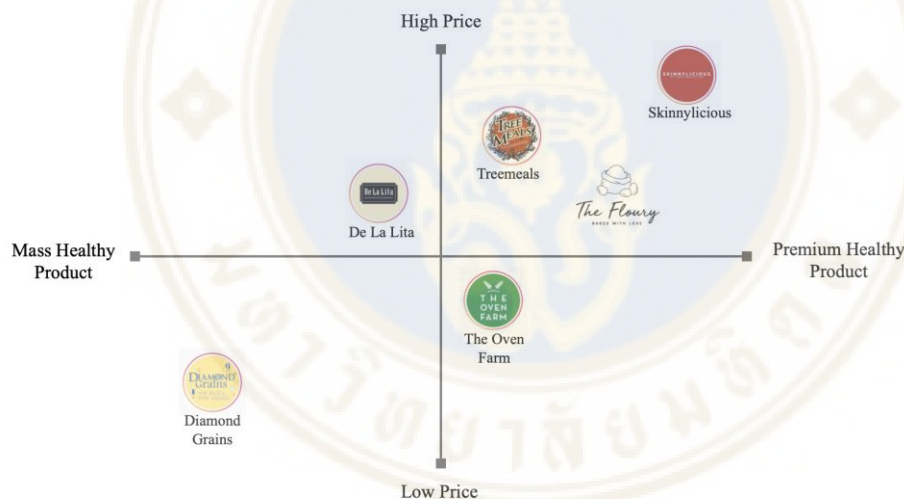
	2019/2020	2019-24 CAGR	2019/24 Total
Better For You (BFY)	5.3	4.5	24.4
Fortified/Functional (FF)	1.3	1.5	7.5
Free From	6.8	7.5	43.5
Naturally Healthy (NH)	5.7	5.6	31.4
Organic	8.2	8.5	50.2
<b>Health and Wellness</b>	<b>3.1</b>	<b>3.3</b>	<b>17.8</b>

#### 4.6.3 Differentiation

In order to stay competitive in this market, we decide to differentiate ourselves from competitors by focusing on two aspects which are organic ingredients and free-from products. Regarding organic ingredients, we tried our best to source local organic ingredients for baking our products and finally founded two suitable ingredients which are organic jasmine rice flour and organic cocoa powder. Both of them are grown and processed in Thailand.

In addition to the sourcing part, we also care about our target customer needs and wants by paying attention in developing our recipe. As mentioned in the previous section of the business plan, we target two groups of customers which are people who are allergic to certain ingredients and people who usually care for their health and outlook. Consequently, we did not use any ingredients that contain gluten and dairy so that any customer who is allergic to those can eat our products. We also use less sugar in our brittles compared to the normal recipe of cookies. Moreover, new products that we are currently developing will be vegan with high fiber and protein since we would use organic grains, for instance oat, flax seeds, quinoa flakes, and chickpeas, as our main ingredients.

#### 4.6.3 Positioning



**Figure 4.15 Positioning map of healthy snack products in Thailand**

The market positioning map illustrates how consumers perceive the brands versus the company's competitors based on two important dimensions which are price (low or high) and orientation (premium or mass of healthy products). There are five other healthy brands spotted in the graph consisting of Skinnylicious, Treemeals, Diamond Grains, De La Lita, and The Oven Farm. The reason for choosing these brands is because they are direct competitors offering the same kind of products as The Floury. According to figure 4.15, we

positioned ourselves as premium healthy products with reasonable price. The reason that we did not set the price of our products as high as Skinnylicious and Treemeals because we want our products to be reachable to our customers.

There are four brands in premium healthy products which are Skinnylicious, The Floury, Treemeals, and The Oven Farm. All of them focus on using superior ingredients such as organic jasmine rice flour, organic cocoa powder, almond powder, and super food (e.g. quinoa). By comparing these brands in terms of price, Skinnylicious products are most expensive, for instance, their crispy cookies are sold at 135 Baht for 65g can size while our products are sold at 130 Baht for 130g. Treemeals offer a little bit higher price than The Floury while The Oven Farm products are relatively cheaper.

There are two brands on the side of mass healthy products including De La Lita and Diamond Grains. These brands are categorized in mass healthy products because their goods are more common in customer daily life. For instance, products of De La Lita are whole wheat chips and salad dressing and the product of Diamond Grains is granola. For the price, De La Lita sells their products at relatively high prices. They sell their chips at 30 Baht for 30g size and 195 Baht for one bottle of salad dressing.



**Figure 4.16 Examples of The Oven Farm products**



**Figure 4.17 Examples of Diamond Grains products**



**Figure 4.18** Examples of De La Lita products

## 4.7 Marketing and Sales Strategies

After defining market segmentation, choosing target customers, defining our differentiation, and positioning ourselves, the company will craft marketing strategies and its plan in this section which will be used as the communication tools to attract our target customers. For sales strategies, we will discuss our sales plan and budget for the next five years.

### 4.7.1 Marketing strategies

In the section of marketing strategies, two buyer personas of the target group will be developed to demonstrate its characteristics, belief, and attitude. Then, these information will be used to develop the promotion mix and strategies. Lastly, marketing budget will be calculated and key measurement will be defined.

#### (1) Define target audience

As discussed in the market section that our target customers are food allergic people and people who care about their health and outlook. To better understand these target audiences, two personas will be developed as the representative of the company's target customers. By doing this, the company will be able to craft marketing strategies that fit with their personality and lifestyle.

Our first persona is Beau. She is the representative of our first target group which is food allergic people. Beau is 28 years old and is an accountant with income of 30,000 Baht per month. Her workplace is in Bangkok. For her background, she has been allergic to gluten since she was born. She often seeks new snacks from healthy shops and buys them two to three times per week for both consuming herself and sharing with friends. Her personality type is extrovert, sensing, feeling, and judging. She is mostly connected with friends by Instagram, followed by Facebook, TikTok, and Twitter respectively. Her goals are to find certified delicious gluten-free snacks, to have a healthy life, and to be loved by friends and colleagues. However, her pain points are that it is hard to find certified gluten-free products in Thailand.

The second persona would be for people who are concerned about their health and outlook. This person's name is Jeen. She is the owner of three jewelry shops located in shopping malls in Bangkok. She is an outgoing person who loves to hang out with friends at night and Jeen really cares about her outlook when meeting them. However, she found that it is hard to keep herself firm because of the age and she already has two children. Her goals are to have a good healthy look and to find low calories food and snacks to eat when having parties with friends so that she could feel less guilty. For her eating habit, Jeen always counts the amount of calories to consume per day by looking at the nutrition fact label and she usually spends more than 500 Baht in total for each purchase of snacks.

## **(2) Determine communication objectives**

Since our brand was only launched to the market for nearly two years, we still did not have enough strong brand awareness to compete with other brands. Therefore, the aim of our marketing communication will be to increase a strong brand awareness of The Flourey brand to our target customers.

## **(3) Content marketing**

The key strategy that the company will use is content marketing. Content marketing is about providing valuable, relevant, and consistent content to attract and retain the clearly defined target audiences so that it could lead to profitable customer action



(Steimle, 2016). The reason that we choose to implement content marketing is because our products require the understanding of customers in order to successfully deliver our product's value proposition.

To be more specific, as mentioned earlier, we focus on choosing the quality ingredients that will not harm customer health. We will not use any ingredients that contain trans-fat which can cause the risk of developing heart disease and stroke (American Heart Association, 2017). Customers need to have knowledge about the consequence of consuming trans-fat so that they will become aware of them. Hence, we will continuously provide content to educate our customers so that they will recognize our products and remember our brand. We will promote them through various mediums such as infographics, articles, and video on our social media platforms such as Facebook, Instagram, and Line. Figure 4.19 illustrates an example of our reference for content marketing from Thaihealth organization.



Figure 4.19 Example of content marketing infographic

#### (4) Editorial plan

To manage our contents, we will use the editorial plan as a guideline so that we can easily follow up each content. According to table 4.6, our editorial plan will be divided into three time frames which are daily, weekly, and monthly. The daily basis is designed to pull new people to our brand's orbit. The content will be product related. For example, information of the unique selling point of our products, good reviews and feedback from our customers.

For weekly basis, the content will be related to health and wellness aiming to educate target audiences. Examples of the content would be new trends of dietary or tips in doing exercise. The purpose of monthly content is to create a 'wow' moment to our customers. We will do this by hiring bloggers or famous people to review our products in the video format to create excitement and movement to our social media. Figure 4.20 and 4.21 are two examples of our daily and weekly contents accordingly.

**Table 4.6 Editorial plan of The Floury**

<b>Time Frame</b>	<b>Content Details</b>	<b>Examples</b>	<b>Purpose</b>
<b>Daily</b>	Product related contents	Information of products, reviews and feedback from customer	Pull target customers to our social media
<b>Weekly</b>	Health related contents	Health trend update (i.e. dietary and exercise)	Educate target audiences about health-related knowledge
<b>Monthly</b>	Review from blogger, idol, or famous people	Video of product's review	Create 'wow' moment in audience's mind



Figure 4.20 Example of daily content



Figure 4.21 Example of weekly content

### (5) Marketing budget

Table 4.6 exhibits the monthly marketing budget of The Floury brand. There are two related types of budget which are production and advertising. The production budget includes content design and any other production related costs such as hiring

blogger, photographer, and editor. The advertising budget is the amount of money where we pay to boost our contents on social media.

Since we have already agreed the long-term contract with the freelance designer, we know that they would charge 500 Baht for each content design. We set the boost budget of 150 Baht for daily posts and 500 Baht for weekly posts. For the monthly post, we estimate the budget of production to be 8,000 Baht and the boost budget is 1,000 Baht per post. Therefore, by calculating all factors, the total marketing budget would be 36,500 Baht per month as illustrated in table 4.7. This budget is for year 2021 and is expected to increase by 5% yearly.

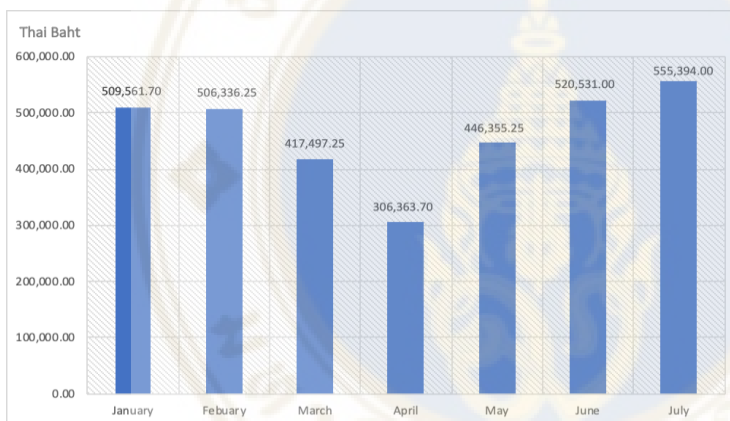
**Table 4.7 Monthly marketing budget of The Floury**

<b>Time Frame</b>	<b>Content/Month</b>	<b>Production Budget (THB)</b>	<b>Advertising Budget (THB)</b>	<b>Costs (THB)</b>
<b>Daily</b>	30	500	150	19,500
<b>Weekly</b>	4	500	500	4,000
<b>Monthly</b>	1	8,000	1,000	6,000
<b>Total Marketing Costs/Month</b>				<b>36,500</b>

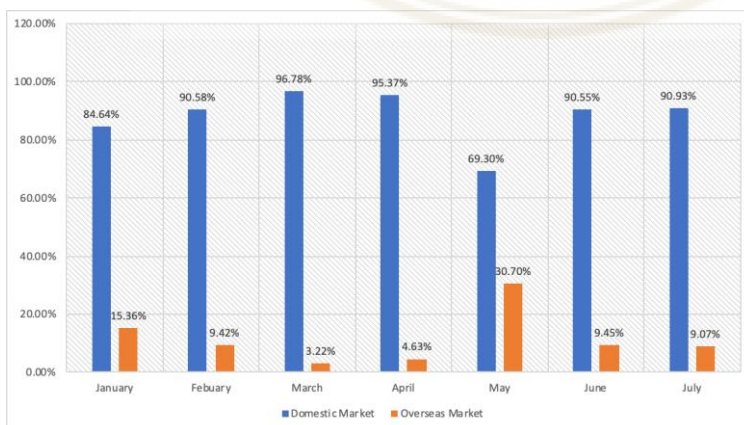
#### 4.7.2 Sales strategies

At the moment, our products are sold both domestic and international. Referring to our 2020's sales record in figure 4.22, it can be seen that our sales continuously fell from January to April 2020. This is due to Covid-19 situation that has affected every business in the world. Moreover, the Thai government also announced the regulation of closing all department stores in Thailand cause the huge drop in March and April. There was substantial growth in May 2020 because the Thai government allowed business to be operated as normal and we also received a big order from Taiwan. In June and July, the situation and our sales level were back as normal.

Figure 4.23 exhibits the proportion of domestic and overseas sales to the total sales. On average, most of our sales came from domestic consumption, accounting for 88% of total sales while there was only 12% from overseas consumption (Taiwan and Hongkong). The proportion of international sales also dropped heavily in March and April because of the Covid-19 situation. Despite these drops, which is caused by an abnormal situation of Covid-19, we still think that there are opportunities in these international markets. One reason is because we have never done any marketing campaign or advertising in Taiwan and Hongkong. All of these orders came organically. Therefore, our sales strategy would be to expand our business overseas, particularly in Hong Kong, Taiwan, China, and Singapore.



**Figure 4.22 Total sales of the business from January to July 2020**



**Figure 4.23 Percentage of domestic and overseas sales to total sales**

### **(1) Sales plans**

Our sales plan could be divided into two aspects classifying by the area of expansion. The first sales plan would be to expand our sales channel in Thailand while the second plan would be for international market expansion.

- **Expand sales channel in Thailand**

Food and beverage sector is one of the fastest growing sectors in Thai economy (Ngamprasertkit, 2017). In 2016, the total retail sales in Thailand is 88.2 billion US dollars, which represent approximately 22% of total GDP and 62.4% of them are from food retail. In addition, the country report of Thailand (Euromonitor, 2019) also showed that Thai people spent the biggest of their money on food and non-alcoholic beverage products (24.4%).

At the moment, it is mentioned that our products are only sold at healthy shops around Thailand. Therefore, our strategies to increase our sales in Thailand would be to increase our sales channel to supermarkets and convenience stores in Thailand. In 2021, we plan to propose our products to several modern trade in Thailand including Lemon Farm, Tops supermarket, Gourmet Market, and Villa Market. The reason for choosing these stores is because their customers are upper-income.

- **International market expansion**

Our plan for expanding business in Taiwan, China, and Singapore would be by participating in international food exhibitions in these countries to find potential distributors. We will not participate in the Hong Kong food exhibition because we already have an exclusive distributor in Hong Kong. In addition to the international fair, the company also aims to participate in Thaifex-Anuga and Food and Hotel, two largest food exhibitions in Thailand.

Table 4.8 shows information of major food trade fairs in Thailand, China, Taiwan, and Singapore as well as the expected year that we plan to participate for each exhibition. The biggest food exhibition in Thailand is Thaifex-Anuga. In 2019, Thaifex has 2,745 joined exhibitors with 67,136 visitors. The fair usually takes place at Impact Muang

Thong Thani. Food and Hotel Thailand (FHT) is smaller than Thaifex with only 548 companies joined in 2019 and 31,769 visitors.

As aforementioned, our strategy to expand our business overseas is to find a potential distributor that can distribute our products to modern trade in their country, one time participation is enough. In contrast, we plan to participate in a food trade fair in Thailand every year to find business opportunities from other countries.

**Table 4.8 Trade fair list and information**

Exhibition	Country	Exhibitor (2019)	Visitors (2019)	Expected year to participate
Thaifex-Anuga	Thailand	2,745	67,136	2021,2023, 2025
Food & Hotel Thailand (FHT)	Thailand	548	31,769	2022, 2024
Natural Health & Nutrition (NHNE)	China	760	110,000	2022
Food Taipei	Taiwan	2,006	64,086	2023
Food & Hotel Asia (FHA)	Singapore	2,000	48,000	2024

## (2) Sales budget

Table 4.9 illustrates cost estimation for each trade fair. Information of duration, space rental, electricities are taken from their official website. For space rental, we choose the standard format which is 9 square meter with a shell stand for all fairs. Our assumption for decoration is 30% from total space rental price. Since Thaifex-Anuga and FHT are located in Thailand, there will not be flight and accommodation costs. For NHNE, Food Taipei, and FHA, we assume there will be four staff and the ticket price is 4,500 Baht for each. The budget for the hotel is 2,500 Baht per room.

Consequently, total costs that company has to pay to join the food trade fair is 160,800 for Thaifex-Anuga, 153,000 Baht for FHT, 163,900 Baht for NHNE, 145,500 Baht for Food Taipei, and 249,500 Baht for FHA.

**Table 4.9 Total cost for each exhibition**

	<b>Thaifex-Anuga</b>	<b>FHT</b>	<b>NHNE</b>	<b>Food Taipei</b>	<b>FHA</b>
Duration	5 Days	4 Days	3 Days	4 Days	4 Days
Space rental (9 sqm space + shell stand)	116,000.00	110,000.00	93,000.00	75,000.00	155,000.00
Electricities	0.00	0.00	0.00	0.00	0.00
Decoration	34,800.00	33,000.00	27,900.00	22,500.00	46,500.00
Brochure	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Flight	0.00	0.00	18,000.00	18,000.00	18,000.00
Accommodation	0.00	0.00	15,000.00	20,000.00	20,000.00
<b>Total cost/exhibition</b>	<b>160,800.00</b>	<b>153,000.00</b>	<b>163,900.00</b>	<b>145,500.00</b>	<b>249,500.00</b>

Table 4.10 demonstrates the expenses projection of the food trade fair from 2021 to 2025 according to the sales plan illustrated in table 4.9. The budget in 2021 and 2025 are less than other years because we plan to participate in only one exhibition in Thailand. In total, the company needs to have 1,347,300 Baht to follow the sales plan.

**Table 4.10 Forecast exhibition expense 2021-2025**

<b>Forecast expenses</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Space rental	116,000.00	203,000.00	191,000.00	265,000.00	116,000.00
Electricities	0.00	0.00	0.00	0.00	0.00
Design & Decoration	34,800.00	60,900.00	57,300.00	79,500.00	34,800.00
Brochure	10,000.00	20,000.00	20,000.00	20,000.00	10,000.00



**Table 4.10 Forecast exhibition expense 2021-2025 (cont.)**

Flight	0.00	18,000.00	18,000.00	18,000.00	0.00
Accommodation	0.00	15,000.00	20,000.00	20,000.00	0.00
<b>Total cost/exhibition</b>	<b>160,800.00</b>	<b>316,900.00</b>	<b>306,300.00</b>	<b>402,500.00</b>	<b>160,800.00</b>

### 4.7.3 Brand protection

Since our brand and products are now becoming more popularity, both in Thailand and in other countries, there is the chance that our products will be copied by competitors or anyone that found opportunity in our products. Therefore, in order to protect them, we plan to register our brand with trademark. After registering trademark, we will be able to use ® symbol with our brand and logo. It will legally exclusively identify the products as belonging to our company (Tardi, 2020) and anyone who tries to copy or identity too closely would be infringed on our trademark. We will register our trademark in every country that we would expand our business.

## 4.8 The Operation

In the operation part of this business plan will be divided into four parts, which are facilities, production capabilities, production forecast, future investment, and new product development. In order to manage and plan production, the company needs to define its current capacity level and forecast demand. This would help them to decide whether capital investment, such as in machines or facilities, is needed or not.

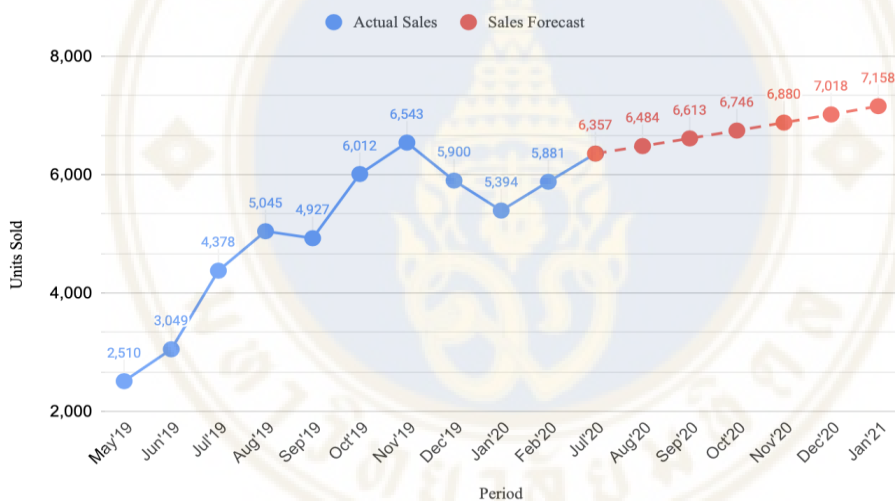
### (1) Facilities

The company now has one factory with an area of 378 square metre, located in Amphor Pakchong, Nakhon Ratchasima province. In terms of machines, we have three ovens for baking, one tuile machine for forming the shape of cookies, and one can seamer for closing cans. Our factory is expected to get GMP and HACCP certification by the end



June 2020, because the event is abnormal. Therefore, sales during the situation are not validated. Since the product's net weight of our big packaging size (can) is nearly double of the small size (bag), we combine them into one size (can) by dividing bags total sales by two so that it would be easier to illustrate and plan the production.

To forecast, we assume the sales growth rate of 2% for each month. The reason that we choose 2% as our growth rate per month is to achieve our goal in Table 4.1 and the rate is realistic compared to our past performance. If we can do this continuously, we would reach an accumulative of 26% yearly growth rate. In addition to these forecasts, it can be seen that we can respond to sales forecasts without increasing the capital expenditure required because our production capacity is 7,200 cans per month.



**Figure 4.25 Six-month production forecast (based on sales)**

#### **(4) New product development**

The company aims to regularly launch new products. At the moment, we are developing a new product line which is 'vegan cookie chips'. This product line will initially have two flavors consisting of Original and Chocolate. The reason that we decide to launch this product line is because we were asked from several healthy shops as well as retail

customers whether we have vegetarian products or not. Moreover, we also want to make product that contains high protein and fiber because of the same reason.

As its name, the unique selling point of this product will be vegan, meaning that it is friendly to vegetarian people. The products will also be free from gluten, dairy, trans-fat, and preservatives added. Furthermore, these products are made from several organic ingredients including organic chickpea, organic jasmine rice flour, organic cocoa powder, organic quinoa flake, organic flaxseed, and organic cocoa nibs. Since the products contain a high percentage of chickpea together with several type of grains, they will be high in protein and fiber. We plan to launch this new product line in October 2020 to boost our sales during the vegetarian festival in Thailand.

## **4.9 Financial Data and Projection**

Since our business is registered as a juristic person (company limited) less than one full accounting year, we do not have any proper financial statements including balance sheet, income statement, and cash flow statement. Therefore, in this section, we will use our past actual sales data to do a five-year sales forecast. We would use this information to calculate our income statement and cash flow statement projection by taking real costs and expenses into consideration. Then, financial ratio will be calculated to show the profitability of the business as well as the growth rate of four important lines in both income statement and cash flow statements will be measured.

### **4.9.1 Price structure**

Our company has two types of customers which are healthy shops (B2C) and end consumers that buy products directly from us for consuming themselves (B2C). For B2C, the selling price structure is simple. The retail price that we sell to B2C customers already included VAT. As aforementioned, our company provides two selling options for B2B customers which are consignment and sell outright. The difference between these options is the percentage of gross profit (GP) that we give to them. In particular, we give

25% from the retail price for consignment option and 30% from retail price for sell outright option.

In addition to gross profit sharing, some chains of healthy stores also ask for an additional 5% of distribution fee. Table 4.11 and 4.12 show the mechanism for calculating the selling price for each option according to the size of products. To illustrate, information from table 4.12 will be used. For our can size, the retail price is 130 Baht for end consumers. In terms of B2B, the final selling price for healthy shops that choose to buy our products with consignment term is 104.33 Baht after including VAT of 7% and 97.37 Baht for shops that agree to deal with sell outright condition. Chains of healthy shop that we agree to pay the addition of 5% for distribution fee will buy our products at the price of 90.42 Baht net.

**Table 4.11 Selling price for each selling option (bags)**

	Retail Price (THB)	%GP	Price before VAT (THB)	Price after VAT (THB)
B2C	55.00	0%	51.40	55.00
Consignment (B2B)	55.00	25%	41.25	44.14
Sell outright (B2B)	55.00	30%	38.50	41.20
Sell outright + distribution fee (B2B)	55.00	35%	35.75	38.25

**Table 4.12 Selling price for each selling option (cans)**

	Retail Price (THB)	%GP	Price before VAT (THB)	Price after VAT (THB)
B2C	130.00	0%	121.50	130.00
Consignment (B2B)	130.00	25%	97.50	104.33
Sell outright (B2B)	130.00	30%	91.00	97.37
Sell outright + distribution fee (B2B)	130.00	35%	84.50	90.42

#### 4.9.2 Sales forecast

Before we forecast sales for year 2021 to 2025, we need to figure out our sales for the whole 2020 year. Table 4.13 illustrates the mechanism we use to calculate these data. To forecast our sales in August to December 2020, we use our actual sales data from January to July 2020. The accumulative sales from the past seven months is 3,262,039.15 Baht. As mentioned in the production section, we expect to get 2% growth sales each month. Therefore, we simulate our assumption and get the total sales of 2,948,098.53 Baht as shown in the table. In total, we would generate revenue of 6,210,137.68 Baht for 2020.

After we know the forecast of total sales in 2020, now we can project revenue that we would gain from each selling conditions. The %total sales column shows the proportion of each sales type to total sales based on our past actual sales. Most of our sales are from B2B which contribute to 98% of the total sales while only 2% from retail customers. Moreover, most of them prefer to buy our products in consignment options because of the return policy, accounted for 53%. One main reason that some healthy shops decide to buy our products with consignment option is because they do not have to take the risk of expired items. The company agree to replace an expired product for free of charge. The proportion of sell outright option is 20% of total sales. 25% of our revenues are from the sell outright plus distribution fee option.

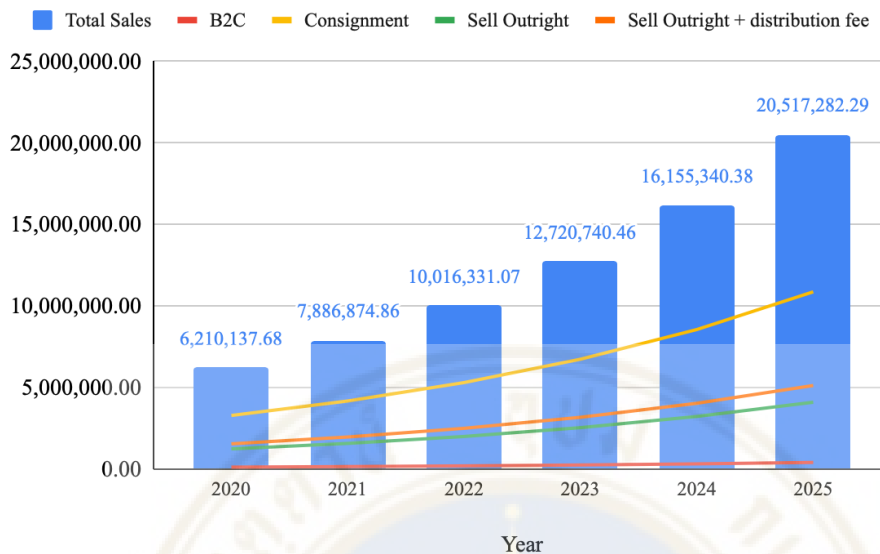
**Table 4.13 Sales forecast for 2020**

Sales type	%Total sales	Actual Jan - Jul 2020	Forecast Aug - Dec 2020	2020
B2C	2%	65,240.78	58,961.97	124,202.75
Consignment (B2B)	53%	1,728,880.75	1,562,492.22	3,291,372.97
Sell outright (B2B)	20%	652,407.83	589,619.71	1,242,027.54
Sell outright + distribution fee (B2B)	25%	815,509.79	737,024.63	1,552,534.42
<b>Total sales</b>	<b>100%</b>	<b>3,262,039.15</b>	<b>2,948,098.53</b>	<b>6,210,137.68</b>

After knowing 2020's total sales, we are now able to forecast our sales for year 2021 to 2025, based on the same assumption of 2% growth each month or roughly 26% growth for the whole year. As a result, we are supposed to generate the revenue of 7.886 million baht for 2021, 10.016 million baht for 2022, 12.720 million baht for 2023, 16.155 million baht for 2024, and 20.517 million baht for 2025. Figure 4.26 illustrates the five years sales forecast in graph format.

**Table 4.14 Five-year sales forecast from 2021-2025**

Sales type	2021	2022	2023	2024	2025
B2C	157,737.50	200,326.62	254,414.81	323,106.81	410,345.65
Consignment (B2B)	4,180,043.68	5,308,655.47	6,741,992.44	8,562,330.40	10,874,159.61
Sell outright (B2B)	1,577,374.97	2,003,266.21	2,544,148.09	3,231,068.08	4,103,456.46
Sell outright + distribution fee (B2B)	1,971,718.71	2,504,082.77	3,180,185.12	4,038,835.10	5,129,320.57
<b>Total sales</b>	<b>7,886,874.86</b>	<b>10,016,331.07</b>	<b>12,720,740.46</b>	<b>16,155,340.38</b>	<b>20,517,282.29</b>



**Figure 4.26 Five-year sales forecast from 2021-2025**

### 4.9.3 Income statement projection

After knowing the sales forecast for the next five years, we are now able to do an income statement projection for year 2021 to 2025, which is illustrated in figure 4.27. Sales data in the projection is derived from table 4.13. Costs of goods sold is direct costs of producing goods in which consist of raw materials, packaging, and direct labors, which accounts for 40% of total sales. Therefore, our gross profit margin is 60% or as shown in the gross profit line.

Generally, we have eight types of costs in the operating expense. The first one is salary expenses, which is our biggest expenditure. At the moment, our expenses for salary is 138,880 Baht per month. Therefore, in 2021, this expense would be equal to 1.666 million Baht with 10% growth every year onwards. The second biggest expense is office rental fee. As mentioned in table 4.1 which is the short-term goals of the company, we decided to open our head office in Bangkok from the beginning of 2023. Therefore, this office rental expense will start to occur from 2023 onwards.

The third expense is marketing expense from table 4.6. We aim to increase 5% for our marketing budget every year. The logistics expense is mainly for gas using for



delivering goods to our customers and it costs us 10,000 Baht per month. Therefore, it would be 120,000 for the whole year and we expect the growth of this expense equals to 5% yearly. Information in exhibition expenses is from table 4.9 of marketing and sales strategies section. Our monthly utilities expenses are 15,000 Baht. Consequently, there would be 180,000 Baht for utilities costs in 2021 and we expect these costs to increase by 5% every year. Since we mostly contact our customers and suppliers in Line application in which we can use them over Wifi, our cost for telephone is fairly low which is 1,000 Baht per month. We also expect this expense to rise 5% yearly. Our last opening expense is office supplies which we assume this cost equals to 1% of total sales.

In the beginning of 2020, we borrowed 2.5 million Baht from shareholders to build a factory with the interest rate of 5%. The company agreed to pay the initial money back to shareholders 500,000 Baht per year plus interest rate and this is where the numbers in the interest line of the statement came from. The numbers in taxes line is derived from the percentage that the company has to pay to the government based on earning before taxes line. If the company income after subtracting operation expenses is less than 3 million Baht yearly, we have to pay 15% of that amount and 20% for more than 3 million Baht (The Revenue Department, 2016). The last line of net income shows the amount that we would gain after deducting all costs.

<b>Income Statement Projection</b>					
<b>The Floury Co., Ltd.</b>					
For year ended	2021	2022	2023	2024	2025
Sales	7,886,874.86	10,016,331.07	12,720,740.46	16,155,340.38	20,517,282.29
Cost of goods sold	3,154,749.94	4,006,532.43	5,088,296.18	6,462,136.15	8,206,912.92
Gross profit	4,732,124.92	6,009,798.64	7,632,444.28	9,693,204.23	12,310,369.37
<b>Operating Expenses</b>					
Salary expenses	1,666,560.00	1,833,216.00	2,016,537.60	2,218,191.36	2,440,010.50
Office rental	0.00	0.00	960,000.00	960,000.00	960,000.00
Marketing expenses	438,000.00	459,900.00	482,895.00	507,039.75	532,391.74
Logistic expenses	120,000.00	126,000.00	132,300.00	138,915.00	145,860.75
Exhibition expenses	160,800.00	316,900.00	306,300.00	402,500.00	160,800.00
Utilities	180,000.00	189,000.00	198,450.00	208,372.50	218,791.13
Telephone	12,000.00	12,600.00	13,230.00	13,891.50	14,586.08
Office supplies	78,868.75	100,163.31	127,207.40	161,553.40	205,172.82
Total operating expenses	2,656,228.75	3,037,779.31	4,236,920.00	4,610,463.51	4,677,613.01
Operating income	2,075,896.17	2,972,019.33	3,395,524.27	5,082,740.72	7,632,756.37
Interest	100,000.00	75,000.00	50,000.00	25,000.00	0.00
Earning before taxes	1,975,896.17	2,897,019.33	3,345,524.27	5,057,740.72	7,632,756.37
Taxes	296,384.43	434,552.90	669,104.85	1,011,548.14	1,526,551.27
Net income	1,679,511.74	2,462,466.43	2,676,419.42	4,046,192.57	6,106,205.09

**Figure 4.27 Five-year income statement projection**

#### 4.9.4 Cash flow statement projection

Figure 4.28 demonstrates the projection of the company's cash flow statements. The benefit of doing this projection is that it allows us to be able to know and prepare for our cash shortage or surplus so that we could plan to handle the situation ahead of time. For instance, if the last line of cash position is minus, it means that we will not have enough cash to run our business for the whole year. We have to find the way to get money at least to make it equal to zero. In contrast, if the numbers are positive, we are now able to plan for expanding our business in several ways such as expanding the market by joining international trade fairs, expanding our production, or investing in research and development.

In 2021, cash on hand is from the total amount of cash that we expect to have in our savings accounts on January 1st, 2021, which is 1.3 million Baht. The cash sales of

7.886 million Baht is from our sales forecast in table 4.13. The total cash available is the sum of cash on hand and total cash receipts for each year. Thus, we would have the total of 9.187 million Baht available for the whole year. For cash paid out, most of them are from the operating expenses and taxes payment in figure 4.27 except office decoration, which are one time payment as well as loan repayment and dividend payment. Loan repayment is 500,000 Baht per year according to an agreement with lenders (shareholders). The dividend payment is money that we would distribute back to our shareholders with the rate of 8% of net income, that is 134,360 Baht for 2021.

In total, it shows we need to have the total amount of 6.841 million Baht for covering all costs that would occur during the year. By subtracting the projected cash payment from the cash available, our cash position will still be positive, which is 2.345 million Baht. The same mechanism applies to year 2022. As a result, we would have the total cash of 4.111 million Baht available at the end of 2022.

In 2023, we will need to prepare the additional money for the office rental of 960,000 Baht per month plus the decoration expense of 200,000 Baht. In sum, we would have 5.873 million left at the end of the year. In 2024 and 2025, there will be only office rental costs occur. The company will completely pay the principal back to shareholders. Therefore, there will not be these two expenses in year 2025. As a result, the company would have the total cash of 14.71 million Baht available at the end of 2025.

<b>Cash Flow Statement Projection</b>					
<b>The Floury Co.,Ltd.</b>					
For year ended	2021	2022	2023	2024	2025
Cash on hand	1,300,512.06	2,345,662.86	4,111,131.98	5,873,437.84	9,095,935.01
Cash receipts					
Cash sales	7,886,874.86	10,016,331.07	12,720,740.46	16,155,340.38	20,517,282.29
Total cash receipts	7,886,874.86	10,016,331.07	12,720,740.46	16,155,340.38	20,517,282.29
Total cash available	9,187,386.91	12,361,993.93	16,831,872.44	22,028,778.22	29,613,217.29
Cash paid out					
Supplier payment	3,154,749.94	4,006,532.43	5,088,296.18	6,462,136.15	8,206,912.92
Salary expenses	1,666,560.00	1,833,216.00	2,016,537.60	2,218,191.36	2,440,010.50
Office rental	0.00	0.00	960,000.00	960,000.00	960,000.00
Marketing expenses	438,000.00	459,900.00	482,895.00	507,039.75	532,391.74
Logistic expenses	120,000.00	126,000.00	132,300.00	138,915.00	145,860.75
Exhibition expenses	160,800.00	316,900.00	306,300.00	402,500.00	160,800.00
Utilities	180,000.00	189,000.00	198,450.00	208,372.50	218,791.13
Telephone	12,000.00	12,600.00	13,230.00	13,891.50	14,586.08
Office supplies	78,868.75	100,163.31	127,207.40	161,553.40	205,172.82
Office decoration	0.00	0.00	200,000.00	0.00	0.00
Loan repayment	500,000.00	500,000.00	500,000.00	500,000.00	0.00
Interest payment	100,000.00	75,000.00	50,000.00	25,000.00	0.00
Tax payment	296,384.43	434,552.90	669,104.85	1,011,548.14	1,526,551.27
Dividend payment	134,360.94	196,997.31	214,113.55	323,695.41	488,496.41
Total cash paid out	6,841,724.06	8,250,861.95	10,958,434.60	12,932,843.22	14,899,573.60
Cash position	2,345,662.86	4,111,131.98	5,873,437.84	9,095,935.01	14,713,643.69

**Figure 4.28 Five-year cash flow statement projection**

#### 4.9.5 Financial ratio and growth

Financial ratios and growth rate are two methods that can be used to measure the performance of the company's financial statement.

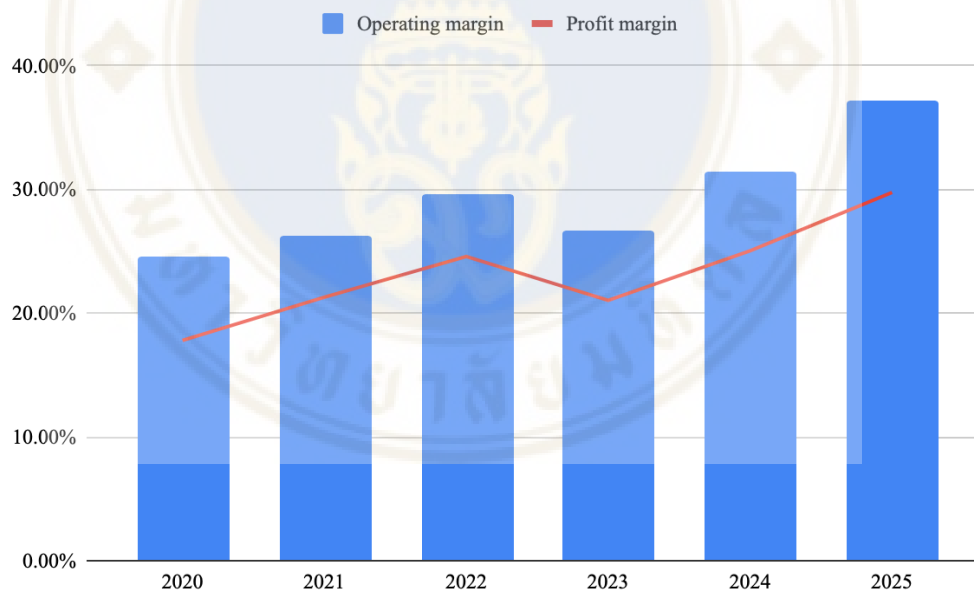
##### (1) Financial ratio

Table 4.14 illustrates the financial ratio calculated from figure 4.27. Operating margin (OM) and profit margin (PM) are profitability measurements. OM is the profit that the company can make after taking all variable costs into account while PM is the ratio that has already subtract interest and taxes. In other words, PM ratio indicates how well the company is able to handle all expenses.

Figure 4.29 shows the numbers in the graph format. It can be seen that the company has an overall positive trend. The reason that OM and PM are dropped in 2023 is because the company decided to open its head office in Bangkok and there is the office rental expense. On average, our operating margin is 30.27% and 24.35% for profit margin from year 2020 to 2025. However, the graph is increasing afterwards.

**Table 4.15 Financial ratios of The Floury from 2020-2025**

Indicator	2021	2022	2023	2024	2025
Operating margin	26.32%	29.67%	26.69%	31.46%	37.20%
Profit margin	21.30%	24.58%	21.04%	25.05%	29.76%



**Figure 4.29 Financial ratios of The Floury from 2020-2025**

## (2) Financial growth

In order to evaluate the performance from year to year, we measure the growth rate on each important line of the statement which are operating margin, earning before

taxes, and net income from income statement and cash position from cash flow statement in figure 4.27 and figure 4.28. The growth rates are shown in table 4.15 in percentage. It can be seen that there is a huge drop from year 2022 to 2023 in every line. This is also because the company will open a new head office in Bangkok which costs both decoration and monthly rental fee.

**Table 4.16 Growth rate of The Floury from 2022-2025**

	2021-2022	2022-2023	2023-2024	2024-2025
Operating Income	43.17%	14.25%	49.69%	50.17%
Earning before Taxes	46.62%	15.48%	51.18%	50.91%
Net Income	46.62%	8.69%	51.18%	50.91%
Cash Position	78.07%	43.78%	52.00%	54.56%

## **CHAPTER V**

### **SUMMARY & SUGGESTION**

#### **5.1 Summary & Suggestion**

Overall, health and wellness baked good industry is attractive because of the rising health awareness among Thais and the positive trend of healthy products. This growth trend is one main opportunity of the company to catch this market. In terms of the company itself, they also functioned themselves with a number of strengths that would facilitate them to boost their competitiveness including the competitive products unique selling point, high experience in product development, deliciousness, loyal customers, flexibility, and low expenses. As discussed in the section 4.2.3, the company has three weaknesses which are low brand awareness, limited capital, and hard to find skilled labor.

The researcher would like to suggest the company to follow the marketing and sales strategies provided in this business plan because it is systematically crafted from the marketing concept of STP, plus reliable information from Euromonitor report. This would help the company to increase their brand awareness. In terms of limited capital, the company can also use this business plan to ask for the loan from banks or business angels in case that they would have any big project and need the money in the future. For the lack of skilled labor, the researcher would suggest the company to automate their work process by investing in new machines for important task, such as packing process, instead of using human labor. Moreover, the company should also implement ERP system to manage all aspects (e.g. manufacturing, supply chain management, financial management, human resources, and customer relation management) of the business more efficiently.

Another recommendation to the company's owners would be to revisit their financial statement after operating the business for two years. This is because the numbers used in both financial statements in this paper is only an estimation from the past six months

actual sales. The projection would be more reliable and accurate if it is calculated from the actual past financial statements.

## **5.2 Limitation and Suggestion for Future Research**

There are four limitation of this study. The first one is that the company does not have the proper financial statements to use in the financial analysis part. This is because, even though the company has been operating its business since late 2018, they have just registered as company limited in September 2019. However, assumptions used to project two statements of income statement and cash flow statement in this paper are based on the real information (e.g. sales, cost of goods sold, expenses, tax rates, etc). The second limitation is the lack of in-dept market research. All data used in this study is only from online database and there are very few reports of Thailand. For instance, there are many reports particularly related to gluten-free market in the US, Europe, and Japan, not for Thailand.

The third limitation is the lack of international competitor analysis. This business plan is only for domestic expansion. However, the company also plan to expand their business to international market. Therefore, it would be better if they also be able to analyze their competitors in that country as well because it will help them to reduce the risk of failure and better prepare themselves. The fourth limitation is the difficulties in accessing data. In the process of reviewing literature, it is hard for the researcher to find past work of real business plan. This is because the business plan is normally confidential and for internal used. In addition, due to the Covid-19 situation that CMMU has to close the building from March to June. This restricted researcher from accessing past student's paper.

Hence, in order to improve and raise the reliability of the business plan, the future research should use the actual past financial statement as assumption's base to enhance its accuracy. They should also do the in-depth analysis rather than use secondary data in order to gain insights that are suitable for their research. Doing research by themselves would help them to gain accuracy and timely results. Lastly, future research



should also make sure that their competition climate is well analyze. This includes in any market that they wish to expand business to. For instance, if they want to expand their products to United States, they should also find their direct competitors so that they can carefully craft their expansion strategies.



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