

**INNOVATIVE BUSINESS PLAN:
“SPICE-IT.UP TEAM COOKING EXPERIENCE”**

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Abstract

The importance of teamwork and its increasing popularity in the business world is undeniable. Due to globalization, companies are under pressure to perform better than before. High targets must be met and revenues must be generated. To achieve these goals a single person is generally not enough. It requires an entire team in order to come up with viable solutions or make significant decisions. Therefore, having a strong team and efficient teamwork is essential in order to succeed in the prevailing global market. For the sake of creating good teams, team-building activities are crucial. Every single team member is an individual and has their strengths and weaknesses. Through team-building activities, team members have the opportunity to get to know each other better and build trust in order to share the responsibilities, which should result in reducing the workload and pressure of each individual team member. The following business plan will present a restaurant concept where a customized team-building experience will be offered in the form of providing cooking classes.

The business plan is developed in a descriptive way of analysis and divided into three parts. In the first part, which includes the chapters "Introduction", "Literature Review" and "Defining the Concept", the reader will find out the origins of the idea and a detailed description of the company.

The second part covers the chapters "Methodology" and "Marketing Plan" where an in depth analysis of the market forces will be given.

The last part, which consists of the chapters "Implementation Plan", "Financial Plan" and "Conclusion", deals with the technological and organizational implementation strategies, based on the calculations the opportunities to expand the business and a brief conclusion.

Keywords: Business Plan, Entrepreneurship, Coaching, Restaurant

JEL Classification System: M20, L26

Abstrato

A importância do trabalho de equipa e a sua crescente popularidade no mundo dos negócios é inegável.

Devido à globalização as empresas são pressionadas para executar melhor do que antes. Objetivos altos têm de ser atingidos e a receita tem de ser gerada. Para atingir estes objetivos normalmente uma só pessoa não é suficiente. É necessária toda uma equipa de modo a criar soluções viáveis ou tomar decisões significativas. Portanto, ter uma equipa forte e trabalho de equipa eficiente são essenciais para o sucesso e prevalecer no mercado global.

Por uma questão de criação de boas equipas, as atividades de 'team-building' são cruciais. Cada membro da equipa é um indivíduo e tem as suas forças e fraquezas. Através de atividades de team-building as equipas têm a oportunidade de se conhecer melhor e ganhar confiança de modo a partilhar responsabilidades, o que deverá resultar na redução da carga de trabalho e pressão em cada indivíduo da equipa.

O plano de negócios abaixo irá apresentar um conceito de restaurante onde será oferecida uma experiência personalizada de team-building na forma de aulas de cozinha.

O plano de negócios é desenvolvido numa análise descritiva e dividida em 3 partes.

Na 1ª parte que inclui os capítulos 'introduções', 'revisão literária' e 'definição de conceito', o leitor irá descobrir as origens da ideia e uma descrição detalhada da empresa. A 2ª parte incide nos capítulos 'metodologia' e 'plano de marketing' onde será realizada uma análise profunda das forças de mercado.

A ultima parte que consiste nos capítulos 'plano de implementação', 'plano financeiro' e 'conclusão' lida com as estratégias de implementação organizacionais e tecnológicas, baseada em cálculos de oportunidades para expansão do negocio e uma breve conclusão.

Palavras-chave: Plano de negócios, Empreendedorismo, Treinamento, Restaurante

JEL Classification System: M20, L26

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Index

Abstract.....	I
Abstrato.....	II
Acknowledgements.....	III
Index.....	IV
List of Tables.....	VII
Executive Summary.....	VIII
Company Description.....	XI
Business Plan Objectives.....	XIV
1. Introduction.....	1
2. Literature Review.....	3
2.1. Entrepreneurship and business plans.....	3
2.2. The importance of team-building activities.....	6
2.2.1. Definition of a team.....	6
2.2.2. Definition of team-building activities and their effects.....	7
2.3. Cooking as a team-building activity.....	9
2.4. Similar competition.....	9
3. Reference table.....	12
4. Research methodology.....	14
5. Defining the concept.....	15
5.1. Introduction.....	15
5.2. Concept.....	16
5.3. Services.....	17
5.4. Quality.....	18
5.5. Menu.....	19
5.6. Prices.....	19
5.7. Location.....	19
5.8. Atmosphere.....	21
5.9. Management.....	21
5.10. Image.....	22
5.10.1. Restaurant name.....	22
5.10.2. Logo.....	23
5.10.3. Mission Statement.....	23
5.10.4. Advertising Slogan.....	23
6. Marketing Plan.....	24

6.1. Introduction.....	24
6.2. PESTLE Analysis.....	24
6.2.1. Political factors.....	24
6.2.2. Economic factors.....	24
6.2.3. Social factors.....	25
6.2.4. Technological factors.....	26
6.2.5. Legal factors.....	26
6.2.6. Environmental factors.....	26
6.3. The target market Lisbon.....	26
6.4. Porter’s Five Forces.....	28
6.5. Market Potential.....	29
6.6. Competitor Analysis.....	29
6.7. SWOT Analysis.....	31
6.7.1. Strengths.....	32
6.7.2. Weaknesses.....	34
6.7.3. Opportunities.....	34
6.7.4. Threats.....	35
6.8. Marketing- Mix (5P’s).....	35
7. Implementation Plan.....	37
7.1. Introduction.....	37
7.1.1. Back Office Operations.....	37
7.1.2. Front Office Operations.....	37
7.2. Marketing Plan Implementation.....	38
7.2.1. Advertising.....	38
7.2.2. Customer acquisition.....	40
7.3. Operational plan.....	41
7.3.1. Location.....	41
7.3.2. Staff.....	42
8. Financial Plan.....	44
8.1. Introduction.....	44
8.2. Cost calculation.....	45
8.3. Sales forecast.....	48
8.4. Cash flow projection.....	50
8.4.1. Scenario 1 – average sales scenario.....	50
8.4.2. Scenario 2 – minimum sales scenario.....	50
8.5. Profit and loss statement.....	54

8.5.1. Scenario 1 – average sales scenario.....	54
8.5.2. Scenario 2 – minimum sales scenario.....	54
8.6. Break-Even Analysis.....	57
9. Conclusion.....	59
Bibliography.....	61
Annexes.....	65

List of Tables

Figure Index

FIGURE 1: LOGO KISS THE COOK	10
FIGURE 2: LOGO COOKING LISBON	11
FIGURE 3: FROM CONCEPT TO OPERATION	16
FIGURE 4: LOCATION VIEW FROM RUA DA CINTURA DO PORTO	20
FIGURE 5: LOCATION VIEW FROM REAR TO RUA DA CINTURA DO PORTO	20
FIGURE 6: LOCATION BIRDS VIEW FROM SOUTH	21
FIGURE 7: LOGO SPICE-IT.UP TEAM-COOKING EXPERIENCE	23
FIGURE 8: MARKETING-MIX (5P’S)	35

Table Index

TABLE 1: REFERENCE TABLE	13
TABLE 2: SWOT ANALYSIS	32
TABLE 3: COST CALCULATION	47
TABLE 4: SALES FORECAST – AVERAGE SALE OPTION 1	48
TABLE 5: SALES FORECAST – MINIMUM SALE OPTION 2	49
TABLE 6: SALES FORECAST – OPTIMISTIC SALE OPTION 3	50
TABLE 7: CASH FLOW PROJECTION – OPTION 1	52
TABLE 8: CASH FLOW PROJECTION – OPTION 2	53
TABLE 9: PROFIT AND LOSS STATEMENT – OPTION 1	55
TABLE 10: PROFIT AND LOSS STATEMENT – OPTION 2	56
TABLE 11: BREAK EVEN ANALYSIS	58

Executive Summary

The Concept

"SPICE-IT.UP Team-cooking experience" is focused on providing a customized team-building experience in the form of cooking classes. It distinguishes itself amongst other coaching concepts because it utilizes a cooking course for the team-building process. The company offers this unique concept as a team-building process, which combines coaching and cooking in a creative ambience. Through cooking, the teams can learn and grow together. The aim of the team-building experience is to enhance team spirit, collaboration, conflict & time management and networking in a non-formal environment. The teams can learn to cook recipes from different cuisines. The classes are designed keeping in mind a personalized approach. The modern coaching kitchens are well equipped having a capacity for up to ten students and an experienced coach devoting his/her full attention to the class.

Background

The business opportunity was recognized when I was cooking for a group of friends at my student apartment in Lisbon. I am passionate about cooking and have significant experience in it that has been obtained over the course of many years. My friends have often asked me how to cook especially delicious Turkish dishes. After having some friends over, one time I realized that it is not easy to handle a group of people at the same time in a kitchen. Cooking in teams requires many different skills. It is very hierarchical and one person who has to be in charge of the group must guide the process. Therefore, when my group of friends was over, the work was divided into cutting, cooking and cleaning up based on the strengths of each person. In the end, everybody present was very satisfied with the outcome and the idea to turn this into a business occurred to me. With Lisbon being a big city hosting a large number of international companies and therefore thousands of workers, the idea to create a concept, which would be attractive for the companies and their employees seemed sustainable. From former experiences of team-building events, which generally have a rather negative reputation, the idea of cooking together with a coach seemed very unique to me.

Company

"SPICE-IT.UP Team-cooking experience" is to be established in late 2019 and shall begin operations in 2020 with the opening of the first restaurant. Yet, the schedule does depend on the funding as well as finding the professional coaches that I am currently seeking. The research for the business and the market analysis of Lisbon for establishing the restaurant concept was started in 2017.

Market

Lisbon is the base for the initial operations of the company. Greater Lisbon has a population of 2,821,349 people and is at the core of the Portuguese economy. It is famous for its rapidly growing startup sector and significant investments from large companies such as Volkswagen, and Google most recently being made. Many international companies are headquartered in Lisbon because of its attractiveness due to the geographical location and offered quality of life.

Competitive Position

The location chosen for the concept "SPICE-IT.UP Team-cooking experience" is the Santos neighborhood in Lisbon. The nearest competitor, "Kiss the cook" is in LX Factory in the Alcantara neighborhood. Santos is chosen because of its central location and easy accessibility by public transportation.

Management Team

The Management Team consists of two co-partners of "SPICE-IT.UP Team-cooking experience". It is I the author, Pelin Afat, the founder and Chief Executive Officer (CEO) and the Management Director. The CEO is the final decision-maker, being able to overrule the other partner. The CEO will be responsible for the front office and the Management Director the back office. The Management Team is providing the required investments (if needed) by deposits from their personal capital. The investment is equal to the shares of the business and a quarterly profit payout to the owners as well as the liability and bearing of further (un-) foreseen expenses. The CEO holds 51% of the shares and respectively the Management Director holds 49% of the shares.

In addition to the available financial capital, the owners provide their manpower to the business. In order to compensate for the Management Team's daily efforts and ensure their sustentation, a reasonable monthly salary of EUR 1000 per managing team member is paid.

Future

The initial plan is to establish a profitable coaching concept and test its viability in the Lisbon market. Should it succeed, plans of expansion have been made to open restaurants with similar concepts internationally, which could be done through strategies such as via retained earnings or the franchising concept.

Financials

It is expected a moderate growth for the concept with reported incomes in 2020 and 2021. An initial investment of 31,580 Euros to begin the operations is required which the CEO and the Management Director will cover.

Company Description

“SPICE-IT.UP Team-cooking experience” is a business venture based in Lisbon, which will operate a restaurant for coaching purposes under the name “SPICE-IT.UP Team-cooking experience”. The company will be providing team-building experiences via cooking classes guided by professional trainers. The target group is mainly companies that have the awareness about the importance of good teamwork and are willing to invest in their employees through team-building events offered by “SPICE-IT.UP Team-cooking experience”. The company headquarters and the first coaching kitchens are to be located in one facility in Lisbon.

Company Vision

“SPICE-IT.UP Team-cooking experience” vision is to achieve excellence in providing a unique team-building experience through professional coaches who are chefs as well offering culinary classes and exceeding industry standards with a personalized learning, networking and team spirit enhancement experience.

Company Goals

Clients: providing an excellent coaching service with fresh and delicious food in a fun-filled and relaxed atmosphere; guaranteeing a memorable team-building experience.

Employees: working in a great environment, where everyone is inspired to perform to the best of their abilities.

Partners: establishing a winning network of suppliers and partners, creating mutual value together.

Planet: making a difference by helping to build and support sustainable communities.

Profit: being a highly effective and fast-moving company in order to expand and maximize returns.

Company Mission

"SPICE-IT.UP Team-cooking experience" provides a premium, yet innovative team-building experience as a cooking course in Lisbon. In the modern coaching kitchens, the focus is on teaching not only how to cook, but also how to cook together as a team. The coaching is about building trust, facing challenges, collaborating and creating a special atmosphere among people who are engaged in the cooking process. The aim is to reach this goal by fulfilling a simple program: teams come together, cook alongside our professional coaching chefs and then enjoy a meal all together - at the end everybody is having a good time and a pleasant experience from the group event.

"SPICE-IT.UP Team-cooking experience" aims to achieve and maintain a first class reputation for services, hospitality, comfort and quality, which draws in new and repeat customers year after year. Therefore the mission is to make customer's time spent in the coaching kitchen useful, enjoyable and memorable.

Company Values

Quality - guarantee the highest level of quality in the services provided.

Passion - coaches who are passionate about what they do.

Coaching - a key term in the business concept. "SPICE-IT.UP Team-cooking experience" provides a coaching experience to the customers and, at the same time, aims to learn with them, to always further improve the business and service offering.

Collaboration - we are in constant pursuit to exemplify the high levels of collaboration we teach in our cooking classes.

Development to date

"SPICE-IT.UP Team-cooking experience" is planned to be established in late 2019 and shall start its operations in January 2020 by opening the first restaurant in Lisbon. Yet these terms depend on finding the right two partners with whom the company will be run.

Legal Status

“SPICE-IT.UP Team-cooking experience Lda.” will be registered in Portugal, Lisbon as a Private Limited Liability Company (LTD/Lda.). The company name will be “SPICE-IT.UP Team-cooking experience Lda.” and the coaching-concept will operate under the name “SPICE-IT.UP Team-cooking experience”.

Business Plan Objectives

General Objectives of “SPICE-IT.UP Team-cooking experience Lda.”

The general objectives are taken from the mission statement, and they are as follows:

- Provide a customized team-building experience for companies;
- Focus on team-building - building trust, facing challenges and collaborating;
- Ensure a high class coaching experience through cooking in a team;
- Secure annual profitability and continuous growth of the business, which allows scaling the startup.

Specific Objectives of the Business Plan:

- To describe the concept in detail;
- To analyze the market in Lisbon, where the business will be operating;
- To perform a competitive analysis;
- To determine the marketing, technological and organizational strategies;
- To specify the requirements needed for the implementation and growth of the concept;
- To create a financial forecast of the viability of the concept;
- To define a growth strategy for the internalization of the company;
- To establish an exit plan for the business.

1. Introduction

*"Coming together is a beginning. Keeping together is progress.
Working together is success."*

Henry Ford

As per the Henry Ford quote above, teamwork is not about the result. It is more about the bond, which the team members create during working hard towards their end goal. Before making a decision about the best team-building exercises for a specific team, it is important to be clear about the purpose of the outcome. Why should the team do a team-building exercise? Which areas within the team need improvement?¹

Due to the effects of globalization, companies are under increasing pressure to perform better than ever. High-level targets must be met and revenues must be generated. In order to achieve these goals, a single person is not enough. It requires a whole team to come up with viable solutions or to make important decisions. Therefore, strong teams and efficient teamwork are essential to succeed in the prevailing global market. For the sake of creating good teams, team-building activities are proper instruments and are recommended.

After having worked for large corporations such as Siemens AG, BMW AG and KPMG AG and having taken part in several team-building events, some of my views are that team-building activities do not generate enough value to the employees and therefore the employees tend to have a split opinion about the activities offered. Either the goals have not been clear enough, not every participant understood its purpose from the beginning or not every single participant was involved in the exercise.

Another problem can be that most of the participants do not have the feeling of being closer to the goal "working better together". As a result the employees are not getting the feeling of making any progress and therefore are most probably not even interested in taking on another coaching. Hence, I have found a gap, which needs to be closed, as working in teams is still becoming more and more important.

As cooking is my passion and I have truly enjoy it since my university years, one day I was asked by my classmates to teach them how to cook delicious Turkish food. After having

¹<https://books.google.de/books?id=4rPqDQAAQBAJ&pg=PA308&dq=teambuilding+events&hl=de&sa=X&ved=0ahUKEwiyyL3okZfdAhVMmbQKHfU3CzMQ6AEIJzAA#v=onepage&q&f=false>

invited them, I realized that it is not easy to handle a group of people all together at the same time in a kitchen. Cooking in teams requires many different skills. The process is very complex and has to be guided by a person who has control over the group. Therefore, I divided the work into cutting, cooking and cleaning up based on the people's strengths. In the end, everybody was very satisfied with the outcome, we had lots of fun and I had the idea to turn this into a business.

This business plan will present the coaching concept, where a customized team-building experience is provided in a kitchen. The plan is divided into three parts:

The first part, which includes the chapters "Introduction", "Literature Review" and "Defining the Concept" describes the origins of the idea and highlights the importance of entrepreneurship, team-building and cooking as a team-building event. Furthermore, the reader can find an extensive elaboration of the concept.

The second part covers the chapters "Methodology" and "Marketing Plan", where based on detailed research a market analysis and an in depth analysis of the market forces are presented. In addition to that the Porter's Five Forces analysis will be applied, in order to define the strengths, weaknesses, threats and opportunities of the business idea.

The third part, which includes the chapters "Implementation Plan", "Financial Plan" and "Conclusion", deals with the technological and organizational implementation strategies. In addition, the reader can find the business expansion plans based on the calculations made, the potential exit strategy and a brief conclusion.

2. Literature Review

As mentioned in the introduction, the basic assumptions of the business plan "SPICE-IT.UP Team-cooking experience" are, that companies are increasingly looking for team-building. Coaching can assist through bonding within the team, in order to work in a more efficient manner and to perform better in the market. As working in teams is gaining importance rapidly and having identified this gap, the literature review below will analyze through secondary research the assumptions set.

Firstly, the meaning of the term entrepreneurship and the importance of writing a business plan will be analyzed. Secondly, you can find insights into the relevance of team-building activities and the respective effect on the employees and companies. Thirdly, will be examined if cooking is a valuable team-building activity.

2.1. Entrepreneurship and business plans

The business world is changing faster than ever before. One single idea can overturn the balance of a market overnight and new businesses can grow more rapidly. Hence, entrepreneurs and entrepreneurship are becoming incrementally more important for the economy.

There are several definitions of entrepreneurs and entrepreneurship. Cantillon (1680-1734) was one of the first ones to describe entrepreneurs as salesmen who are buying goods to a certain price and selling them at an uncertain price. Whereas Schumpeter (1939) defined that entrepreneurship emerges under five conditions of newness: new goods, new production methods, new markets, new sources of materials, or new organizations. On the other hand, Weber (1978) suggested that entrepreneurship means satisfying people's needs through an exchange while making profit. The latest definition is that entrepreneurship is a process filled with vision, change and creation (Kuratko & Hodgetts, 2007).

The requirements for this process are the application of energy and passion in order to implement the new ideas. Furthermore the entrepreneur needs to take into account that time, equity and career will be under risk. The capacity to establish an effective venture team, to plan the needed resources, to set up a solid business plan and to discover early enough the opportunity which others do not realize is the key to success. In modern common usage and generally accepted, is the definition that entrepreneurship is a process that includes the

discovery, evaluation and benefit of opportunities to bring out new products or services (Shane & Venkataraman, 2000).²

Entrepreneurship has long been the driving force behind economic growth and job creation through innovations. Inefficiencies in the economy can be identified and diminished by entrepreneurs. According to the latest EY Job creation survey, 59% of entrepreneurs all over the world have stated that they expect to increase their workforce in 2016, while 28% of corporations claimed that they expected to create new jobs. High-flying entrepreneurs have figured out how to do things better and to compete with already established businesses.³

Both, policy makers and economists have recognized the importance of entrepreneurship for achieving economic growth. In particular the creativity and independence of entrepreneurs grant higher levels of economic activity. According to Audretsch & Keilbach (2003: 3) "*Entrepreneurship has become the engine of the economic and social development throughout the world.*" The role of an entrepreneur is described differently by different authors of economic literature Schumpeter (1934) emphasizes the innovation aspect of the entrepreneur's role, while Knight (1921) underlines the risk-taking aspect of the entrepreneur and lastly Kirzner (1973) highlights the role of the entrepreneur in leading markets to an equilibrium. Acs (1992) argues that small companies play an important role in the modern economy, as they stimulate industry evolution by being a source of significant innovative activity and generating new jobs.

Some of the most renowned entrepreneurs like Bill Gates, Mark Zuckerberg and Michael Dell, have established companies that disrupt, shape and enhance important business domains. They represent the "ideal type" of entrepreneurship. Nevertheless, most founders establish ventures that carry on as small businesses for life. However, even these small new businesses play a significant role as a considerable economic force. In conclusion, both big and small new ventures have an impact on the absolute gross national product (GNP), employment levels and their potential for social and economic influence.⁴

²<https://books.google.de/books?id=9vFfAwAAQBAJ&printsec=frontcover&dq=the+psychology+of+entrepreneurship&hl=de&sa=X&ved=0ahUKEwijnhqa-2oXVAhVoIMAKHQ9QDhcQ6AEIJTAA#v=onepage&q=the%20psychology%20of%20entrepreneurship&f=false>

³[http://www.ey.com/Publication/vwLUAssets/ey-job-creation-survey-2016/\\$FILE/ey-job-creation-survey-2016.pdf](http://www.ey.com/Publication/vwLUAssets/ey-job-creation-survey-2016/$FILE/ey-job-creation-survey-2016.pdf)

⁴<https://books.google.de/books?id=9vFfAwAAQBAJ&printsec=frontcover&dq=the+psychology+of+entrepreneurship&hl=de&sa=X&ved=0ahUKEwijnhqa-2oXVAhVoIMAKHQ9QDhcQ6AEIJTAA#v=onepage&q=the%20psychology%20of%20entrepreneurship&f=false>

After having analyzed the meaning and importance of entrepreneurship, the following part will describe the relevance of writing a business plan.

For an entrepreneur, writing a business plan is one of the most important elements of creating a new venture. Every company concept requires a business plan, which is diligently executed. A business plan is a written document, which describes the opportunity, business purpose and the techniques required to achieve the business goals. It serves as a road map for the venture. A business plan has mostly two main objectives. As the first objective, it serves as guidance, a strategic planning paper and the basis of making strategic decisions for the entrepreneurs. All the relevant detailed information about the company's past, current and future operations are to be tracked. In the case of a new venture, the future projections should be based on the current research performed about the industry. In order for it to be of value it is important to keep the business plan up-to-date.

The second objective of the business plan is to support raising money from banks, investors or other lenders (Deakins and Freel, 2012). There is no such thing as a standard business plan template, however there is a common understanding about the main elements and characteristics it should consist of. They should be precise, in a particular order, complete, easy to read and understand (Bessant and Tidd, 2011; Ekanem, 2017; Hodgetts and Kuratko, 1992; Pinson, 2008):

- Executive Summary: It summarizes the content and purpose of the completed business plan by highlighting the key points. It specifies the role of the entrepreneur, the company's field of activity, the goals and future projections of the company and means to achieve the goals set. It is a crucial part of the business plan and needs to be attractive as it determines if the reader will continue to read the rest of the plan.
- Introduction: It should give sufficient information about the background of the business, how the idea was born, the business name, activities and its unique selling point.
- Business Description: It includes an in-depth description of the company, where the company concept, the product or service offered and the industry will be outlined. The uniqueness of the product or service offered for the consumer must be clarified. Furthermore, it contains the mission statement of the company.
- Market Analysis: in this part, using primary and secondary research analysis will project the results of the market analysis research. It includes the market size, the target market and the competitors.

- Marketing Plan: It contains the features of the product or service and how it differentiates from the others offering a similar product/service. It discusses in detail the product, price, placement, promotion and the way consumers are to be attracted.
- Human Resources: This part provides information about the organizational structure, key people and their functions, recruitment and training.
- Financial Plan and Forecasting: It covers the start-up costs, pricing strategy and projecting financial statements, such as the cash flow statement and profit and loss statement.
- Risk Assessment: It deals with all the hidden hazards, which need to be considered and documented on a conscious level in the business plan.
- Conclusion: It sums up the business plan and concludes the main purpose of the plan. It provides a summary of the business case, justifies the reasons for future success or failure.

Altogether, a business plan serves as an essential tool for the entrepreneur to write down exactly where the business is heading and how the entrepreneurs intend to get there. It helps to have a firm control over the business and notes the fixed set of criteria, which will be considered by every decision taken. As it is an ongoing process, it needs to be continuously updated (Bessant and Tidd, 2011; Ekanem, 2017; Hodgetts and Kuratko, 1992; Pinson, 2008).

2.2. The importance of team-building activities

2.2.1. Definition of a team

A broad consensus can be found in the respective literature about the definitions of the features of a team. Katzenbach and Smith (1993) have noted that a team is a group of a small number of people with complementary skills who are working to a common goal for which they hold themselves mutually accountable. Ducanis and Golin (1979) extend the definition by stating that regular communication, coordination, distinctive roles and interdependent tasks are additional important features. Teams can be viewed as a three-stage system, where they use resources (input), maintain internal processes (throughput) and bring out specific products or services (output). As per this model, the necessary prior conditions (input) together with the processes (throughput) of maintaining teams, define the characteristics of effective teams. Mostly, these two phases highlight the issues for team development and training, whereas the outcome (output) is used to evaluate team effectiveness.

The use of teams has been proven by a series of studies, reporting the positive relationship between team-based working and the quality of products and services offered by a company (Mickan and Rodger, 2000).

According to Nazzaro and Strazzabosco (2009) a team falls into three areas: their way of feedback and communication, their behavior and conduct courtesies and their ways of approaching tasks and problems. The way of feedback and communication describes how the team members talk to each other, clarify their expectations and react to others ideas. The researchers recommend asking for help within the team when it is needed, to give positive and negative feedback but in a constructive way. The behavior and conducting courtesies describe the agreements that the team members have agreed on their responsibilities within the team. These responsibilities might be taking turns with speaking, remaining open-minded and respect all different ideas or encouraging full participation of each team member.

The way of approaching tasks and problems is an indication about the functionality of the team as a whole team. If a team member has a problem it should be seen as a team problem. They should learn from failures and discover new ways to improve themselves.

2.2.2. Definition of team-building activities and their effects

"Not finance. Not strategy. Not technology. It is teamwork that remains the ultimate competitive advantage, both because it is so powerful and so rare." This observation is from Patrick Lencioni's best-selling book, *The Five Dysfunctions of a Team* (2002: vii) and shows the relevance of teams being a central element in well- functioning organizations.

Lencioni is of the opinion that the power of teamwork is, if you get all people in an organization rowing in the same direction within the company, it can dominate any industry against any competition. Due to the fact that teams are made up of imperfect human beings, they are inherently dysfunctional. Nevertheless, building a strong team is possible yet can prove to be challenging. The key to success is mastering a set of behaviors that are in theory simple, yet very difficult to put into practice on a daily basis. Only groups that overcome the all-too-human behavioral tendencies that corrupt teams can achieve success (Lencioni, 2002).

Team-building as a development process comes along with the process of organisational development (Cresswell, 2009). French, Bell and Zawacki (1999) note that organizational development has the aim of addressing the issues of the human resources of an organization. According to Grievies (2000), organizational development began to emerge as a topic during

the late 1960s and was mainly focused on planned interventions, which affect the organizational development.

The latest definition of organizational development has been given by Robbins et al. (2008) and highlights it as a planned change intervention that is *"built on humanistic-democratic values that seek to improve organizational effectiveness and employee well-being"* (2008: 657). Furthermore Robins et al. (2008) argue that planned change has two main goals: helping the organization to adapt to changes and changing the behavior of the employees. One of the ways to of change intervention is team-building.

According to Dyer (1977) team-building is related to a condition within the team, which needs to be improved. Whereas for Beer (1980), team-building is a process, where the team members realize how they work together and determine by themselves, which improvements need to be made in order to become a more effective group. Boss (1983) defines team-building as an act for improving effectiveness by asking the team to work commonly on solving a problem.

As a result it can be said that team-building is a concept used in companies to stimulate teamwork. Its objective is to enhance team spirit, team synergy, increasing motivation, aligning with change programs, increasing productivity, resolving conflicts and to strengthen the relationship within the team (Kriek, 2007).

Several kinds of team-building activities can be applied in order to enhance the effectiveness of teams. Team-building activities are a series of actions, where a group of people works together in a cohesive manner. In order to have a lasting impact, the activities should include auditory, visual and kinesthetic elements. The exercises can be fun in order to break the ice or informational and educational to bring everyone to the same competence level. The activities can take place in various different kinds of locations for example at the office, at convention centers or city parks and the activities can be undertaken with or without equipment (Peragine, 2007). They are composed of a program focused on the areas, which needs to be improved in the team. According to Gmeiner & Van (2001) these interventions may have emphasis on fun such as paintball, simulation on workplace dynamics such as ropes courses, or problem-solving activities such as experimental games to ascertain roles and personality.

Views in the area of the effectiveness of team-building activities are very diverse. While Katzenbach and Smith (1993) state that by applying team-building to any group can transform itself into a high performing team whereas Salas et al. (1999) state in their research that there was no significant effect on the teams reviewed. Wolff (1988) and Sheerwood (1980)

emphasize that in their findings was no significant tendency for individuals in groups receiving team-building activities to express greater agreement on the common goals.

According to Harvey et al. (1998) the effect of team-building activities depends on various factors, including the organization's culture, effectiveness of team leadership, organizational culture and so on.

2.3. Cooking as a team-building activity

"Food is a universal language and nothing brings people together better creating a meal" (Kurtz and Boone, 2009:320).

Encouraging people to work together in new ways can prove to be challenging. As described above, many kinds of activities can be undertaken for the purposes of team-building. The activities can range from outdoor to indoor adventure courses, informational courses in the office or simply as survival simulation games. The current trends are to arrange for activities that make learning both enjoyable and educational. Coaching service providers arrange camping trips, golfing and even canoeing a river. Nonetheless, not everyone is keen to canoeing or playing golf. Whereas it can be assumed that more people do like to participate in preparing a meal as every human being needs to eat. In addition, coming together in the kitchen to prepare a delicious meal can be fun and motivating at the same time. Executives from Microsoft, Dell and Amgen have made use of attending cooking classes. They firmly believe that through cooking together as a team, it is possible to break the ice between the people and as a result stronger team members with increased sales and management skills can emerge from the activities undertaken (Kurtz and Boone, 2009).

A cooking course can be especially beneficial for dysfunctional teams, as during the activity the trust and communication skills, which are some of the most important elements of effective teams, can be enhanced. Cooking classes offer some unique links to the workplace, as a product, in this case a meal, is being produced in real time, it makes it rather easy to evaluate the work done. In addition to that, the kitchen is an excellent place to improve collaboration, as mistakes can easily be made and the situation has to be managed at all times (Stroh et al., 2002).

2.4. Similar competition

Various different types of team-building activities can be found in Lisbon. Some of the most famous activities are the "Lisbon Photo Challenge", the "Tagus River Regatta" and the

“Sintra Team-building Games”. When further looking into activities with the focus on cooking, there are two restaurants that offer such classes: “Kiss the Cook” and “Cooking Lisbon”. Both of these places are concentrated on teaching how to cook recipes from the Portuguese cuisine and on learning various kitchen tricks and secrets from a chef.

“Kiss the Cook” is based in LX Factory and its unique selling proposition is to offer an unforgettable cooking event, where the people can cook their dishes, listen to music and drink good wine - all guided by a professional chef.⁵



Figure 1: Logo Kiss the Cook

Source: <https://kissthecook.pt>

“Cooking Lisbon” has its restaurant in Anjos neighborhood and is also specialized in offering different cooking classes. Their customers can choose between traditional cooking, gourmet and pastry classes. Additionally, they also offer food-related market and walking tours.⁶

⁵ https://kissthecook.pt/en/KissTheCook_Corporate-EN.php

⁶ <https://cookinglisbon.com>



Figure 2: Logo Cooking Lisbon

Source: <https://cookinglisbon.com>

As a result it can be concluded that the “SPICE-IT.UP Team-cooking experience” coaching kitchen would provide a unique team-building experience through coaching in combination with cooking which does not yet exist in the market of Lisbon.

3. Reference table

The reference table will give a schematized presentation of the main issues encountered in the literature review.

Reference table	Research question	Findings/results
Entrepreneurship and business plans	What is entrepreneurship?	Entrepreneurship is a process, which includes the discovery, evaluation and benefit of opportunities to bring out new products or services.
	Why are entrepreneurs important?	Entrepreneurs are a driving force behind economic growth and job creation through invention.
	Why is writing a business plan important?	A written business plan serves as an essential tool to write down where the business is heading and how to get there. It helps to have a control over the business.
Importance of team-building activities	What is a team?	A team is a group of people with complementary skills who are working to a common goal.
	What is team-building?	Team-building is a concept used to stimulate teamwork.
	What are the effects of team-building?	Team-building is enhancing team spirit, team synergy, increasing motivation/productivity, resolving conflicts within the team and developing efficiency.
Cooking as a team-building event	Why cooking as a team-building event?	Food is a universal language and nothings brings people together better creating a meal. It is beneficial for dysfunctional teams, as trust

Similar competition		and communication skills, which are the most important elements of effective teams, can be enhanced.
	Who are the main competitors and what is their core business?	The main competitors are “Kiss the Cook” and “Cooking Lisbon”. Both are concentrated on teaching a meal while “SPICE-IT.UP Team-cooking” focuses on coaching the team towards an effective team while cooking a meal.

Table 1: Reference Table

Source: Author elaboration

4. Research methodology

The methodology chosen for this business plan is divided into two parts, as it is an "innovative business plan". Within the "innovative" part of the business plan the author creates something pioneering which should lead to a successful business. Hereby the author elaborates the "innovative" idea by herself and writes down how the business idea will look like in detail in the chapters "Defining the concept" and "Implementation Plan". Whereas at the chapters "Literature Review", "Marketing Plan" and "Internalization" is a qualitative research method applied through using secondary literature, articles, reports and electronic paper. According to Denzin and Lincoln (1994: 2) "qualitative research is a multimethod in focus, involving an interpretive, naturalistic approach to its subject matter." Which means that the fields of research need to be investigated in their natural settings while the researcher needs to attempt to make sense of, or interpret phenomena in terms of the meanings people bring to them. Empirical materials like case study, interviews, observational, historical, interactional and visual texts describing the meanings of the individuals, needs to be involved for qualitative research. However, the effectiveness of qualitative research is heavily based on the skills of the researcher and his personal judgments and interpretations (Bell, 2005). To sum it up the business plan "SPICE-IT.UP Team-cooking experience" is a mixture of a qualitative research and the author's interpretation.

5. Defining the concept

5.1. Introduction

The concept of "SPICE-IT.UP Team-cooking experience" integrates for the first time professional coaching with a high-quality cooking course. Adults prefer to participate in learning tasks in an active way (Annex 1). Cooking in particular is an activity many people are interested in. Therefore cooking can be a rather promising approach in terms of coaching and teambuilding activities.

The challenge of this concept is how to create the perfect symbiosis of professional coaching and a premium cooking course, to satisfy the customers needs to the maximum extent. The training has to create added value against the typical seminars offered by established coaching agencies.

With an actively engaged management team and excellent expert coaches collaborating in a modern and creative atmosphere, the concept offers a completely new experience. Therefore, "SPICE-IT.UP Team-cooking experience" and the corresponding market assessment are essential for the success of the business. In order to specifically define the necessary customer related details of the concept, the market is carefully analyzed and conclusions are drawn regarding the following:

- Services offered
- Quality of the coaching course including the menu
- Menu for the course
- Price of the course
- Location of the company
- Atmosphere of the cooking kitchen
- Management of the company
- Image: Name & Logo

Finally the mission statement and advertising slogan are formulated to precisely approach the customers and inform them about the services offered. The analysis is focused on the coaching services but incorporating the cooking part based on the approach of "The restaurant, from concept to operation" by Walker (2008).



Figure 3: From concept to operation

Source: The restaurant from concept to operation adapted from Walker, 2008

5.2. Concept

Team-building coaching's are standard seminars for companies offered by many established adult training providers. In most of the coaching lessons, examples from practical experience and role-play are used to teach individuals or groups. The coaching usually takes place in classrooms. Some seminars offer coaching in a specific environment, for example in a survival camp or on a climbing parcours.

According to Vermeir & Verbeke (2006) the interest in cooking is steadily raising and people are spending more money on good food than ever before. This is reflected also in cooking courses having more and more participants. Especially TV cooking shows have helped make cooking more popular and are attracting increasingly large audiences. Due to the positive economic situation in Europe and the low interest rates, semi-professional kitchens have become prestige objects that are being installed in many households.

Cooking has become an essential part of a healthy lifestyle and has captured the interest of many people. Furthermore, the awareness of the benefits of healthy nutrition has become increasingly evident, especially among the target group of our concept. "SPICE-IT.UP Team-cooking experience" targets teams from medium to high-level management personnel, their colleagues and their staff.

The teams are faced with the challenging task of cooking a high-class menu in the coaching kitchen. Due to the complexity of preparing a menu in a limited amount of time, with a group of people, who themselves are not skilled chefs, can be considered the perfect team-building challenge. The level of difficulty can vary through several different measures.

Depending on the individual aim of the participating group, the number and type of dishes can differ from one event to another. Brief or detailed instructions and recipes can be provided in advance or on short notice. Information can be released either to the entire group or only to selected individuals. If the latter is carried out, the challenge already starts with the communication of the task to the team. For bigger teams, the selection of the beverages or the preparation of the dining room can be additional tasks to be undertaken. The teams can be instructed on how to solve the tasks or have them figure it out amongst themselves.

Finally, it can be rather revealing if and which members of the team e.g. will serve the dinner. Has there been a change in the behavior and better understanding for the other team members? How do the individuals see themselves within and after the coaching? A very important element of the coaching is the self-reflection of the participants. Moreover the helpful feedback to the other members of the team will be trained and used extensively. A detailed outbrief for each participant as well as the whole group will finalize the coaching before the dinner.

In conclusion, the combination of coaching with professional cooking courses is the perfect symbiosis of a learning experience together with a challenging team event. As the cooking takes place in a group, our professional coaches are able to initiate the team-building processes in a very effective manner. Cooking a complete high-class menu can prove to be a real challenge, where a lot of coordinated actions have to be taken. The planning and preparation process of creating the menu, as well as the set of the table for dinner as the final team event is a demanding task too. With a group of up to ten people, cooking the menu requires a lot of collaboration. The task offers many possibilities to form the group as a high performance team.

5.3. Services

The main service offered is the coaching for the team-building by a professional trainer. The coaching is implemented into a cooking course, to provide a live learning experience to the participants. Thus, the cooking course is the secondary service to create the special environment for the coaching. In addition, supplementary services needed to arrange a flawless training, like transportation or accommodation for the customer can be provided.

The coaching starts with the analysis of the team situation in the real working environment of the customer. An in-depth understanding of the problems as well the goals of the customer are necessary in order to tailor the coaching. Once the customer situation is analyzed, the recommended individual coaching method to solve the circumstances is presented. The proposed solution includes the type of coaching, the optimal trainer, the participants as well as the menu to be cooked.

In general two different types of giving the course are possible. The first option is the "feel-good" coaching course. The atmosphere is relaxed and the trainer is leading the group in a very helpful, positive, informative and comfortable atmosphere. Whenever conflicts arise, solutions are found in a constructive and harmonic way. In such a scenario, the coach would also be helping the group to achieve the best cooking result possible. The feel-good course is suitable as motivational incentive to successful teams.

The second option the "unwell" coaching course, is aiming to escalate the conflicts, if necessary to a maximum. The atmosphere is relaxed in the beginning, but the coach will lead the group into heavy conflicts. The aim is to force the participants to behave like they do in real life situations. The learning points should then become clear at the end of the training, by developing better strategies to deal with the situation and analyzing what happened.

The approach to offer two different types of the coaching course, guarantees the effectiveness and enduring success of the course. In order to prevent misleading coaching the understanding about the different types of courses and the agreement of the customer is required. Stressing a sensitive team with the "unwell" coaching might create disappointment. The "feel-good" coaching course might not solve the problems of a team with strong characters. The correct choice of the coaching type is very important and will lead to the optimum team-building result.

5.4. Quality

The quality of the coaching as well as the menu has to be on a high level. The trainers need to be experienced not only in coaching but also in cooking. The courses are well prepared and structured to lead the participants to a maximum team-building result. The ingredients used for the cooking class need to be fresh and of high nutritional value in order to satisfy the premium demand of the customers. This high quality requirement has also an impact on the pricing. The cost for the course is relatively high but justified because of the high quality provided.

5.5. Menu

The menu can have from three to five courses, including a starter and a dessert. The customer can select from several menus with different national and international styles, including seafood and a vegetarian menu. The complexity of the menu can be adapted to the skills of the group, specific requirements of certain religions are respected. Regional Portuguese cuisine is the standard menu to be cooked. The assumed knowledge of the local dishes is convenient if the participants are not to be challenged too much. Due to my roots the special recommended menu of "SPICE-IT.UP Team-cooking experience" is based on the Turkish cuisine. The Turkish menu will be a once in a lifetime experience.

If multicultural teams are participating in the coaching, dishes from different countries of origin can be combined. This multicultural menu representing the participants can be seen as a metaphor for the team.

The coaching course has a duration of 6 hours and starts at 2:00 pm. To complete the coaching the group will enjoy the results of their work by having a nice dinner at 8:00 pm. During and even before the meal, feedback is given and conclusions are made. After the end of the course the group is free to stay and continue to celebrate the successful team-building event. The beverages consumed after the end of the course at 10:00 pm have to be paid in addition.

5.6. Prices

In order to be able to provide a high quality coaching and cooking, prices for the course per person are EUR 160 in total. The price consists of EUR 100 for the coaching and EUR 60 for the ingredients including beverages and any additional expenses occurring for the coaching kitchen.

5.7. Location

The location has to provide a modern, stylish and functional place for the "SPICE-IT.UP Team-cooking experience" coaching. The suitable location would be a place where both the coaching kitchen and the building attracts the participants. It has to create a sophisticated atmosphere, which is necessary to generate the significant impression to the participants to feel important.

The location must fulfill all the required rules and regulations to ensure adherence to the necessary safety and hygiene measures. Moreover, the location has to be easily accessible by public transportation such as the railway and bus or by car. Parking spaces for cars as well as coaches are needed.

In general, the location and the overall interior of the venue need to reflect the premium level of the concept by having high quality design, building materials and kitchen appliances etc. The following building in Santos, Rua da Cintura do Porto, Lisbon has been identified:



Figure 4: Location view from Rua da Cintura do Porto

Source: <https://maps.google.de>



Figure 5: Location view from rear to Rua da Cintura do Porto

Source: <https://maps.google.de>



Figure 6: Location birds view from south

Source: <https://maps.google.de>

5.8. Atmosphere

The atmosphere is an important element for the concept to be successful. With for example the control of the light and the style of the decoration, the participants can be influenced according to the "feel-good" or "unwell" coaching approach. Warm light with high rates of green and blue creates a relaxed atmosphere. Cool and bright lights stress people and make them more aggressive in conflicts. In order to adjust the light in accordance with the coaching style chosen, controllable direct and indirect illumination is required. The music played should have a significant effect on the participants as well in this matter. Therefore, a capable audio system that can also be used for announcements if necessary is required.

5.9. Management

The CEO is the head of the company. The operations of "SPICE-IT.UP Team-cooking experience" are organized in the back and the front office. The CEO represents the company and acts as the leader of "SPICE-IT.UP Team-cooking experience". The main tasks of the CEO are to represent, network and push forward the business both externally and internally.

The CEO is the face and the engine of "SPICE-IT.UP Team-cooking experience". Therefore strong communication, leadership and entrepreneurial skills, as well as a positive steadfast willingness to run the business are mandatory skills for the CEO. Also covering the

front office, which is in charge of the Marketing & Sales, Customer Care and the conduct of the courses.

The back office covers Human Resources, Procurement, Financial as well as Facility and Quality Management, and is headed by the Management Director.

The management consists of these two co-partners of "SPICE-IT.UP Team-cooking experience". All the members of the management team need to work autonomously and with discernment, as they do have the full responsibility for their area of responsibility.

The CEO is conducting the coaching course by herself. To do courses in the two cooking kitchens in parallel a second cooking coach is required. Therefore at the beginning a cooking coach, the only one employee is hired. The cooking coach will support the CEO and run the course in the second cooking kitchen.

5.10. Image

The image needs to be informative, concise and clear. It has to substantially impress the customer. It should also reflect the corporate identity of the company. The identity should not be captured only on the logos and the design of the location, but also in the overall behavior of the staff. Everything must fit together and come across as a whole to the customer.

5.10.1. Restaurant name

The restaurant's name is an important element of the business concepts image. The customer should associate the specific services and the style of the restaurant to be expected already with the name. It has to create an interest, motivating people to get curious what is behind the name. Moreover, it should be easy to recognize, to pronounce and to be captured in the mind of the people. Because we are addressing our services also to foreign guests visiting Lisbon the restaurant name needs to be understandable international. To reflect the idea of a progressive change we chose the name:

"SPICE-IT.UP Team-cooking experience"

The clients can expect that due to our team cooking experience getting additional seasoning, which brings up their operational benefit, will spice their business.

5.10.2. Logo

Recognition of the restaurant's name is an important element of the image as well. The customer usually is attracted when the logo jumps into the eye, giving a first impression of what is offered. The red pepper is an eye catcher to remember the company and the additional text gives a clear hint of the services provided.



Figure 7: Logo SPICE-IT.UP Team-cooking experience

Source: Author elaboration

5.10.3. Mission Statement

"SPICE-IT.UP Team-cooking experience" provides a premium, yet innovative team-building experience in the form of a cooking course in Lisbon. In the modern coaching kitchens, the focus is on teaching not only how to cook new recipes, but also how to cook together as a team. The coaching is about building trust, facing challenges, collaborating and creating a special atmosphere among people who are engaged in the cooking process.

The aim is to reach this goal by fulfilling a simple program: teams come together, cook together alongside our professional coaching chefs, develop their communication skills, learn to trust each other and then eat together - at the end everybody is having fun, pleasure and good experience by enjoying the group event.

5.10.4. Advertising Slogan

"SPICE-IT.UP Team-cooking experience"

6. Marketing Plan

6.1. Introduction

The information for the marketing plan is acquired systematically, in order to better understand the market and help identify factors that can have an impact on the business. It is important to complete an in-depth analysis in order depth to answer the following question: "Is there a need for this coaching concept?" Therefore, this chapter consists of an external and internal market analysis as well as a SWOT analysis. I will present the critical success factors and outline a business strategy through a Marketing Mix.

6.2. PESTLE Analysis

The PESTLE Analysis is a situational analysis tool for businesses to evaluate the external highly dynamic business environment (Gupta, 2013). The external environment the business operates in, has many factors that cannot be controlled by the company (Cadle, et al., 2010). Therefore, in order to obtain an accurate understanding of the business environment as a whole, these external factors must be taken into consideration, properly evaluated and the respective conclusions drawn.

6.2.1. Political factors

The political system in Portugal is a semi-presidential parliamentary democracy, where the President is the Head of State. The Head of State has only limited power due to the fact the Government holds the key executive role. Portugal has been governed by a minority Socialist Government led by Prime Minister Antonio Costa since October 2015. He has been leader of the Socialist party since 2014 was part of the Government as Minister for International Affairs and Minister of Justice. While the President Marco Rebelo de Sousa comes from the right of centre Social Democratic Party and is the President since 2016..⁷ The political situation in Portugal is stable, the government is capable to rule the country and represent it in the European Union therefore no problems are expected which can effect the business.

6.2.2. Economic factors

The Bank of Portugal has stated in its forecasts that the Portuguese economy has registered a 2.1% increase in 2018, which reflects a slight slowdown to the previous year

⁷ <https://www.gov.uk/government/publications/overseas-business-risk-portugal/overseas-business-risk-portugal>

(2.8%), which is still above the Eurozone average (1.9%). It is a clear sign that the country is recovering from the financial crisis (2011) through the applied reforms.

According to the Bank of Portugal, the domestic demand behaves similarly to the GDP, whilst imports (plus 4.1%) and exports (plus 3.6%) have slightly slowed down. Furthermore, a positive trend is visible with the unemployment rate, which has declined to 7%. Thus, this number demonstrates that the Portuguese economy is blossoming not only through the growth of the existing companies, but also through the entry of international companies and the creation of new businesses. Besides that, the Bank of Portugal predicts a slight slowdown in the economy at the end of 2019, with an estimated GDP growth of 1,8%. Nevertheless the unemployment is expected to continue to remain on similar levels and should reach a slight slowdown from 7% to 6,2% by the end of 2019. Whereby the public debt, interest rates stay at very low levels and the government's estimate a total of 118,5% of GDP at the end of 2019.⁸

6.2.3. Social factors

The current population of Portugal, based on the latest United Nations estimates is 10,266,231, which is 2% of the total EU population. The median age in the country is currently 44.4 years of age, with a total life expectancy of 79.4 years of age in 2018. The latest fertility rate is 1.36 children per woman, whereas in Europe the median is 1.60 children per woman.⁹

Portugal has traditionally been one of the most homogenous countries in the world with 96,3% Portuguese and 3,7% other ethnic groups. According to studies by the government Portugal needs at least 75,000 new residents every year to maintain a stable working population. According to the Organisation for Economic Cooperation and Development (OECD), the country has experienced a boom in tourism and foreign investment into properties (Annex 2).

The economic crisis in Portugal had strong social effects on the behavior of the consumers, which resulted in the consumer making more economic choices in terms of the price-quality relation.¹⁰

⁸http://www.jll.pt/portugal/en-gb/Research/Market%20360%20Portugal%202019_final%20EN.pdf?3dcc50de-8310-4241-bc66-8d3a850db0bf

⁹ <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/EDN-20180610-1?inheritRedirect=true>

¹⁰ <https://voxeu.org/article/turnaround-portuguese-economy>

6.2.4. Technological factors

In the last few years, the investments in technology have rapidly increased, particularly in the energy, automobile and communications industries. More than half of the electricity in Portuguese cities is derived from renewable sources. Companies like Volkswagen, Google or Zalando have been setting up local tech development centers (Reuters). As more and more investments are made into Portugal and as the trend has a positive future outlook, the number of companies with a focus on technology should increase (Annex 2).

6.2.5. Legal factors

The legal culture in Portugal has changed dramatically since embracing democracy. In comparison to former times it is way more open (Fishmann, 2011). The latest Hofstede Centre shows a low masculine score of cultural dimensions and is the opinion that "people value equality" which is reflected within Portuguese law. According to Amnesty International reports human rights persist in Portugal but some progress is visible. They are emphasizing the fact of housing inequality and the discrimination against vulnerable people and minority communities. Moreover, there have been problems in integrating refugees and asylum seekers.

It is expected a law to promote equal pay for equal work for women and men comes into force.¹¹

6.2.6. Environmental factors

Portugal has generally good air quality and its performance on air is characterised by a low total volume of atmospheric emissions. However in some urbanised and industrialised areas local atmospheric pollution problems are occurring. It is expected that in future pollution problems will increase. During the past decade, the energy requirements and intensity of Portugal's increased at a rate which is one of the highest among OECD countries. In comparison to the other countries, Portugal has become increasingly dependent on energy supply to achieve economic growth (Annex 2).

6.3. The target market Lisbon

The decision has been taken to initially establish the "SPICE-IT.UP Team-cooking experience" in the Lisbon area. The reasons behind this decision have been explained in the following paragraphs.

¹¹ <https://www.amnesty.org/en/countries/europe-and-central-asia/portugal/report-portugal/>

Greater Lisbon area is considered to be a very attractive location for many national and international companies and as well for entrepreneurs. It has a huge concentration of high technology companies. 327,037 enterprises' headquarters are located in the area, making it the region with around 1,237,377 employees in enterprises and in high technology companies.¹²

Lisbon has performed well in attracting foreign investments (with the set up and expansion of several multinational companies). Education is very much valued in the Portuguese culture and the society as a whole is open minded. As a result, Lisbon has a highly educated, multilingual population that is willing to embrace change and innovation:

- Highest growth in the EU for innovation performance.
- 4,000 graduates a year, with the highest proportion of science and engineering degrees anywhere in the European Union.
- Fastest business set-up time in European Union- now takes just 45 minutes to set up a business, and this process can be done online.
- Technology-oriented: this has made Portugal an internationally favoured market for testing new products.

The city has created excellent conditions for fostering SMEs (small and medium enterprises) under a special program, which resulted in Lisbon winning the European Entrepreneurial Region (EER) award in 2015. Innovation is a key part of this city. The start-up scene in Lisbon is thriving with record numbers of companies being registered in the last few years. Additionally, there are a large number of foreign entrepreneurs, who have established themselves here. The availability of support systems, low taxes and affordable resources - all makes Lisbon area an ideal launching pad for the young and ambitious.¹³

Lisbon has been creating a lot of buzz in the business world and we can therefore conclude that more and more companies will most probably choose to invest in it and bring their business to the region. With low entry barriers to the country, low retail costs and taxes, good city size and varied market, entrepreneurs and different types of businesses will be targeting Lisbon in the near future.

¹² <http://www.cm-lisboa.pt/>

¹³ https://issuu.com/camara_municipal_lisboa/docs/lisbon_economy_figures_2017

6.4. Porter's Five Forces

Due to the ambiguity in the definition of the business, there is currently not a lot of information about the specific competitive forces involved. Based on the Porter's Five Forces though, they can be considered to be as follows:

- The barriers of entry are low, as the business is not highly regulated. Potential entrants may not have the capacity to plan more complex events, as this industry has recently become a more knowledge-intensive arena and the required capital investment is high.
- The bargaining power of the suppliers can be deemed to be low as well, since there are not many providers that can offer the products/services that companies need in order to plan team-building events and the switching costs to another supplier are low.
- The bargaining power of buyers can be considered as medium/high, as the buyers choose their suppliers and coaching companies based on reviews and feedback, relying mostly on information travelling from word- to-mouth.
- The new entrants in this business may be forced to offer lower prices and squeeze margins in an effort to attract clients.
- The threat from substitutes can be seen as medium, since vendors and large hotel chains have also taken on the tasks of planning events as a sideline function.
- The competitive rivalry is considered to be medium due to the already existing coaching companies and in this aspect, the pricing strategies play an important role.

Once a company decides to invest in this business, it is of the utmost importance to find its specific niche. Without a niche market, it is difficult for the consumer to find the product/service provider. For example, if a company is known for being an expert in organizing international conferences or offering tourism services, a client, who is planning to host such event, is more likely to hire a specialized service provider rather than a more general event planner. Specializing in one or two types of events simplifies the tasks for the product/service provider: a company becomes familiar with all the elements involved much quicker, resulting in valuable time saved). Additionally, selecting a niche enables the company to save on startup costs, as only the supplies relevant to the specialization must be acquired.

6.5. Market Potential

“SPICE-IT.UP Team-cooking experience” is currently aiming to provide services to corporations based in the Greater Lisbon area. Therefore, the market size is estimated to be around 327,037 companies, according to 6.3. Due to the effects of globalization, many companies are becoming increasingly international.

The growing attractiveness of Lisbon in terms of new business being implemented, an increase in the market size is to be expected (Annex 2). In the internationalization process, companies and teams are faced with numerous challenges and in order to deal with those, smooth intercultural communication must be ensured. Both teams operating in a national and international environment should participate in the “SPICE-IT.UP Team-cooking experience” as it enables them to collaborate, manage conflicts and interact with one another. Through team-building events, the members get to know each other better and the atmosphere within the organization is likely to become more pleasant. In particular, cooking together in a non-formal environment helps the team members to learn, grow, have fun and at the same time enhance the team spirit.

It is assumed that especially the settled successful startups have a reasonable demand in team-building activities. The reason for this is the fast growth of the companies, as many businesses are prospering and therefore many new employees are to be hired in a short period of time. The teams need to be formed quickly in order to solve the challenges presented by the market demand.

“SPICE-IT.UP Team-cooking experience” is the perfect service to support these requirements and help the companies to become more efficient. Due to the offered coaching courses new employees can be integrated in existing teams very quickly by the tailored approach. The coaching event in our cooking kitchen is providing a great experience and honors the established employees of the customers.

6.6. Competitor Analysis

Although the business concept of combining coaching with cooking is innovative, it is not very difficult to imitate. It is assumed that very quickly after successfully entering the market “SPICE-IT.UP Team-cooking experience” will be copied by competitors. As mentioned above, the entry barriers to found the business can be deemed as being low, as there are not a lot of stringent regulations covering the entrance into the coaching or the gastronomy.

Various different concepts of team-building experiences have proven to be popular and therefore very successful in the last few years. Several types of team-building activities used by companies can be found in Lisbon. After performing extensive research on the currently existing coaching companies, I could not find any companies providing a similar service. However, many coaching providers can be found on the Lisbon market. These providers offer seminars, workshops and, to a certain extent, team-building events. These companies are targeting both individual and corporate clients. Popular event-oriented activities are the "Lisbon Photo Challenge", the "Tagus River Regatta" and the "Sintra Team-building Games", which can all be booked through different event management agencies.

Other than that there are two to three other service providers offering cooking lessons for example "Taste of Lisbon". However these cooking class providers are totally focused on teaching how to cook.

When looking into coaching activities with the focus on cooking, there are two restaurants, which offer likely experiences called "Kiss the Cook" and "Cooking Lisbon". Both are concentrated on teaching how to cook recipes from the Portuguese cuisine and learn from a professional chef kitchen tricks and secrets.

"Kiss the Cook" is based in the LX Factory and its unique selling proposition is to offer an unforgettable cooking event where everybody cook their dishes, listen to music and drink good wine guided by a professional chef. They offer a Portuguese cooking experience from the North to the South of Portugal with some historic background information. It is possible to choose between a lunch or dinner class, pastry class or tapas petiscos class. They have a fix price with EUR 600 for a group of 12 or less participants.¹⁴

"Cooking Lisbon" has its restaurant based in the Anjos neighborhood and is also specialized in offering cooking classes in traditional cooking, gourmet and pastries. Additionally they also offer food-related market and walking tours. The customers do not have the opportunity to choose a menu. They organize a menu according the health restrictions and religious restrictions of the participants. The price for each participant is EUR 70.¹⁵ As an outcome of the competitor analysis, it is concluded that the restaurant "SPICE-IT.UP" provides a unique team-building experience, by coaching in a cooking course, which currently does not exist in the market.

¹⁴ https://kissthecook.pt/en/KissTheCook_Corporate-EN.php

¹⁵ <https://cookinglisbon.com>

6.7. SWOT Analysis

The first step to be taken, in order to obtain an accurate and complete view of the business concept and the market demand & supply, is to perform the SWOT analysis. The strengths and weaknesses obtained from the internal analysis as well as the opportunities and threats from the external analysis are provided in the overview below. In the following sections they are also explained in further detail.

		Strengths	Weaknesses
	O p p o r t u n i t i e s	<ul style="list-style-type: none"> ● no direct competitor yet ● low initial investment & early break even ● customers with increasing business ● a product customized to the client's needs ● cooking (healthy food) is popular 	<ul style="list-style-type: none"> ● the concept is unknown to the market ● substitute of coaching products with high degree of awareness required ● variety of coaching options due to customization of the courses will difficult logistics and management of the business
	T h r e a t s	<ul style="list-style-type: none"> ● a higher demand for efficient teams in times of economic crisis ● the concept is simple, but easy to copy by competitors 	<ul style="list-style-type: none"> ● the staff has no previous experience in running a coaching/restaurant business ● a high level of dependence on single sources of management team/founder ● a decrease in applying team-oriented management/leadership methods

Table 2: SWOT analysis

Source: Author elaboration

6.7.1. Strengths

There is no direct competitor on the market, as the “SPICE-IT.UP Team-cooking experience” concept is completely new and still unknown. The research performed has not discovered any businesses offering coaching in combination with a cooking experience in Lisbon or anywhere else. Only either coaching or cooking courses are offered.

The initial investment into the business is very low, which constitutes a low risk and a low barrier to start the business. The break-even calculation in Chapter 8.6 of this business plan shows a rapid amortization, with the break-even-point being between 110 and 115 customers only. It is quite remarkable that even within the worst-case scenario of the minimum sales option, the business can survive within hard restrictions. The break-even-analysis underlines

the findings of the profit and loss statement and the other types of financial analysis performed. The business is projected to remain on a solid ground, even with the worst-case scenario calculation. In such a scenario, the business might not be profitable but the risk of total financial failure is low due to the rather promising financial figures.

The forecast for companies doing profitable business in Portugal, especially the Greater Lisbon area is increasing in the next years. GDP growth is projected to remain broadly stable at around 2% per year in 2019 and 2020 while the domestic demand and further export gains will support economic activity. Particularly consumption growth will remain solid as the unemployment rate falls further. It's expected that rising labor costs would prompt an increase in inflation. The world economy is currently stable and the key interest rates are projected to remain low, according to the last decision of the Governing Council of the European Central Bank (ECB) about the Monetary Policy 07th of March 2019:

*"The interest rate on the main refinancing operations and the interest rates on the marginal lending facility and deposit facility will remain unchanged at 0.00%, 0.25% and -0.40% respectively. The Governing Council now expects the key ECB interest rates to remain at their present levels at least through the end of 2019, and in any case for as long as necessary to ensure the continued sustained convergence of inflation to levels that are below, but close to, 2% over the medium term."*¹⁶

The aforementioned means that growing companies are expected to have an even stronger demand for team-building activities, as they need to become increasingly efficient. Moreover, new employees must be integrated into the existing teams rapidly and any staffing changes within organizations require the coaching of the new teams formed.

"SPICE-IT.UP Team-cooking experience" offers coaching courses customized to the client's needs of team-building. The assessment performed to evaluate the individual customer's needs will lead to the optimal coaching course experience being provided. The tailor-made approach is maximizing the benefits for the customer and secures long-term client relationships. Moreover the customer satisfaction will generate excellent references for the coaching business. The research performed has shown significant interest in healthy, quality cooking is very high. Therefore, the combination of coaching with a cooking course is expected to be attractive for the clients. The willingness to participate in the team-building process should therefore be strong, leading into good business.

¹⁶<https://www.ecb.europa.eu/press/pr/date/2019/html/ecb.mp190307~7d8a9d2665.en.html>

6.7.2. Weaknesses

Due to the fact of the concept being new and unknown to the potential customers, it is currently expected that a considerable amount of clear and concise communication be required in order to properly introduce the business concept of "SPICE-IT.UP Team-cooking experience" and convince the customers to start using our services.

Although there are no similar coaching services in the form of a cooking course offered, the competition is expected to be intense, as many schools offer classic seminars and coaching for team-building purposes. The challenge here is to substitute established coaching services having a high degree of awareness. There is no doubt that the concept of "SPICE-IT.UP Team-cooking experience" is very innovative, however it may prove to be rather challenging to gain market share from the already well-established coaching schools.

The customization of the service to the customer's needs requires a considerable variety of courses and dishes to be prepared. The varied customized options can significantly challenge the logistics and management operations. Thorough planning and preparation efforts are necessary in order to ensure that the customers are provided with a quality service in a smooth and efficient manner.

6.7.3. Opportunities

During an economic crisis, business will most probably decrease and some potential customers may find themselves in the position to be unable to afford coaching services or as a more extreme example, can simply disappear. On the other hand, for the remaining businesses there will most likely be a higher need of efficient and high-performing teams in such a scenario. The offered products or services would then have to be provided with a lower cost and better quality than the competitors are able to. Therefore, the "SPICE-IT.UP Team-cooking experience" team-building coaching is needed.

As it can be seen in this business plan for the "SPICE-IT.UP Team-cooking experience", the concept in general is very simple and therefore relatively easy to copy by competitors. This could be done by either a business offering it in cooperation with cooking schools or a new company can be founded with not significant efforts. However, our premium approach requires high professional personnel to acquire customers as well as plan, organize and execute the coaching in the form of a cooking course. The advantage of being ahead in the market with the combination of coaching and cooking is the key. It is crucial that the "SPICE-IT.UP Team-cooking experience" is established as a brand in the market, before any competitor can come up with a similar concept.

6.7.4. Threats

With a strict objective view, the staff has no experience in running a coaching or a restaurant business. However, there is a lot of experience of the management with similar services provided from the point of view of a customer. To lower the risks, the Management Director and the Cooking Coach have to be carefully selected. A relevant educational background and a former leading role in a related business are mandatory.

The business’ dependence on single sources of the management team has to be seen as another risk. The main human resources are the co-partners which is me the founder and the management team. Typically, high engagement results in high output and performance. However, if one or more of the partners are falling out e.g. being sick, the lacking resource endangers the proper delivery of the services offered. Therefore, precautionary measures e.g. reasonable exchange of information and a back-up plan has to be properly installed and executed.

Another risk that is to be considered is the potential decrease in team- oriented management and leadership methods. Even if the cooperative style of leadership remains as the aim of the current management in most companies, there is no guarantee that it will stay this way in the future. In consequence the need of team-building courses is declining and “SPICE-IT.UP Team-cooking experience” business will drop.

6.8. Marketing- Mix (5P’s)

The Marketing Mix will assist in describing the essential elements of the marketing strategy and to determine the suitability of the business idea for a particular target audience.



Figure 8: Marketing-Mix (5P's)

Source: Friedrich Alexander University Marketing

- **Price:** As a premium service to companies is being offered, the price per person is 160 € for the coaching including the cooking and the beverages.
- **Product:** A customized team-building coaching experience in combination with a cooking course
- **Promotion:** To promote the concept, the already existing network of the co-partners is being used, as well as social media campaigns, media advertising and cold calling activities will be undertaken.
- **Place:** The coaching restaurant is to be located in the Santos neighborhood, directly on the shore of the Tagus River, at the Centre of the city of Lisbon, in an easily accessible location.
- **People:** The two co-owners, who are the investors as well, will operate the coaching restaurant in the initial phases of establishing the business. One cooking coach needs to be employed.

7. Implementation Plan

7.1. Introduction

After having carefully taken into consideration all the relevant aspects surrounding the business concept and outlined the essential parts of the business plan, the following chapter focuses on its actual implementation. The proper implementation of the plan is necessary in order to develop a tactical plan for utilizing resources, outcomes, roles, responsibilities and budget to kick-start the business as planned. Moreover, the careful planning of the implementation and execution of the business plan is essential to reduce the risks of failure and to bring the strategy to life.

Customer satisfaction should be achieved by providing the coaching service by professional coaches who are able to give also advice how to cook. The two roles of the coach, being a teacher and a chef at the same time, are not only the key to professionally support the team-building process, but also reduces the costs of personnel significantly. In the following part you will find the detailed description of the implementation details.

7.1.1. Back Office Operations

The back office has the task to manage the administration and secure optimal operations. The main tasks are:

- Personnel Management & Recruitment
- Purchasing the required materials/goods/products/
- Commercial/Financial/Legal Operations
- Facility Management
- Quality Management

The Management Director is responsible for the coordination between the back and front office. It is very important to exchange information properly and define specific tasks and responsibilities that are divided between the back and front office.

7.1.2. Front Office Operations

The front office has the objective to carry out the coaching activities and to take care of the customer relations. The direct customer contact will be initiated and carried on by the front office only, to have a single point of contact. Therefore, customer acquisition is already in the responsibility of the front office, as well as the development and individual planning of the courses. Finally the front office is carrying out the courses that have been prepared in advance

to secure the most stringent and most efficient performance. It is clear that a close contact with the back office is necessary. Coordination is mandatory in order to define the skills of the personnel, to order the required goods for the courses or to communicate and organize the facility maintenance. The main tasks of the front office are:

- Marketing and sales of the courses/seminars
- Customer care, including communication
- Preparation and organization of the courses
- Carrying out the courses
- Training the coaches

7.2. Marketing Plan Implementation

Promotional campaigns are planned to achieve the following goals:

1. Increase consumer awareness of the coaching service
2. Improve the customer perception of the coaching services
3. Entice new customers to try out the services
4. Gain a higher percentage of repeat customers
5. Create brand loyalty
6. Increase the average number of participants
7. Increase sales of the services offered
8. Introduce new menu items

7.2.1. Advertising

"SPICE-IT.UP Team-cooking experience" has its own facebook and instagram presence for the purpose of information exchange and advertising campaigns. In order to reach a large audience and have as many followers as possible, my already highly frequented existing accounts on facebook, instagram and some more social media platforms are renamed and used for "SPICE-IT.UP Team-cooking experience".

I will personally take care of the permanent adequate postings, like ongoing events and news, on our social media channels. Also the coordination of the advertising campaign is in my own responsibility. Moreover, she is ensures to work on intensifying the activities to enhance the degree of popularity of the business.

The "SPICE-IT.UP Team-cooking experience" homepage enables easy access to all information relevant for the customer to know the necessary details about the services offered.

Providing high quality coaching courses demands a particularly professional website layout. The homepage is envisioned as being modern, updated in a regular and timely manner, sophisticated in terms of design and sufficiently inviting for the visitor to explore the service offering. Today professional homepage design, with web based programs like www.wix.com, is easily accessible and does not have significant financial costs.

The concept of coaching in combination with the cooking course is to be adequately described, to ensure the creation of strong interest. At the same time I need to take care not revealing too much details, as some information of the coaching methods need to be unknown to the participants to make it work. This is to have the required effects, e.g. if the group needs to be stressed to achieve their learning goals.

The different menus that can be selected for the course with detailed information about the ingredients are shown. The pricing and the terms & conditions of the services provided are to be displayed.

Each team member of "SPICE-IT.UP Team-cooking experience" will be introduced and contact details will be provided. The personal information about the "SPICE-IT.UP Team-cooking experience" team should lead into a dialogue between the customer and the front office. To adequately tailor the course to the customers team situation an open discussion is the best way. Therefore it is very important to build trust to the participants and the starting point might be the homepage where they will search for the first information.

By signing up for the "SPICE-IT.UP Team-cooking experience" newsletter, customers can receive relevant and updated information. Customer comments and reviews including images of the courses already carried out will be added. This is important to give an impression of the experience offered. The customer comments will underline the benefits of the coaching events and establish credibility for my coaching concept.

High quality photos of the infrastructure should give a good impression of the venue. A map, as well as a link to an online navigation homepage e.g. "Google maps" should ease finding the location. Last but not least, the social media pages and homepages of my friends and supporters are linked.

As corporations are the main customers being targeted for the "SPICE-IT.UP Team-cooking experience", advertisements are to be placed in regional and interregional Business Magazines as well as local newspapers. In addition to that, posters are planned to be placed to prominent in- and outside displays around Lisbon and its surroundings. In order to reduce the

advertising costs annual subscriptions with a low monthly fee are taken in selected Business Magazines.

7.2.2. Customer acquisition

To obtain customers for the coaching courses, the acquisition must be very focused on the team related situation and culture of the companies approached. Therefore a personalized approach is necessary to evaluate and analyze the customer's situation and to provide an optimal offer that is tailored to the specific individual requirements of the company.

I, the founder and CEO of "SPICE-IT.UP Team-cooking experience", am very well connected with many companies, including notable global players such as BMW and KPMG which have offices in Lisbon. The main acquisition approach in the initial phases of the business is to make use of the already existing personal contacts and directly ask known former colleagues and friends, who are working for Emirates, Microsoft, Google or Volkswagen, for potential opportunities.

Furthermore is planned to reach out to the companies via Linked In where Human Resources department employees can be found easily.

At the beginning, the concept of the "SPICE-IT.UP Team-cooking experience" is presented to the potential customer. If the potential customer is interested, the situation needs to be analyzed and an individual coaching approach is developed. This step falls into the responsibility of the front office and is to be supported by me. To lower the effort to a minimum, the two approaches "feel-good" and "unwell" of our coaching are to be properly prepared. Having this baseline for both variants available the respective standard courses can be customized with a minimum effort but providing a professional service.

The individual coaching solution integrated in the cooking course will then be presented to the potential customer, discussed and adapted where required. Once the terms have been agreed, a contract drafted and compiled by the back office. The contract includes the details like exact number of trainees, date, selected menu etc.. A non-refundable down payment of 30% is required to cover the cost of ingredients and compensate for any cancellations that may occur on a short notice.

7.3. Operational plan

7.3.1. Location

In order to ensure a creative atmosphere, the location of "SPICE-IT.UP Team-cooking experience" is a very important element of the concept. The aim is to create an overall positive mood, in order for the participants to be relaxed and feel good during the activities. The popular Lisbon neighborhood of Santos fulfills these requirements perfectly. The old industrial buildings along the Tagus River provide a suitable and safe location.

Once the business has been successfully established and is growing, it should be relatively easy to expand the venue, as several empty properties still exist in the surroundings. As some buildings are currently not in use, short-term availability to rent them is given. Additionally, the rather spacious buildings are offering perfect possibilities to install the modern stylish concept of coaching kitchens. The industrial atmosphere in combination with the river Tagus coastal location is expected to be highly attractive to both the clients and the employees of the company. The venue will be equipped with free Internet access via Wi-Fi certified wireless local area network. "SPICE-IT.UP Team-cooking experience" location will be easy to reach by public transportation and will ensure to provide adequate parking spaces for vehicles of all kinds.

To present optimum conditions for the company, the building needs to have enough space to have the necessary office area for the employees and to also be able to host the courses. In order to meet the requirements set, two coaching kitchens for up to ten participants are planned to be implemented. The two coaching kitchen are beside each other and symmetric. The two can be connected to one large cooking kitchen, by opening a dividing wall. This allows choosing the best size for the individual groups and reduces the cost of infrastructure in operation. Both coaching kitchens need to be well equipped with all the relevant professional appliances for undertaking the cooking and coaching activities.

Each coaching kitchen will be divided into three areas: the cooking area, the lounge „coaching“ area and the dining area. The cooking area provides the working space and all required equipment for cooking as well as storage space for the ingredients and beverages. A dishwasher will be installed, to be able to clean the cooking appliances and dishes.

Next to the cooking island, a central lounge area for team discussions will be established, where the menu to be prepared and the cooking plan can be put together. Finally, in the third area, a dining table, dishes and cutlery as well as the table decoration will be placed.

The participants of the course will lay the table and serve the menu themselves, which will be the final part of the course.

A sufficient number of restrooms will be located in a designated area accessible from all coaching kitchens. The venue will be equipped with emergency exits as well as handheld and automatic fire extinguishers as required by the national regulations of fire protection. Before the course starts, the coach will introduce to the participants the safety regulations applicable for using the equipment and the administrative. An insurance agreement, to cover for any accidents that occur will be put in place. The insurance costs are to be added to the cost of the courses.

I was able to convince the owner of the location to invest in the modernization of the building. To compensate the investment the monthly rent is stipulated accordingly and therefore above average.

7.3.2. Staff

For the initial phases of establishing the business, a project team headed by the CEO, will be put together. Additionally the back and front office must be managed to start the operations of the "SPICE-IT.UP Team-cooking experience" business. The team members are myself the CEO and the Management Director being the management staff of the business. The CEO who will be responsible for the front office and the Management Director will manage the back office.

The idea is to find the Management Director as a partner for the business. Being the owners of the business, a minimum monthly salary payment of EUR 1000, to cover the cost of living is paid to the owners, a quarterly withdrawal of profit is foreseen. The CEO is very experienced in the field of team-building education for adults. Moreover, skills in professional cooking are necessary to be able to perform the training, which are given. In the initial phases of the business, only one additional cooking coach will be employed to run the second cooking kitchen. Further related services such as the cleaning and maintenance of the venue are to be covered by service providers or could potentially be included in the lease and rental fees. Later on, every new employee has to take part in a "SPICE-IT.UP Team-cooking experience" course first. Whenever a new team member joins the company an internal course is organized. The goal of this is to integrate new colleagues and give the team-building experience that is offered to the clients, to all of the team members. In addition to that, the internal courses have training effects for the coaches. In best case an innovation process is initiated to refine the courses.

Finally the internal courses are used for quality control and the cooking of new menus can be tested and evaluated by the team. It is very important to have the team-building experience created by the task of cooking a nice menu. However the task needs to be challenging but durable to create the feeling of success for the participants.

8. Financial Plan

8.1. Introduction

The business concept can only be successful if the numbers prove its sustainability. That being said, it is necessary to combine the overall business idea with risk reducing and financially reasonable decisions along the operational conduction of the coaching concept.

Since the idea of a coaching training in the form of a cooking experience for teams is new and has therefore no practice in reality so far, it is important to reduce the financial risks as much as possible, at least until the business concept proves to be successful. This does however raise the question of how to deal with all the fixed assets and equipment that are necessary to bring the idea into life.

Leasing appears to be a valid solution, for not investing money that has not been earned yet. Also, generally within leasing contracts, the maintenance should be included in the fees and therefore be covered. Because of the leasing approach, the owners do not have to be worried about any additional expenses. The downside of leasing is that money is spent on a monthly basis, without gaining fixed assets for the company and its owners. As a result of completing an analysis of the risks of failure and the potential losses, it has been determined that this is no money that will be wasted. An established and secure access to the equipment that is essential for the company's operations, without having a significant financial burden upfront is prioritized over the advantages of a more risky buying option. A buying option can always be executed in the future. Also, the aim is to include a clause in the lease agreement that the respective equipment can be bought at any point of time during the duration of the agreement.

That decision to lease is one of the main reasons for the owners not having to borrow any money from third parties. The two business partners can cover the initial costs of 31,580 Euro with their own equity and without taking any loan from a third party. Additionally, the calculations demonstrate, that even in the worst-case scenario, the expenses can be covered by the running business according to the earnings generated. Therefore, no external loans have been taken into account when performing the calculations.

The second reason for the business appears to be on a solid ground in terms of financial calculations are the relatively low labor costs. Since only one external employee has to be paid on a monthly basis, all other human resources are co-partners within the company. Of course the co-partners also need to receive monthly payments, which are to be calculated on a minimum basis. Their salaries however will be linked to the earnings performed. Since the

financial projections are rather promising, this decision could have been made and is approved by all partners. As a result the labor costs are at a minimum, which reduces the financial burden of the initial phases of the business significantly.

Due to the fact that the projections of the financial figures for the first year indicate solid and resistant figures, it was determined that there is no need for any ongoing follow-up calculations to indicate the figures for the following year. It has been assumed, that the business should become increasingly well established and successful, as it is expected to become more known after some time and have the opportunity to build up its reputation. Also, as per the calculations, there should not be any significant losses during the course of the business year that have to be covered in the following years. For the reasons stated above, all the calculations refer to the first year of the business operations.

8.2. Cost calculation

The cost calculation serves as the basis for all further financial instruments to analyze the business case presented in this chapter. Therefore, it is presented first, in order to get a better understanding about the different aspects of the business costs and to identify the most risky parts. The chart below demonstrates both monthly and yearly expenses. For most other analysis, the monthly costs are considered to be more relevant, as the future calculations will be based on monthly estimates. Additionally. Periodical expenses and initial costs will be presented as well.

The first category of the calculations will appear every month with the same amount of cost. The initial rates occur only at the starting phase of the business and will not be repeated from there on. As shown later on in the cash flow chart, those expenses are expected to be covered within an early stage of business.

The costs have been divided into two parts. Fixed costs identify the expenses that will be occurring without any single customer. The variable costs depend on the number of participants in the courses. For the monthly calculation, the average amount of customers from Option 1 "average sales option" has been chosen. For the annual variable costs, the total amount, as presented in the sales forecast, has been taken into account. These numbers also refer to Option 1.

All costs are assumed on a best estimate basis, due to minor experience and research on the available information. The labor cost appears quite low at first moment, but can be explained by the fact that only the cooking coach is employed. The CEO and the Management Director

are owners of the business and receive a minimum wage. Their long-term profit comes from the surplus at the end of each period and is therefore not been taken into account. As shown below in the profit and loss statement, as well as in the cash flow chart, the profit (even in the average business scenario) can ensure a proper outcome for all partners.

The wages of the only employee, cooking coach, are to be calculated in gross expenses. Since the payroll taxes are already included and do not affect the total amount of the salary they are not presented separately.

As mentioned above, one of the greatest advantages of the business concept is the high rate of leasing in terms of fixed asset, which ensures a minimum binding of capital. In the unlikely case of low turnover we keep the monthly rates in an amount that can be handled with the expected incomes. Therefore the initial "one time" costs are as low as 11,000 € and can be covered by owners' equity.

In general, all the analysis is calculated carefully and with maintaining a conservative approach. Therefore it has been assumed, that the combined and total amount of costs should match the real life costs quite accurately and therefore is a solid basis for any following calculations.

No depreciations and amortization have been calculated. The reason for it is that a cost calculation is not meant to be a balance sheet. Naturally the depreciation will reduce the fixed asset value, but not within a cost calculation. Here only the acquisition price would apply for the estimate and not the reduction of the fixed assets within the following years that are mostly relevant for the reduced taxes on those assets.

Cost calculation									
Fixed costs (monthly):								Fixed costs (yearly):	
Nr.:	Group:	Position:	Amount:	Costs per unit (monthly):	Total costs:	Initial costs (one time):	Total costs:	Total costs in 12 Months:	Initial costs (one time):
	Human Resources								
F1		CEO	1	1.000,00 €	1.000,00 €			12.000,00 €	
F2		Management Director	1	1.000,00 €	1.000,00 €			12.000,00 €	
F3		Cooking Coaches	1	1.400,00 €	1.400,00 €			16.800,00 €	
	Rent								
F4		Kitchen & Office Building	1	5.000,00 €	5.000,00 €			60.000,00 €	
	Equipment Cooking (leasing inkl. maintenance)								
F5		Metal shelves, Kitchenware, Kitchen machines, dishes, etc.	2	800,00 €	1.600,00 €			19.200,00 €	
	Equipment Office								
F6		Interior (Desk, Chairs, Shelves, etc.)	3			2.000,00 €	6.000,00 €		6.000,00 €
F7		Laptops with open source software	3			500,00 €	1.500,00 €		1.500,00 €
	Equipment Furniture (cooking area / leasing)								
F8		Launch area, standing tables, dinning area	2	200,00 €	400,00 €			4.800,00 €	
F9		Decoration (no leasing)	2			500,00 €	1.000,00 €		1.000,00 €
	Operating Expenses								
F10		Energie, Water, Heating, Gas, Trash	1	400,00 €	400,00 €			4.800,00 €	
F11		Office (Phone, Internet, etc.)	1	80,00 €	80,00 €			960,00 €	
F12		Miscellaneous	1	100,00 €	100,00 €			1.200,00 €	
F13		Insurance	1	100,00 €	100,00 €			1.200,00 €	
	Marketing & Advertising								
F14		Initial strategy implementation	1			2.500,00 €	2.500,00 €		2.500,00 €
F15		Monthly advertising	1	200,00 €	200,00 €			2.400,00 €	
	Third party services								
F16		Cleaning service (incl. material)	2	800,00 €	1.600,00 €			19.200,00 €	
Total FC:					12.880,00 €	11.000,00 €		154.560,00 €	11.000,00 €

Variable costs (monthly & average costumers participation)							Variable costs (yearly)	
Nr.:	Group:	Position:	Average Costumer :	Costs per unit:		Total costs:	Total costs in 12 Months:	
	Cooking material							
V1		Food & Drinks	220		30,00 €	6.600,00 €	79.200,00 €	
V2		Miscellaneous (Certificate, napkins, take aways)	220		5,00 €	1.100,00 €	13.200,00 €	
Total VC:						7.700,00 €	92.400,00 €	
Total:						31.580,00 €	257.960,00 €	

Table 3: Cost calculation

8.3. Sales forecast

After having calculated the business costs, the second most important question to be answered, is how much income can be generated within the first year of business. It has been acknowledged, that the sales figures depend on various aspects of influence and it can be difficult to predict the actual numbers. To make the estimates as accurate as possible while taking into account the possible risks, three scenarios are considered when making the calculations. With two kitchens that can handle minimum 10 customers per day and with assumed 24 working days, the maximum amount of customers during a month would be 480 and 120 per week. All the presented scenarios demonstrate a different capacity utilization of the maximum capacity. The course price is fixed and is 160 Euro per person.

The first scenario is based on assumed average sales figures. The average capacity utilization of 46% is conservative and not too optimistic. This scenario is mainly focused on in the compilation of this business plan.

Sales Forecast 1st year - Average Sale Option 1								
Period	Capacity utilisation	Number of Customers:				Total Costumers:	Course price:	Total sales:
Month		Week 1	Week 2	Week 3	Week 4			
Sep	30%	36	36	36	36	144	160 €	23.040 €
Oct	30%	36	36	36	36	144	160 €	23.040 €
Nov	40%	48	48	48	48	192	160 €	30.720 €
Dez	40%	48	48	48	48	192	160 €	30.720 €
Jan	40%	48	48	48	48	192	160 €	30.720 €
Feb	40%	48	48	48	48	192	160 €	30.720 €
Mar	40%	48	48	48	48	192	160 €	30.720 €
Apr	50%	60	60	60	60	240	160 €	38.400 €
May	50%	60	60	60	60	240	160 €	38.400 €
Jun	60%	72	72	72	72	288	160 €	46.080 €
Jul	60%	72	72	72	72	288	160 €	46.080 €
Aug	70%	84	84	84	84	336	160 €	53.760 €
Average:						220		35.200 €
						Total Ammount:		422.400 €
						2640		

Table 4: Sales Forecast – Average Sale Option 1

The second observed scenario is based on the minimum sales numbers. It has been calculated as the worst-case scenario and covers more than the business expenses. With an average customer participation of 25% during the whole year, it is not a very realistic scenario, but does display the minimum amount of sales that are necessary to stay in business. Everything

above 25% should therefore be in the profit zone, which is the reason for scenario two being established as a reference model.

Sales Forecast 1st year - Minimum Sale Option 2								
Period	Capacity utilisation	Number of Customers:				Total Costumers:	Course price:	Total sales:
Month		Week 1	Week 2	Week 3	Week 4			
Sep	25%	30	30	30	30	120	160 €	19.200 €
Oct	25%	30	30	30	30	120	160 €	19.200 €
Nov	25%	30	30	30	30	120	160 €	19.200 €
Dez	25%	30	30	30	30	120	160 €	19.200 €
Jan	25%	30	30	30	30	120	160 €	19.200 €
Feb	25%	30	30	30	30	120	160 €	19.200 €
Mar	25%	30	30	30	30	120	160 €	19.200 €
Apr	25%	30	30	30	30	120	160 €	19.200 €
May	25%	30	30	30	30	120	160 €	19.200 €
Jun	25%	30	30	30	30	120	160 €	19.200 €
Jul	25%	30	30	30	30	120	160 €	19.200 €
Aug	25%	30	30	30	30	120	160 €	19.200 €
Average:	25%					Average:	120	19.200 €
						Total Ammount:	1440	230.400 €

Table 5: Sales Forecast – Minimum Sale Option 2

Scenario three represents the most optimistic sales projections. With an average of 58%, it is not too unrealistic and therefore can be deemed to be a valid model. In the further financial instruments only scenario one and two are further looked into, since the numbers show that scenario one can already create sufficient cash flow for the business to be implemented in a solid way. All capacity utilization above the average, is expected to create even better performance numbers.

Sales Forecast 1st year - Optimistic Sale Option 3								
Period	Capacity utilisation	Number of Customers:				Total Costumers:	Course price:	Total sales:
Month		Week 1	Week 2	Week 3	Week 4			
Sep	30%	36	36	36	36	144	160 €	23.040 €
Oct	35%	42	42	42	42	168	160 €	26.880 €
Nov	40%	48	48	48	48	192	160 €	30.720 €
Dez	45%	54	54	54	54	216	160 €	34.560 €
Jan	50%	60	60	60	60	240	160 €	38.400 €
Feb	55%	66	66	66	66	264	160 €	42.240 €
Mar	60%	72	72	72	72	288	160 €	46.080 €
Apr	65%	78	78	78	78	312	160 €	49.920 €
May	70%	84	84	84	84	336	160 €	53.760 €
Jun	75%	90	90	90	90	360	160 €	57.600 €
Jul	80%	96	96	96	96	384	160 €	61.440 €
Aug	85%	102	102	102	102	408	160 €	65.280 €
Average:	58%					Average:	276	44.160 €
						Total Ammount:	3312	529.920 €

Table 6: Sales Forecast – Optimistic Sale Option 3

8.4. Cash flow projection

The cash flow projection combines the predicted income with the combined fixed and variable costs. The first month also contains the initial “one time” costs for fixed assets. Those costs are not applicable (n/a) for the following months. At the bottom of the chart, the net cash flow is calculated and the opening as well as the ending balance of the previous month is added.

8.4.1. Scenario 1 – average sales scenario

It has been determined that the business operations are to begin in September 2020. A capacity utilization of an average of 46% customer participation already shows the high potential of the business concept. Although the initial costs apply during the first month, there is expected to be positive cash flow that can be transferred into the next month's flow chart. At the end of the year, an ending balance of over 164.440 Euro indicates a good potential and relatively low risks due to solid financial cash flow.

8.4.2. Scenario 2 – minimum sales scenario

As per to the artificially assumed steady customer participation of 25% capacity utilization, the total cash receipts are constant during the course of the year. As the worst-case scenario, the cash flow chart displays minimum cash flow and cost recovery. However, the negative balance sheet of the initial month is covered within the next six month. Although, the positive balance is not expected to be high, it should gain a positive cash flow within the

following months and ends up as being stable. The amount would not be suitable for a healthy business, but it is necessary to keep in mind here that Scenario 2 is meant to show, that even under the worst-case assumptions the business financials are still expected to keep the concept viable.

Cash Flow Projection Year: 2020 / 21 (Option 1 - Average Sales)													
Position:	Sep	Oct	Nov	Dez	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Total:
Income from operational Business													
Income (Operational Business)	23.040 €	23.040 €	30.720 €	30.720 €	30.720 €	30.720 €	30.720 €	38.400 €	38.400 €	46.080 €	46.080 €	53.760 €	422.400 €
Total Cash Receipts	23.040 €	23.040 €	30.720 €	30.720 €	30.720 €	30.720 €	30.720 €	38.400 €	38.400 €	46.080 €	46.080 €	53.760 €	422.400 €
Cash Disimbursements Expenses													
Human Resources	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	40.800 €
Rent	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	60.000 €
Epuipment Cooking	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	19.200 €
Equipment Office (Furniture)	6.000 €	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6.000 €
Equipment Office (Laptops)	1.500 €	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.500 €
Equipment Furniture (Decoration)	1.000 €	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.000 €
Equipment Furniture	400 €	400 €	400 €	400 €	400 €	400 €	400 €	400 €	400 €	400 €	400 €	400 €	4.800 €
Operating Expenses	680 €	680 €	680 €	680 €	680 €	680 €	680 €	680 €	680 €	680 €	680 €	680 €	8.160 €
Marketing & Advertising (initial)	2.500 €	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.500 €
Marketing & Advertising	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	2.400 €
Third party services	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	19.200 €
Food & Drinks (average)	4.320 €	4.320 €	5.760 €	5.760 €	5.760 €	5.760 €	5.760 €	7.200 €	7.200 €	8.640 €	8.640 €	10.080 €	79.200 €
Miscellaneous (Certificate, napkins, take aways)	720 €	720 €	960 €	960 €	960 €	960 €	960 €	1.200 €	1.200 €	1.440 €	1.440 €	1.680 €	13.200 €
Total Costs Disimbursements	28.920 €	17.920 €	19.600 €	19.600 €	19.600 €	19.600 €	19.600 €	21.280 €	21.280 €	22.960 €	22.960 €	24.640 €	257.960 €
Net Cash Flow	-5.880 €	5.120 €	11.120 €	11.120 €	11.120 €	11.120 €	11.120 €	17.120 €	17.120 €	23.120 €	23.120 €	29.120 €	164.440 €
Opening cash balance	0 €	-5.880 €	-760 €	10.360 €	21.480 €	32.600 €	43.720 €	54.840 €	71.960 €	89.080 €	112.200 €	135.320 €	164.440 €
Cash Receipts	23.040 €	23.040 €	30.720 €	30.720 €	30.720 €	30.720 €	30.720 €	38.400 €	38.400 €	46.080 €	46.080 €	53.760 €	n/a
Cash Disimbursements	28.920 €	17.920 €	19.600 €	19.600 €	19.600 €	19.600 €	19.600 €	21.280 €	21.280 €	22.960 €	22.960 €	24.640 €	n/a
Ending Cash Balance	-5.880 €	-760 €	10.360 €	21.480 €	32.600 €	43.720 €	54.840 €	71.960 €	89.080 €	112.200 €	135.320 €	164.440 €	164.440 €

Table 7: Cash Flow Projection – Option 1

Cash Flow Projection Year: 2020 / 21 (Option 2 - Minimum Sales)													
Position:	Sep	Oct	Nov	Dez	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Total:
Income from operational Business													
Income (Operational Business)	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	230.400 €
Total Cash Receipts	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	230.400 €
Cash Disimbursements Expenses													
Human Resources	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	40.800 €
Rent	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	60.000 €
EQUIPMENT COOKING	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	19.200 €
Equipment Office (Furniture)	6.000 €	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6.000 €
Equipment Office (Laptops)	1.500 €	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.500 €
Equipment Furniture (Decoration)	1.000 €	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.000 €
Equipment Furniture	400 €	400 €	400 €	400 €	400 €	400 €	400 €	400 €	400 €	400 €	400 €	400 €	4.800 €
Operating Expenses	680 €	680 €	680 €	680 €	680 €	680 €	680 €	680 €	680 €	680 €	680 €	680 €	8.160 €
Marketing & Advertising (initial)	2.500 €	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.500 €
Marketing & Advertising	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	2.400 €
Third party services	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	19.200 €
Food & Drinks (average)	3.600 €	3.600 €	3.600 €	3.600 €	3.600 €	3.600 €	3.600 €	3.600 €	3.600 €	3.600 €	3.600 €	3.600 €	43.200 €
Miscellaneous (Certificate, napkins, tax)	600 €	600 €	600 €	600 €	600 €	600 €	600 €	600 €	600 €	600 €	600 €	600 €	7.200 €
Total Costs Disimbursements	28.080 €	17.080 €	17.080 €	17.080 €	17.080 €	17.080 €	17.080 €	17.080 €	17.080 €	17.080 €	17.080 €	17.080 €	215.960 €
Net Cash Flow	-8.880 €	2.120 €	2.120 €	2.120 €	2.120 €	2.120 €	2.120 €	2.120 €	2.120 €	2.120 €	2.120 €	2.120 €	14.440 €
Opening cash balance	0 €	-8.880 €	-6.760 €	-4.640 €	-2.520 €	-400 €	1.720 €	3.840 €	5.960 €	8.080 €	10.200 €	12.320 €	14.440 €
Cash Receipts	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	n/a
Cash Disimbursements	28.080 €	17.080 €	17.080 €	17.080 €	17.080 €	17.080 €	17.080 €	17.080 €	17.080 €	17.080 €	17.080 €	17.080 €	n/a
Ending Cash Balance	-8.880 €	-6.760 €	-4.640 €	-2.520 €	-400 €	1.720 €	3.840 €	5.960 €	8.080 €	10.200 €	12.320 €	14.440 €	14.440 €

Table 8: Cash Flow Projection – Option 2

8.5. Profit and loss statement

The profit and loss statement compares the income with the overall costs. It is similar to the cash flow chart, but takes also into account the applicable taxes. The corporate income tax rate in Portugal is 21%.

The net cash flow will now be reduced by the taxes and should draw a more realistic picture of the expected returns on investment or profits.

8.5.1. Scenario 1 – average sales scenario

Although the taxes reduce the available profit by more than a fifth, the income still sums up fast. The net return on investment for each owner would in this case be as high as a third of 129.908 Euro.

8.5.2. Scenario 2 – minimum sales scenario

Regarding the cash flow results, the worst-case scenario for profit and loss also shows, that under the pressure of tax payments, the business can survive within hard restrictions and unfortunate circumstances. It is to be mentioned, that within the losses of the first month, no tax payments apply. For the following month, the steady tax payments reflect the overall constant customer numbers in this fictional scenario.

Profit and Loss Statement Year: 2020 / 21 (Option 1 - Average Sales)													
Position:	Sep	Oct	Nov	Dez	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Total:
Income													
Sales (before tax)	23.040 €	23.040 €	30.720 €	30.720 €	30.720 €	30.720 €	30.720 €	38.400 €	38.400 €	46.080 €	46.080 €	53.760 €	422.400 €
Fixed costs													
Human Resources	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	40.800 €
Rent	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	60.000 €
Equipment Cooking	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	19.200 €
Equipment Office (Furniture)	6.000 €	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6.000 €
Equipment Office (Laptops)	1.500 €	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.500 €
Equipment Furniture (Decoration)	1.000 €	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.000 €
Equipment Furniture	400 €	400 €	400 €	400 €	400 €	400 €	400 €	400 €	400 €	400 €	400 €	400 €	4.800 €
Operating Expenses	680 €	680 €	680 €	680 €	680 €	680 €	680 €	680 €	680 €	680 €	680 €	680 €	8.160 €
Marketing & Advertising (initial)	2.500 €	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.500 €
Marketing & Advertising	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	2.400 €
Third party services	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	19.200 €
Variable costs													
Food & Drinks (average)	4.320 €	4.320 €	5.760 €	5.760 €	5.760 €	5.760 €	5.760 €	7.200 €	7.200 €	8.640 €	8.640 €	10.080 €	79.200 €
Miscellaneous (Certificate, napkins, take aways)	720 €	720 €	960 €	960 €	960 €	960 €	960 €	1.200 €	1.200 €	1.440 €	1.440 €	1.680 €	13.200 €
Total Costs													
Combined fixed and variable costs	28.920 €	17.920 €	19.600 €	19.600 €	19.600 €	19.600 €	19.600 €	21.280 €	21.280 €	22.960 €	22.960 €	24.640 €	257.960 €
Net Income													
Total before taxes	-5.880 €	5.120 €	11.120 €	11.120 €	11.120 €	11.120 €	11.120 €	17.120 €	17.120 €	23.120 €	23.120 €	29.120 €	164.440 €
Taxes (21%)	0 €	1.075 €	2.335 €	2.335 €	2.335 €	2.335 €	2.335 €	3.595 €	3.595 €	4.855 €	4.855 €	6.115 €	34.532 €
Total after taxes	-5.880 €	4.045 €	8.785 €	8.785 €	8.785 €	8.785 €	8.785 €	13.525 €	13.525 €	18.265 €	18.265 €	23.005 €	129.908 €

Table 9: Profit and Loss Statement – Option 1

Profit and Loss Statement Year: 2020 / 21 (Option 2 - Minimum Sales)													
Position:	Sep	Oct	Nov	Dez	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Total:
Income													
Sales (before tax)	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	19.200 €	230.400 €
Fixed costs													
Human Resources	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	3.400 €	40.800 €
Rent	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	5.000 €	60.000 €
Equipment Cooking	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	19.200 €
Equipment Office (Furniture)	6.000 €	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6.000 €
Equipment Office (Laptops)	1.500 €	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.500 €
Equipment Furniture (Decoration)	1.000 €	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.000 €
Equipment Furniture	400 €	400 €	400 €	400 €	400 €	400 €	400 €	400 €	400 €	400 €	400 €	400 €	4.800 €
Operating Expenses	680 €	680 €	680 €	680 €	680 €	680 €	680 €	680 €	680 €	680 €	680 €	680 €	8.160 €
Marketing & Advertising (initial)	2.500 €	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.500 €
Marketing & Advertising	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	200 €	2.400 €
Third party services	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	1.600 €	19.200 €
Variable costs													
Food & Drinks (average)	3.600 €	3.600 €	3.600 €	3.600 €	3.600 €	3.600 €	3.600 €	3.600 €	3.600 €	3.600 €	3.600 €	3.600 €	43.200 €
Miscellaneous (Certificate, napkins, take aways)	600 €	600 €	600 €	600 €	600 €	600 €	600 €	600 €	600 €	600 €	600 €	600 €	7.200 €
Total Costs													
Combined fixed and variable costs	28.080 €	17.080 €	17.080 €	17.080 €	17.080 €	17.080 €	17.080 €	17.080 €	17.080 €	17.080 €	17.080 €	17.080 €	215.960 €
Net Income													
Total before taxes	-8.880 €	2.120 €	2.120 €	2.120 €	2.120 €	2.120 €	2.120 €	2.120 €	2.120 €	2.120 €	2.120 €	2.120 €	14.440 €
Taxes (21%)	0 €	445 €	445 €	445 €	445 €	445 €	445 €	445 €	445 €	445 €	445 €	445 €	4.897 €
Total after taxes	-8.880 €	1.675 €	1.675 €	1.675 €	1.675 €	1.675 €	1.675 €	1.675 €	1.675 €	1.675 €	1.675 €	1.675 €	9.543 €

Table 10: Profit and Loss Statement – Option 2

8.6. Break-Even Analysis

The break-even analysis, demonstrates the relation between cumulated costs and the expected earnings in respect to the customer numbers. At the moment the earnings line crosses the costs line, the business starts making a profit and brings the owners into the profit zone.

For the basis of all calculations, the amount of customers is imminent. The break-even analysis does not reflect a certain timeframe or an observation of the following business years. It is simply a question about how many customers are needed to cover the business expenses. As in the subchapter above, those expenses consist of fixed costs that do not depend on the number of customers and the variable costs that have a direct connection to the number of paying participants.

The fixed costs contain the "one time payments" (11,000 Euro). To make them representative and the months comparable, these costs are equally spread over twelve months, although within both cash flow sheets it is shown that the initial expenses are covered in an early stage. The share of these "one time costs" over a year is useful for the break-even-analysis and is calculated in that way only for this subchapter. The chart shows that the fixed costs are nearly as high as 15,000 Euro and apply even if no customers participate in the courses.

The variable costs are calculated with the cost per customer presented in the cost calculation subchapter and rise with the number of each customer, since they are directly depending on their number.

The earnings are presented as gross sales numbers, since the break-even-analysis is calculated before interest and taxes. They are intended with the price for a course as shown in the sales forecast multiplied by the number of customers.

As the Loss/Profit column indicates, the break-even-point is slightly above 110 customers. This is the zone, where the earnings exceed the costs and the losses turn into profit due to a rise in paying customers. It is remarkable, that even within the scenario of the minimum sales, with only 25% capacity utilization and an average of 120 customers, the business is already in the profit zone.

The break-even-analysis underlines the findings of the other analysis-charts, such as the profit and loss statement. The business appears to be solid even within the worst-case calculation and an unrealistically low ratio of 25% capacity utilization. In that scenario, the business might not be profitable, but the risk of total financial failure is extremely low due to the relatively promising financial figures.

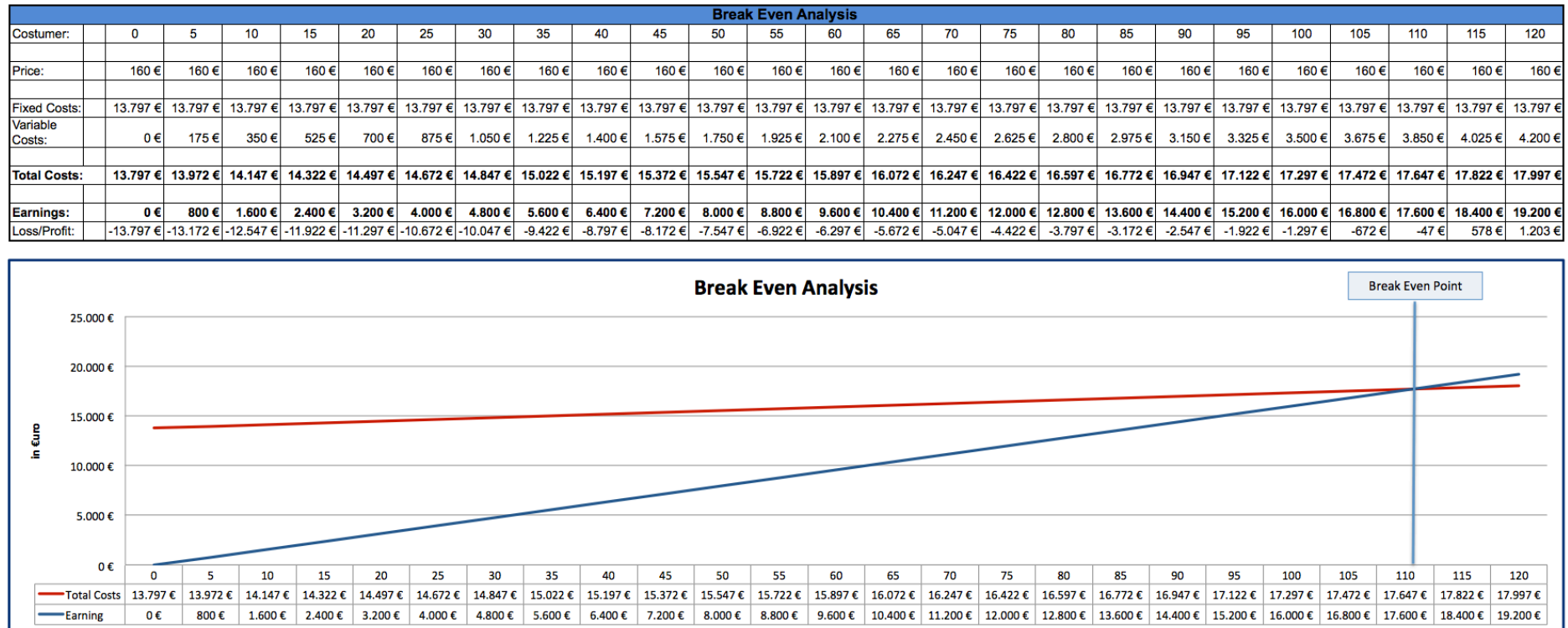


Table 11: Break Even Analysis

9. Conclusion

Based on the research done during this Business Plan, it can be said that team-building and team-building activities are of crucial importance for companies who want to be successful. Due to the effects of globalization –achieving more and more high level targets – a single person is not enough, instead a whole team is required. The use of strong teams and the positive correlation between team-based working and the quality of the work is proven by several studies. As many companies realize that the key to success - at the consisting high competitive global market- is having the most effective teams, I believe, that this business concept will be the perfect service for fulfilling the customers need. There are several team-building concepts in Lisbon, but no one is offering such a personalized and fun-filled concept as this.

After analyzing the financial part the worst-case scenario with only 25% use of the capacities due to a very conservative approach, shows profit, even if it's minor. These estimates build up confidence in the business since every customer above 120 participants per month (within an overall capacity of 480) will raise the profit zone immediately.

The average and more realistic scenario underlines a solid business concept that found a good balance between financial risk taking and conservative calculations, which underlines the success of this business idea.

As the concept of "SPICE-IT.UP Team-cooking experience" is new and innovative and the business field of activities focuses on smaller to larger companies that are willing to educate their personnel in an innovative and interactive team-building concept is promising success. Huge business complexes all over the world are ideal market segments to conduct this business idea, such as locations like Frankfurt, Germany or New York, USA due to concentrated and various business in one location. It becomes quite obvious that those markets have high potential and need to be entered as soon as possible due to an existing field of competition that can easily adopt the business idea.

The company would choose the "Franchising" strategy for internalization. This market entering strategy is based on the idea to supply a third party with a defined business and marketing concept. The applying party pays an agreed fee to the owner and binds himself to the exact execution of the business concept. Franchising is an entry strategy that works well with repeatable concepts in sectors like rental, hotel, restaurants and other chains.

It is used for food chains and restaurants and implies the handling of a complex organization with different skills in order to fulfill a setup for the execution of a business concept such as "SPICE-IT.UP Team-cooking experience". Financial risk is low due to the

fact that the third party contractor takes over the responsibilities for success. Also within this strategy a bigger amount of franchise locations are to be handled by the company management since every franchise is its own organization by itself. On the downside the return of money is not as high as in direct export strategies. On the other hand every franchise contractor has local knowledge about the market and their participants. In conclusion the decision to realize the internationalization throughout the franchise strategy due to its obvious advantages and minimum risk assessment seems to be the best option for “SPICE-IT.UP Team-cooking experience.

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Annexes

Annex 1 – Adult Training methodology and techniques

Annex 2 – OECD Economic Outlook Portugal

Annex 3 – OECD Portugal

Annex 1 – Adult Training methodology and techniques

Self-study Course for Trainers of Intercultural Mediators

Module 2

Adult training methodology and techniques

Olympic Training & Consulting Ltd.



Erasmus+



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Contents

1. Objective.....	4
2. The characteristics of adult learners.....	5
3. Principles and theories of adult learning	8
3.1. Adult learning theories.....	8
3.2. Adult learning principles	12
4. The role of the adult trainer	15
5. Methods and techniques in adult training.....	19
5.1. Methods and techniques.....	19
5.2. Choosing the appropriate technique.....	23
5.3. Communication in adult education	24
5.4. Group dynamics	25
5.5. Crisis management	27
6. Course design and delivery	29
7. Selected reading.....	34

1. Objective

This module is addressed at IM trainers who have not received so far specialized training on adult training methodology. The module presents the characteristics of the adult learner, principles of adult training and effective techniques for leading and managing the adult classroom. At the end of this module, the trainer should be able to:

1. Conduct needs assessment and embed these needs in the design and organization of learning activities
2. Organize training activities and choose the appropriate training techniques for their implementation
3. Create an engaging, interactive learning environment in the classroom
4. Choose and use the necessary educational material and equipment
5. Apply assessment techniques emphasizing on learning outcomes
6. Apply principles of group dynamics and crisis management

2. The characteristics of adult learners

The characteristics of the adult learners are linked with the definition of the term “adult”. According to Rogers (1999) there is a link between maturity and learning (see table).

Adult learners usually adopt more than one role, which influences the available time and energy they can devote and invest as learners. At the same time the challenge for the trainer is the heterogeneity of the adult learner groups. In general, the characteristics of the adult learners are as follows:

Maturity	Impact on learning
Personal development/ full development	Personal development and use of talents and interests
Prospect / mature judgments with respect to the others	Sense of perspective development
Autonomy / self-determination / decision making	Confidence development / responsibility
Rogers (1999)	

- **They decide to participate in a learning process for specific reasons and because specific needs arise.** Possible incentives are the professional development, fulfillment of social roles, personal development, and prestige acquisition.
- They have a **broad and diverse range of experience, knowledge plurality and shaped perceptions in which they invest emotionally.** These experiences are different since they derive from a variety of adult life situations, businesses, sense of social responsibility, political roles, family relationships etc.
- They possess their own **preferred learning styles.** They prefer to learn in a certain way, depending on the characteristics of their personality, abilities and experiences. Some adults learn by studying alone, others being involved in organized learning activities etc.
- They have the **tendency to participate in learning activities in an active way.** They need to be treated as responsible people. They prefer to being asked about their opinion and they also prefer open dialogue and communication. Instead of standardized educational contents they require contents strictly adapted to their own learning objectives. Therefore they are facing the trainers as knowledgeable colleagues rather than as unquestioned experts.
- **They face obstacles in learning.** These obstacles may be related to poor organization of educational activities, they might arise from adult learners social obligations and duties or they might involve internal barriers stemming from the personality of individuals. The internal barriers can be divided into two categories, obstacles related to prior knowledge and values or barriers arising from psychological factors.

- **They develop defense mechanisms and resignation.** These situations possibly occur when internal barriers impede adult learners to share new insights and redefine previous knowledge, values and habits.

The above characteristics of adult learners and in particular obstacles, are a particularly important issue that requires increased capacity from the adult educator in order to address them, such as the ability to diagnose situations, communicating, assessing and searching for alternatives, as well as intuition and sensitivity.

The view of experienced adult educators Hiemstra & Sisco (1990) about adult learners:

Adult learners:

- stop participating in education when they feel they are losing their time
- are interested in education as a side job; other issues occupy their time and interest
- come to education because of an emergency need or a motive
- do not always reveal the true reasons for participating in a training activity; they might be seeking for new friends, want to be members of a team or want to acquire knowledge
- want to feel comfortable
- want to create social relationships
- have very little time
- like to be treated as mature people
- appreciate the friendly concern on behalf of the trainer
- want confirmation that they can succeed in whatever they want to do or learn
- need reward and encouragement
- need satisfaction from reaching goals
- are motivated by an intensive need for learning
- are impatient trainees, are pressed by time, and rush to implement what they have learned and the skills they have acquired
- have rich experience to share with the group
- may be facing problems
- appreciate a clear and well-designed learning experience
- are fast in evaluating and assessing good teaching

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Key-words

Maturity; adult learners; range of experience; incentives; control over learning; life margins; resistance to change; learning obstacles

Question for reflection

- ☞ Remember a case when you faced obstacles in learning: How did you feel? Try to explain the reasons for these feelings.

3. Principles and theories of adult learning

3.1. Adult learning theories

There is no single theory about learning that can be applied to all adults. Literature provides a variety of models, sets of assumptions, principles, theories, and explanations that make up the adult learning knowledge base. The most important theories are Andragogy, self-directed learning, and transformational learning.



Adult learning theories provide insight about how adults learn. Their knowledge can help trainers to be more effective in their practice and respond to the needs of the learners.

Andragogy

Andragogy is a humanitarian attempt to conceptualize adult education leading to specific methods and practices. Malcolm Knowles attempted to document differences between the ways adults and children learn, proposing the concept of andragogy as “the art and science of helping adults learn” in contrast with pedagogy as “the art and science of teaching children”. The theory of Andragogy argues that learning is an interactive interpretation process which leads to the continuous transformation of experiences of adult learners. A person towards its course to maturity accumulates a significant number of experiences that gain meaning through the process of learning. Knowles presented a set of assumptions about adult learners:

- a) Adults **need to know why** they want to learn something
- b) They move **from dependency to increasing self - directedness** as they mature and can direct their own learning
- c) They draw from their **reservoir of life experiences**
- d) They are ready to learn when they assume **new social or life roles**
- e) They are **problem - centered** and want to apply new learning immediately, and
- f) They are **motivated to learn by internal**, rather than external, factors

These assumptions also suggest a set of training practices that adult educators should follow:

- a) Create a cooperative learning atmosphere in the classroom
- b) Assess the learners’ specific needs and interests
- c) Develop learning objectives based on learners’ needs, interests, and skills
- d) Design sequential activities to achieve the objectives, work collaboratively with the learners to select methods, materials, and resources

- e) Evaluate the quality of the learning experience and make adjustments while assessing needs for further learning

Self-directed learning

In 1970's, Knowles and other educators such as Carl Rogers promoted the idea that education needed to move away from being teacher - centered towards learner-centeredness or facilitated learning. Under this approach education should adjust to the needs and wants of learners. Trainers need to move out of role of "the sage on the stage" to that of "the guide on the side" in which learning mostly becomes a collaborative affair between the trainer and student. Learners are encouraged to become more involved or self-directing in their learning. Self - directed learning can also be an informal process that takes place outside the classroom in which learners make decisions about content, methods, resources, and evaluation of their learning. One of the benefits of this process is that learning can be easily incorporated into daily routine and occur when it is convenient for the learners and according to their learning preferences. Not all learners prefer this kind of learning and many adults who engage in it also engage in more formal educational programs. The adult educator can enhance the traditional classroom instruction with a variety of techniques to encourage learners in having self-directed learning experiences.



Transformational learning

The study of transformational learning emerged with the work of Jack Mezirow. The concept of this theory derives from the premise that **the way in which we interpret reality is determined by the perception system we have**. This perception system is imposed by the **cultural context** and has been unconsciously internalized through the process of our socialization. This system often contains false and distorted values, beliefs and assumptions, in a way that our representation of reality leads to malfunctioning. Our perceptual system is so deeply etched in our personality that we have the tendency to accept almost exclusively experiences that can be easily adapted to it and reject those that differ. It is therefore necessary that we as adults fit in our life with actual conditions to develop the ability to critically reconsider our beliefs for ourselves, the roles we have undertaken, and our relationships with others.

The learning process can help in this transformation. According to Mezirow the means for this transformation is **reflection**. He defined reflection as the process of reviewing perceptions and values by means of which we understand reality and act. Straightforward reflection is the act of "intentional assessment" of one's actions, whereas critical reflection not only involves the nature and consequence of one's actions but also includes the related circumstances of their origin. He presented three types of



Reflective thinking

reflection and their role in transforming meaning schemes and perspectives: **content** reflection, **process** reflection, and **premise** reflection.

In this frame adult educators who are seeking to foster transformative learning within their classes may consider the following:

- Create a climate that supports transformative learning; employ activities that promote student autonomy, participation, and collaboration; help them to explore alternative perspectives and engage in problem-solving and critical reflection
- Focus on knowing students and the types of learning activities that most appeal to them
- Develop and use learning activities that explore and expose different points of view
- Encourage dialogue groups that help build relationships where tension and dissent can be explored safely
- Trainers can also work to prepare themselves to teach from a transformative perspective through critical self - examination as well as sensitivity towards others



Other but not less important theories of adult education are presented in the following table. Try to identify their main assumptions and their implications for the trainer

Theory	Source
Person-centered approach	Carl Rogers (1961, 1972)
Social Change	Paulo Freire (1977)
Theoretical model of Knox: individual's effort to meet life demands successfully	A.B Knox (1986)
The "Learning process" model	Peter Jarvis (1987)
Learning cycle	D. Kolb (1991)
Reflective practice theory	Donald Schon (1983)
Action Science	Cris Argyris & Donald Schon (1978)
Characteristics of Adults Learners (CAL) model	Cross (1981)
Three dimensions of learning	Knud Illeris (2002)

Most of the above theorists point out the importance of the exploitation of adult learners' experience. They proposed methodologies that require the active participation of adult learners in all stages of the learning process, perceiving the adult trainers mostly as motivators and coordinators rather than persons who just transfer knowledge and values.

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<http://www.nova.edu/~aed/newhorizons.html>
<http://www.infed.org>

Key-words

Self direction; internal changes; way of living; roles of adults

Questions for reflection

- ☞ What are the differences between adult and underage learners?
- ☞ What is the most suitable theory to be applied in your field?

3.2. Adult learning principles

Taking into account the characteristics of adult learners, basic principles have emerged concerning adult learning. The consideration of these principles leads to the formulation of basic preconditions for successful adult training.

In the graphic below key principles of adult learning and their implications for teaching design and delivery are presented:



Adults are motivated to learn by a wide variety of factors such as personal aspirations, expectations, internal desire or interest, escape from a situation etc.

- Inquiring into the reasons why participants are interested in learning
- Invite learners to identify the link between learning and the satisfaction of a personal need or a reduction in an external stress or threat
- Make a connection between the learning content and each learner's long-term objectives (in work and life)
- Ask participants to discuss the short- and long-term benefits of assimilating the program's content

Adults learners are goal-oriented, relevancy oriented and practical

- Ask learners to identify what they would like to learn
- Establish clear learning objectives
- Explain how training objectives relate to training activities
- Engage learners in identifying the challenges they face and the value of learning to addressing these challenges.
- Training must show relevance to job or other interests
- Learning has to be applicable to adult work duties or other responsibilities
- Focus on teaching practical skills/tools, methods
- Give opportunities to apply the knowledge, to practice skills and methods to solve problems

Adult learners need to be respected

- Acknowledge the wealth of knowledge and experiences the participants bring to training
- Treat participants as equals
- Allow participants to voice their opinions freely

Adults prefer active learning

- The more actively engaged the learner is the more learning takes place
- Different training methodologies and techniques have greater rates of retention

Adults want guidance

- Adults want information that will help them to improve their situation or that of their children
- Adults do not want to be told what to do but they want to choose options based on their needs

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Key-words

Experience as resource of learning; motivation; guidance; learning environment; relevance of learning; different learning styles; active learning

Question for reflection

- ☞ Thinking about the above mentioned principles of adult learning, how do they influence the way you deliver teaching services to adults in general and intercultural mediators in particular?

Annex 2 – OECD Economic Outlook Portugal

PORTUGAL

GDP growth is projected to remain broadly stable at around 2% per year in 2019 and 2020. Domestic demand and further export gains will support economic activity. In particular, consumption growth will remain solid as the unemployment rate falls further. Rising labour costs will prompt an increase in inflation.

The fiscal deficit is expected to disappear by 2020 and the debt-to-GDP ratio is on a firmly declining path, which is appropriate owing to long-term fiscal sustainability issues. In case growth surprises on the upside, all windfall revenues should be used to reduce the debt ratio faster. The greening of the economy can be further improved by increasing environmental taxes so that the prices of different energy sources adequately reflect their environmental impact.

Economic activity remains steady

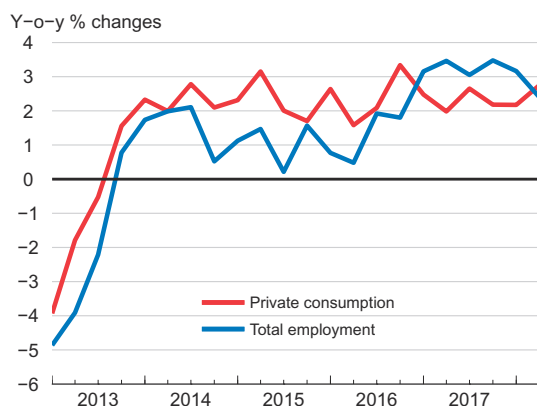
Business and consumer confidence have eased over the past few months, but both remain at comparatively high levels. Private investment growth is being underpinned by spending on machinery and equipment, with the vehicle manufacturing sector showing notable signs of increased capacity utilisation. Housing investment is rising strongly, responding to strong growth in prices of both new and existing dwellings. Labour market conditions continue to improve, with the unemployment rate having now fallen below 7%.

Policy measures will need to continue buttressing the public finances

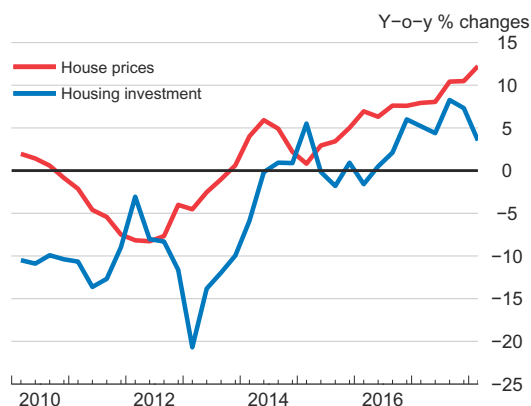
After being slightly expansionary in 2018, the fiscal stance is projected to be broadly neutral in 2019 and 2020. The authorities must continue to balance the objectives of improving the fiscal position and sustaining the economic recovery. In this context, the government plans to reach a balanced budget by 2020 are appropriate. Any windfall revenues should be used to reduce the public debt-to-GDP ratio further, which is still extremely high at above 120% of GDP.

Portugal

Stronger labour market conditions have supported consumption



Housing investment has recovered with rising prices



Source: OECD Economic Outlook 104 database; and Statistics Portugal.

StatLink  <http://dx.doi.org/10.1787/888933877145>

Portugal: **Demand, output and prices**


	2015	2016	2017	2018	2019	2020
	Current prices EUR billion	Percentage changes, volume (2011 prices)				
GDP at market prices	179.8	1.9	2.8	2.2	2.1	1.9
Private consumption	117.7	2.4	2.3	2.2	1.8	2.0
Government consumption	32.6	0.8	0.2	1.0	0.2	-0.3
Gross fixed capital formation	27.8	2.3	9.2	4.6	6.0	5.0
Final domestic demand	178.2	2.1	3.0	2.4	2.2	2.1
Stockbuilding ¹	0.6	-0.1	0.0	0.0	0.0	0.0
Total domestic demand	178.8	2.0	3.0	2.4	2.2	2.1
Exports of goods and services	72.6	4.4	7.8	5.8	4.3	4.0
Imports of goods and services	71.6	4.7	8.1	6.2	4.8	4.5
Net exports ¹	1.0	-0.1	0.0	-0.1	-0.2	-0.2
<i>Memorandum items</i>						
GDP deflator	—	1.8	1.5	1.4	1.4	1.4
Harmonised index of consumer prices	—	0.6	1.6	1.3	1.5	1.4
Harmonised index of core inflation ²	—	0.9	1.2	1.1	1.4	1.4
Unemployment rate (% of labour force)	—	11.1	8.9	7.1	6.4	5.7
Household saving ratio, net (% of disposable income)	—	-3.7	-4.1	-5.2	-5.8	-6.0
General government financial balance ³ (% of GDP)	—	-2.0	-3.0	-0.7	-0.2	0.1
General government gross debt (% of GDP)	—	146.7	147.0	144.0	140.6	137.2
General government debt, Maastricht definition (% of GDP)	—	129.2	124.8	121.7	118.4	115.0
Current account balance (% of GDP)	—	0.6	0.5	-0.9	-0.4	-0.1

1. Contributions to changes in real GDP, actual amount in the first column.

2. Harmonised index of consumer prices excluding food, energy, alcohol and tobacco.

3. Based on national accounts definition.

Source: OECD Economic Outlook 104 database.

StatLink  <http://dx.doi.org/10.1787/888933878076>

There is potential for changes in both the tax mix and improvements in the efficiency of government spending that would benefit both the public finances and the economy. For instance, there is scope to raise environmental taxation so that energy pricing properly reflects environmental costs. At the same time, innovation activities of young firms that are often making losses could be better encouraged through allowing unused R&D tax credits to be carried forward indefinitely or refunded in cash.

EU structural funds are expected to contribute positively to investment growth in 2019 and 2020 and the banking sector is now in a better position to fund investment projects. A recent sovereign credit upgrade by Moody's should also lower the cost of investment financing.

Growth is projected to remain stable

The pace of economic activity is projected to be broadly unchanged in 2019 and 2020, at around 2% each year. Employment gains and rising real wages will underpin consumption growth and a slight increase in inflation over the coming years. The projected slowdown in the pace of activity in Portugal's major trading partners will be a headwind to future growth.

Risks to the outlook include a tightening of financial conditions. In particular, an increase in the interest rate paid on government bonds could lead to financial stress given the heightened fragilities that exist from high public debt and an elevated stock of non-performing loans in the banking system. Further increases in oil prices may also weigh on growth given that Portugal is a large net oil importer. On the upside, steps to complete the banking union in the euro area could boost confidence and investment activity in Portugal.

Annex 3 – OECD Portugal

PORTUGAL

CONCLUSIONS AND RECOMMENDATIONS (see next page)

OUTLINE OF THE REPORT

1. THE CONTEXT

Part I

POLLUTION CONTROL AND NATURAL RESOURCE MANAGEMENT

2. WATER

3. WASTE

4. SOIL AND LAND USE

Part II

INTEGRATION OF POLICIES

5. ECONOMIC POLICY AND ENVIRONMENTAL POLICY

**6. INTEGRATING ENVIRONMENTAL CONCERNS INTO THE ENERGY
AND TRANSPORTS SECTORS**

7. ENVIRONMENT, TRAINING AND PUBLIC INFORMATION

Part III

INTERNATIONAL CO-OPERATION

8. INTERNATIONAL CO-OPERATION

ANNEXES

CONCLUSIONS AND RECOMMENDATIONS*

Portugal has experienced a cycle of rapid economic growth -- one of the highest in the OECD -- since joining the European Community in 1986, and has set itself the objective of reconciling economic development with environmental protection. This growth is associated with structural changes --- industrial modernisation, a decline in agriculture, urbanisation of coastal areas, development of tourism --- and with regional disparities, and generates several types of pressure on the environment: natural resource use, pollution and the restructuring of land use.

The European Community plays an important role in Portugal's economic development, participates to a significant extent in funding environmental protection expenditure and influences Portuguese laws and regulations through its Directives on the environment.

Portugal is thus faced with the challenge of achieving economic growth and sustainable development, and ensuring economic and ecological convergence with other European countries.

The OECD's report has set out the baseline for assessing future environmental progress and has examined Portugal's environmental performance in three key areas:

- integration of environmental and economic decision-making;
- pollution abatement and natural resource management;
- international co-operation.

In each area, the degree to which the objectives set by the public authorities have been achieved has been evaluated. National objectives are often of a general nature, but are sometimes more precise and quantified. This is also true of international commitments.

1. Integration of Environmental and Economic Decisions

Environmental performance, sustainable development and environmental convergence

Portugal's environmental expenditure has generated improvements in areas such as sewage treatment plants or regulated dumps. However, economic growth, industrial development and migration towards the coast and towns have all complicated the search for solutions by sometimes creating new environmental problems, particularly in mainland Portugal. They have affected the quality of life and the tourism industry.

Based on the information currently available, it appears Portugal, at its current level of pollution abatement and control expenditure, will find it very difficult:

- (i) to pursue sustainable development and face up to the pressures caused by relatively rapid economic growth, and
- (ii) to ensure environmental convergence, i.e. to attain a degree of environmental protection comparable to the European Community average.

The exact scope of the additional efforts needed depends on the transition period which has yet to be defined, the objectives set and economic trends during such period. Financing this effort within Portugal's budget will certainly cause problems. Its funding could thus be provided principally by (i) Community funds (and in particular cohesion funds), (ii) new charges paid by users or polluters, and (iii) new forms of partnership and sponsorship, in particular for natural heritage protection. The financial effort required may be reduced if environmental considerations were better integrated into economic decision-making, whether sectoral or not, and if various instruments (regulatory, economic and land-use planning measures) were used together.

Madeira and the Azores have achieved positive results in integrating environmental protection, tourism and more traditional activities.

* Conclusions and Recommendations approved by the Group on Environmental Performance at its July 1993 meeting.

Institutional mechanisms and instruments for policy implementation

Measures taken since 1987 have enabled Portugal to acquire a coherent set of laws and regulations on the environment and associated institutions. The creation in 1990 of the Ministry of the Environment and Natural Resources and progress accomplished in inter-ministerial consultation on the environment should improve the efficiency of the central administration. Information on Portugal's environmental protection expenditure shows that measures have been taken and investment has significantly increased in recent years. The relationship with industry has been developed through voluntary agreements. Environmental impact assessment procedures are beginning to be applied to major projects as well as to activities financed by the European Community. Land-use planning and management are well developed in Portugal, particularly in coastal areas.

The adoption by the Portuguese Government of objectives concerning (i) State efficiency in implementing environment policy ("less of the State, but better") and (ii), the use of economic instruments (pricing and fiscal measures but also environmental investment) is strengthening the progress made. In this regard, it is recommended that consideration be given to the following proposals:

- The report on the follow-up to the Rio Conference should serve as the basis for the development of a national plan on the environment. This plan should enable essential overall studies to be carried out, mobilise the various ministries and social and economic partners involved, and show the way to sustainable development.
- The level of environmental expenditure and their funding mechanisms should be examined in depth.
- Concerning economic instruments, it appears urgent to introduce pollution charges in order that environmental costs be taken into account and new financial resources generated at national and municipal level.
- Implementation of regulatory instruments should be strengthened, in association with other incentive instruments. Efforts could be undertaken for infringements to be formally recorded, and in order that the courts play a greater role by setting penalties more frequently when serious pollution and other illegal acts occur.
- Land-use planning and management could be made to play a preventive role in environmental policies. The Ministry of the Environment should strengthen its team of economists in order to better study and integrate costs, subsidies and damages relating to the environment into governmental policy. Economic information should be developed in association with other competent ministries and possibly with social and economic partners.
- The progressive increase in demands for environmental protection should lead public authorities and industry to encourage the emergence of an eco-industry able to respond to such demands, in particular in the areas of water and waste.

Environmental training and information

The training and information efforts which should be made are all the more necessary and sizeable in Portugal, because communication between the administration, companies and the public can still occasionally be insufficient, as a result of habits inherited from the past.

Portugal's policy in this area was defined as early as 1987 and has been progressively implemented by the Ministry of Education and the Ministry of the Environment. The results obtained after only a few years are noteworthy but remain little known and, of course, limited:

- The inclusion of the environment in educational policy is a good example of successful integration. This success results largely from the existence of an organisation with specific responsibility for these matters under the auspices of the Ministry of the Environment: the Institute for the Promotion of the Environment.
- Public information policy is very complete and is aimed at the public, decision-makers, laymen and specialists. Collection of environmental data has been completed in a few years, starting from an unsatisfactory situation. The materials collected and distributed have had a positive effect on public awareness of environmental matters.
- Actions intended to enable the public to take an active part in the decision-making process have been undertaken for some environmental problems. Although the issues submitted to public inquiry are still limited, this type of initiative, only five years after Portugal's framework legislation on the environment, is a highly positive sign of the Government's interest in public participation.

The Portuguese Government considers that continued efforts in environmental training and information are a priority. In view of the task ahead, such a policy requires an extension of the resources available. At the same time, it would be useful to make a detailed evaluation of the efficiency of those measures already taken, in order to avoid dispersal of efforts and to correct on-going strategies where necessary.

The central administration will have an essential role to play, though concertation with local authorities, environmental protection associations, unions and industry will have to be strengthened. The deficit of information and public awareness on environment could be reduced by the use of greater and more decentralised resources. The regionalisation of the public authorities' activities could be expressed through real administrative deconcentration and by involving the public through participation activities. A greater degree of transparency together with an improved communication policy on the part of the administration and industry should also be developed.

Sectoral integration: air pollution, energy and transport

In comparison to other European OECD member countries, Portugal's performance on air is characterised by a low total volume of atmospheric emissions and generally good air quality. However, emissions are increasing more rapidly and local atmospheric pollution problems occur in some urbanised and industrialised areas. The development of emission levels relative to GDP indicates that the economic growth of the 1980s was not accompanied by a comparable air pollution control effort. Today, legislation relating to the control of atmospheric pollution is progressing. Joint commissions enable concertation with industry and preparation of the introduction of new emission standards, made necessary by the adoption of European Community legislation.

During the past decade, Portugal's energy requirements and intensity increased at a rate which is one of the highest among OECD countries. In contrast to most of these countries, Portugal has become increasingly dependent on energy supply to achieve economic growth. On-going changes in Portugal's energy structure have already had a noticeable effect on SO₂ emissions in spite of increased coal use, due to fuel quality improvements. Energy product taxation has recently begun to integrate incentives linked to fuel quality, and in particular to sulphur and lead content, which have had a noticeable effect. The reduction in taxes on LPG is an encouraging example of the extension of this approach to alternative fuel use. However, a sharp drop in real energy and transport prices has been and remains an important factor in stimulating demand for energy and transport services. Electricity prices in particular reflect neither the economic realities of production, nor social costs.

In the future, it is probable that atmospheric pollution problems, and in particular those due to NO_x emissions, will increase. The benefits of energy conservation efforts, the forthcoming introduction of natural gas and the success of co-generation may be more than compensated by very strong growth of the transport sector, particularly in coastal areas. Efforts to modernise and rationalise public transport represent a first step towards wider action in favour of modal transfers to less-polluting forms of transport.

The legislative framework is in place, and the main measures necessary to lessen the growing impact of energy and transport activities on the environment have been taken. The provisions of the framework law on air quality of 1990 which were the subject of a decree adopted in 1993, should be implemented. It is therefore recommended that the following proposals aimed at integrating environmental concerns into sectoral policies on transport and energy be considered:

- The strengthening of energy conservation measures, currently threatened by falling energy prices, and the implementation of an integrated development plan for the transport sector, could be made priority areas.
- Economic instruments should increase awareness of the real costs of energy and transport services, as well as of external environment-related costs. In this respect, it would be desirable to improve balance of taxation between vehicle fuels and other energy products and extend existing fiscal incentives so that they may better reflect environmental protection goals; to continue efforts to rationalise energy pricing, in particular for network energy sources such as electricity; and to extend this rationalisation effort to taxation on vehicle and road use.
- Large pollution abatement investments will be necessary, in particular in refining and electricity production.
- Taxes or charges on atmospheric pollution could encourage the development of less polluting facilities by improving the cost-effectiveness of pollution control techniques and clean technologies, and possibly contribute to financing improved energy efficiency and air pollution control investments.
- Environmental impact assessments should be systematically carried out at an early stage of the decision-making process for major energy and transport infrastructure projects.

2. Pollution Abatement and Natural Resource Management

Water

In order to ensure long-term development of water resources, and to avoid water becoming a limiting factor in the development of dependent activities (industry, agriculture, energy, tourism), Portugal's water management policy is based on an integrated management structure within the Ministry of the Environment, which associates management of surface and underground waters, qualitative and quantitative management measures and management of use by various sectors, whilst relying on direct participation by other ministries. It also relies on the existence of a legislative and regulatory framework, the implementation of a water pricing system in most regions of the country and very positive activities and bilateral relations with Spain concerning common river catchment areas.

However, overall results are mixed. Although Portugal is well endowed with fresh water, regional shortages occur during the dry season. Concerning water pollution, information on trends shows an improvement in the quality of surface waters, but suggests some problems concerning underground waters; it provides a generally satisfactory overall picture for coastal waters, although local problems exist in several estuaries and lagoons. Overall, pollution levels have not increased, and they have even decreased in certain cases (such as the pulp and paper industry). This trend is positive, given Portugal's rapid economic growth and the generally satisfactory state of its environment. It must be noted, however, that Portugal remains under-equipped in sanitation networks and treatment stations for urban and industrial waste water.

It is therefore recommended that consideration be given to the improvements which may be obtained using the following measures:

- Strengthening of implementation of anti-pollution measures, with particular attention to local and upstream water needs, as well as to estuarial, lagoon and coastal ecosystems.
- Development of all economic aspects of water resource management: economic evaluation of major water supply projects, self-financing of water distribution and pollution abatement activities, implementation of the Polluter-Pays Principle and the User-Pays Principle, use of economic instruments, evaluation of the use of subsidies, and increasing the financial resources of the Ministry of the Environment.
- Preparation of a special plan for the management of underground waters with a view to protecting their quality and ensuring reliable supply for uses requiring high-quality water.
- Acceleration of construction programmes for sanitation networks and treatment stations for municipal and industrial waste water, whilst avoiding pollution being aggravated by discharges from recent and new facilities, and making the best use of innovative technologies;
- Conclusion and implementation of "environmental pacts" with the various industrial sectors, associated with efficient monitoring mechanisms and their public access.
- A study of the creation of agencies centred on major water catchment areas to carry out integrated management of these areas: management of watercourses and underground water bodies, pollution prevention and control measures, monitoring of navigation, flood protection, and erosion prevention. The core of these agencies could be the existing regional Delegations of the Ministry of the Environment, and benefit from close and active participation on the part of the region's municipalities.

Waste

Concerning waste management, for a long time the practice was to deposit waste in unregulated dumps, leading to pollution of the atmosphere and of surface and underground waters. Major efforts were undertaken from the mid-1980s: Portugal established an appropriate legislative framework for waste management and surveys and inventories were made to better evaluate existing problems. There was also investment to initiate the country's equipment in regulated dumps and sorting centres for urban waste, and measures were taken with industry to improve the management of industrial waste, for example through voluntary agreements on recycling, with encouraging results.

However, although the situation has improved, no solution has yet been found, and the Portuguese authorities feel that waste causes "major problems", which "must be dealt with urgently", and that the issue of waste and particularly that of hazardous waste, is "one of the most serious national environmental concerns".

From a technical as well as a financial point of view, efforts have already been made towards improving waste management. However, these efforts are probably not sufficient to avoid a worsening of the situation, and, even more so,

to reduce the growing threat to the environment resulting from increased waste generation. It is recommended that the following proposals be considered:

- Portugal currently lacks appropriate facilities for the elimination of urban, industrial and hospital waste, and should implement the plans which have been adopted and invest in this area.
- Financial incentives to encourage the appropriate elimination of waste should be implemented, based on the application of the Polluter-Pays Principle regarding investment and operating costs.
- Mechanisms for inspection and penalty setting are not yet operating efficiently, thus encouraging the continued use of technically outdated and sometimes illegal practices; they should be improved in association with incentive or voluntary measures.
- In order to increase public and industrial awareness and for future planning purposes, it would be necessary that national plans already adopted for waste management be more rapidly implemented, and in particular those concerning management of urban, industrial and hospital waste, after discussion with the various parties concerned. These plans, which contain targets, an implementation schedule and a description of the financial means needed, should also include a hierarchy for waste management in accordance with Agenda 21, monitoring and implementation measures, and an evaluation of actions which should be taken to clean up old "blackspot" sites.

Soil and land use

In the past, soil conservation policy has not been closely integrated with agricultural policy. The considerable changes in the share of land devoted to forestry, cereal cultivation, permanent cropland and pasture were linked to the implementation of a series of financial support programmes in favour of cereals, other crops and afforestation. However, these agricultural and afforestation programmes have limited soil damage. Recent regulatory developments have strengthened the trend towards improved soil conservation.

Nevertheless, serious soil degradation problems exist in large areas of the country, notably vulnerability to erosion. The development of eucalyptus afforestation has been called into question in debates concerning forest fires and soil protection. In recent years, measures have been implemented to take into account the impact on the environment of plantations of such rapid-growth species. Eucalyptus has no longer been given priority in plantation projects by public authorities since 1990. The increase in irrigated land may facilitate soil conservation whilst enabling improved management of cultivated land, but in some cases it can also cause new problems (salinity, erosion, water pollution). Finally, though the level of pollution by agro-chemical products is generally low, there are local problems which need to be solved by technical, informational and training means.

Today, Portugal is at a turning point as regards soil and land use management. The removal of national cereal subsidies and the need to restructure agriculture in favour of profitable crops will coincide with the objective of long-term preservation of the most fertile agricultural land and zones of ecological value. Forests have been recognised as an economic resource and as a soil protection tool. Pressures on high quality soil from urban and industrial development will remain strong in coming years. With current regional and communal planning process on the one hand, and the National Agricultural Reserve and National Ecological Reserve systems, and protected areas network on the other, Portugal has the legal and institutional means to ensure coherent land-use planning whilst taking account of ecological issues.

The next five years will be decisive. It is therefore recommended that the following proposals be considered:

- Environmental concerns should continue to be integrated into financial support programmes for afforestation and for conversion to permanent cropland and pasture.
- Development of incentive and information programs aimed at changing agricultural practices such as irrigation, use of chemical fertilizers, holding size, etc., should be pursued.
- Co-operation efforts between the Ministries of the Environment, of Planning and Territorial Administration, and of Agriculture, in particular regarding measures relating to agriculture, forests, water, land-use planning and tourism, should be strengthened.
- Priority should be given to the completion of regional land-use planning documents.
- The National Ecological Reserve should be provided with adequate working means.
- Strict observance of regulations concerning protected areas should be guaranteed; their size should be increased and an objective of about 10 per cent of the territory could be set for these zones.
- The public and NGOs should be more closely associated with the management of protected areas and land-use planning processes.

3. International Co-operation

Bilateral relations in the environmental field are highly satisfactory and Portugal now participates in a large number of international agreements. The integration of the principles of European Community environmental law into Portuguese legislation is well advanced. Measures have been taken to protect important natural areas and certain threatened species, to reduce transfrontier pollution, and to assist developing countries with respect to environmental issues. The overall result is positive, particularly for a country which itself benefited from development assistance until recently.

Regarding future progress, it is recommended that the following proposals be taken into consideration:

- The adoption by Portugal of new international commitments, in conformity with models and norms in force abroad, could continue to encourage improvements in national environmental policy. The implementation of domestic legislation and regulations further to European Community decisions, OECD Decisions and Recommendations, and regional or worldwide conventions, will continue to have a very positive effect on Portugal's environmental policy.
- Concerning bilateral relations, it may be appropriate to strengthen environmental co-operation with Spain, for example through a bilateral agreement giving a firmer and more effective basis to action already undertaken, and which would resolve the difficulties associated with the existence of widely differing institutions on either side of the border.
- Regarding maritime matters, it would be useful to take additional measures for improved protection of Portuguese waters against the dangers associated with considerable maritime traffic off the Portuguese coast. The competence of various administrations regarding protection of the marine environment have already been clarified but further specification is necessary before a serious accident occurs in the country's territorial waters or economic zone. The necessary resources for monitoring maritime traffic and to deal with pollution caused by vessels should be strengthened, particularly concerning oil tanker de-ballasting. The co-operation set up by the Lisbon Agreement should be more thoroughly tested by combined international exercises to improve the various elements included in the Agreement.
- Regarding transfrontier atmospheric pollution, the outlook appears to be that Portugal will increasingly be both a producer and a victim of transfrontier air pollution by sulphur and nitrogen oxides. Concerning the protection of the ozone layer, Portugal should reduce its imports of regulated substances in order to conform to the Montreal Protocol.
- Concerning compensation for transfrontier damage, Portugal is a contracting party to the major conventions, but could consider ratifying other conventions, protocols and amendments to guarantee better compensation of Portuguese victims.
- In view of its special relationship with certain Portuguese-speaking developing countries, Portugal could play an increased role in the north-south dialogue on the environment. This role would be all the more credible if Portugal increased its development assistance, in particular by increasing the scale of its actions with an environmental component.