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BUSINESS PLAN FOR A CONSULTING COMPANY; CASE  
SANUNANI CONSULTING

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# KONSULTOINTIYRITYKSEN LIIKETOIMINTASUUNNITELMA: YRITYS SANUNANI CONSULTING

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Tämän työn tarkoituksena tutkittiin konsultointialaa, sekä kehitettiin liikeidea toimivaksi liiketoimintamalliksi. Työn tekijä yhdessä puolisonsa kanssa toivoi omaa yritystä mutta liikeidea tarvitsi sekä taustatietoa alasta että kehittämistä muodostuakseen toimivaksi ja menestyväksi liiketoiminnaksi.

Työn konseptuaalinen viitekehys jaettiin kahteen osaan: teoriaosuuteen ja empiiriseen osuuteen. Teoriaosuus keskittyi asiasanojen tarkasteluun yleisesti konsultoinnin alalla käyttäen tietolähteenä kirjallisuutta sekä muita lähteitä. Teoriaosuutta tukemaan tehtiin myös pieni kvalitatiivinen tutkimus jo olemassa olevien konsultointiyritysten joukossa, jotta saatiin aitoa tietoa konsultointialan liiketoimintaympäristöstä. Työn empiirinen osuus keskitettiin yhden liiketoimintasuunnitelman kehittämiseen. Tästä johtuen työn empiiristä osaa tukemaan suoritettiin kvalitatiivinen tutkimus perustettavan yrityksen mahdollisten asiakkaiden joukossa sähköpostikyselynä käyttäen puolistrukturoituja kysymyksiä, jotta kehitettävä palvelukokonaisuus saataisiin vastaamaan markkinoiden tarpeita.

Teoriaosuuteen kerätyn aineiston perusteella voidaan sanoa, että menestyäkseen konsultointialalla on yrittäjällä oltava vankka ammattitaito ja kokemusta kyseessä olevasta liiketoiminta-alasta. Liikeideana konsultointiyritys kuulostaa hyvältä mutta markkinoilla vallitsevan negatiivisen asenteen vuoksi liiketoimintamalli on hiottava perinpohjaisesti, mikäli konsultointiyrityksestä toivoo menestyvää. Konsultointialan liiketoimintaympäristö on vallitsevilla aloilla pitkälle kilpailutettu mutta markkinoilta voi löytää potentiaalia sekä menestymismahdollisuuksia.

Kvalitatiivinen tutkimus paljasti, että liiketoimintaidealla on potentiaalia varsinkin yksityisasiakkaiden joukossa. Yrityksiltä, jotka olisivat mahdollisesti sekä kumppaneita että kilpailijoilta ei valitettavasti vastauksia saatu mutta sen sijaan instituutiot vaikuttivat kiinnostuneilta, mikäli perustettavan yrityksen henkilökunta on sertifioitu sekä OPITOn (Offshore Petroleum industry Training Organisation) että OLFin (Oljeindustriens Landsforening = Norwegian oil and gas association) toimesta.

Kokonaisuudessaan työ osoitti, että konsultoinnin liiketoimintaympäristö on haastava ja että menestyäkseen alalla on jatkuva henkilökohtainen kehittyminen tarpeellista. Liikeidea osoittautui hyväksi ja siitä kehitettiin toimiva liiketoimintamalli. Vaikka

tulevaisuus yrityksen menestykselle näyttää valoisalta, menestystä ei voida arvioida kuin vasta 1-2 vuoden kuluttua.

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This study was done to research consulting industry and to develop a business idea into functional business model. The author together with her husband hoped for an own business, but additional information of the industry was needed in order to develop the idea into operative and successful business.

Conceptual framework of the study was divided into two categories: theoretical and empirical. The theoretical part focused on finding relevant information from reading books and other sources of the keywords in general in consulting industry. A small, supportive qualitative research was also conducted among some of the present consulting businesses in order gain primary information about the business environment of consulting industry. The empirical part of the study was focused on developing a business idea. A qualitative research was made to support the empirical part by sending semi-structured questions via e-mail to possible customers to gain information to help in forming the service package responding the market need.

Based on the theoretical material it can be said that to succeed in the consulting industry the entrepreneur has to have solid professionalism and expertise of the particular business area. As a business idea consulting might sound good, however due to the generally negative attitude in the field towards consultants the business model has to be developed thoroughly if success is aimed. In the prevailing areas of consulting the environment is very competitive, however in more niche markets there is more potential for success.

The qualitative research revealed that the business idea has potential especially among the private customers. Companies which could play both roles; competitors and partners, no answers were received, which is a pity. However institutes showed interest, but highlighted that the training staff has to be certified by OPITO (Offshore Petroleum industry Training Organisation) and OLF (Oljeindustriens Landsforening = Norwegian oil and gas association).

As a whole this study indicated that the business environment of consulting is very challenging and in order to succeed a continuous personal development in necessary. The business idea was good and it has been developed into operational business model. Despite of the fact that future for the company seems positive the success can really be assessed not earlier than 1 to 2 years.

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## SYMBOLS AND ABBREVIATIONS

ISO	International Safety Organisation
DP	Dynamic Positioning
OPITO	Offshore Petroleum Industry Training Organisation
OLF	Oljeindustriens Landsforenin = Norwegian oil and gas association
BOSIET	Basic Offshore Induction and Emergency Training
HUET	Helicopter Underwater Escape Training
FOET	Further Offshore Emergency Training
FFM	Fire Fighting Manual
SOLAS	Safety Of Life At Sea
ISM	International Safety Management
ISPS	International Ship and Port Facility Security Code
SSP	Ship Security Plan
CRA	Certificate of Receipt of Application
CMID	Common Marine Inspection Document
STCW	Standards of Training, Certification and Watchkeeping
NI	Nautical Institute
IMCA	International Marine Contractors Association

## 1 INTRODUCTION

Being an entrepreneur is not only about establishing a business and running it. Being an entrepreneur is a way of thinking and a way of lifestyle. This idea is the basis when forming a business idea. (Raatikainen 2012, 17-21) Together with personal interests and strengths the business idea should be formed based on market need, innovation, and uniqueness and – of course – profitability. The business idea itself should already be able to answer the critical questions: what to sell, whom to sell, how to sell. (Meretniemi & Ylönen 2009, 15) This thesis carries out a development process of a particular business to progress from an idea into a functional consulting business.

The thesis is divided into two parts: theoretical and empirical. The purpose of the theoretical part is to look on the relevant issues on a general level of consulting by not focusing strictly into any possible business area. However at the same time the purpose of the theory is to give supportive theoretical information for the empirical part – the development process of a consulting business. Business Model Canvas – method is chosen for the empirical part as the tool for developing Sanunani Consulting from an idea to active consulting business because of its freshness and novelty.

The dictionary defines a consultant as “an expert in a particular field who works as an advisor either to a company or to another individual.” (Website of Entrepreneur 2014) In a nutshell a consulting company offers third party opinion on decisions, guidance, problem solving, recommendations, etc. on its field of expertise. It is important to underline the meaning of expertise in this context, as it is the key factor separating a good consultant from a bad consultant. In other words in the industry of business consulting the one having the most knowledge and intelligence to use that knowledge effectively is usually the better consultant. Despite of the fact that consulting industry has been growing rapidly over the last decades there is not many studies made of it. Business magazines are full of information on “how to become a consultant” or “these are the necessary characteristics of a consultant”, however the area of consulting industry has not been studied as much when compared to other industries.



## 2 CASE STUDY COMPANY

Sanunani Consulting is a company offering tailored training and consulting services to merchant marine and offshore based companies and their workers. The company offers a wide range of employment services and job possibilities for sailors entering the segment or looking for new opportunities and for shipping and manning companies the company is able to serve with right crew members. Sanunani Consulting also has a broad network in logistical field and therefore is able to provide logistical solutions in both; cargo handling and shipping. Via network the company is able to give consultancy regarding visa and work permit issues in various countries as well as helping with applying endorsements for seafarer`s national licences from other countries for example Norway, Marshall Islands, and UK. Sanunani Consulting provides Dynamic Positioning Instructors approved by the Nautical Institute who can attend the client`s vessels or other facilities or have the training arranged for example at Satakunta University of Applied Sciences with company`s instructors. The co-operation is growing all the time, and therefore work-welfare and motivation related consulting services are possible as well.

The marine industry has an impact on various economic. The core businesses include seafaring, port operations, shipyards, shipyard suppliers, marine engineering, different systems, and services suppliers and cargo handling equipment providers.



Picture 1. Marine industry. (Website of GBA Products Co Ltd 2014)

Marine industry is one of the most internationalised and global business industries as it bounds together a strong network of small and middle size companies. The most important markets for the industry are: shipping, leisure, ports and terminals, and offshore production. For the merchant marine the industry companies provide ship design, ship construction, ship repair, ship power and propulsion, on-board cargo solutions, cargo handling equipment and systems, engineering, design, life-cycle maintenance solutions and ship operation technology. (Website of Meridiem 2014)

The offshore industry primarily includes of two industries – the offshore oil and gas industry and the offshore wind energy industry. Offshore drilling refers to a mechanical process where a wellbore is being drilled through the seabed. It is typically done in order to explore and extract oil lying beneath the seabed. Due to the fact that demand for oil and gas in the world is increasing the global offshore oil and gas industry is growing strongly. Offshore platforms or oil platforms are giant structures used for the purpose of drilling and extracting gas and oil, located deep in the ocean. These platforms have onsite processing and storage facilities, as well as provide accommodation for the crew. (Website of Maritime Connector 2014)



Pictue 2. Oil rig and Oil platform. (Website of Ocean Rig 2014)

Sanunani Consulting is a company established by a married couple. Mr Mäkelä, acting as a CEO has an extensive job history both in merchant marine and offshore fields. He has been working under several flags and different companies within Finland, UK and Norway. Mr Mäkelä has also been a visiting lecturer / instructor at

Satakunta University of Applied Sciences, in the school of Marine Technology. Mr Mäkelä is studying further Marine technology part time at the moment and expects to achieve Master of Marine Technology degree during year 2015.

Mrs Mäkelä, acting as the co-ordinator has gained her job experience in the field of logistics. She has gathered an extensive network in logistics field together with her job experience. Mrs Mäkelä is about to conduct her Master's studies in International Business in 2014. Previously she has operated as an export secretary and customs broker.

The idea behind Sanunani Consulting started to form when Mr Mäkelä started his career and quite soon came interested in working with a foreign company. Information of those was difficult to get and rules and regulations first felt very complicated and the business structures behind were even more overwhelming. When discussing with his friends, Mr Mäkelä realised that quite a few of them had same dream or want and have been struggling with the same issues. Some of them had given up and were no longer enjoying their jobs. Mr Mäkelä, however, succeeded in getting a job under a foreign flag and throughout the years he has experienced a lot and is now keen on helping on both sides: the "sailors" and the companies to meet each other.

### 3 PURPOSE AND AIM OF THE STUDY

The topic of the study is chosen because of the fact that there is a real need for the author to develop her business plan in order to get the business itself succeeding. The purpose of the study is to find out how to proceed in developing a business plan and a business on a consulting business area by literature review and by conducting a research among the potential customers and partners. As the business idea itself is already "in the air", it is now necessary to find out if the idea can be turned into a successful business. Therefore this thesis searches for information on how to develop a proper business plan in order to give a solid base for the upcoming company. In order to gain that information it is vital to find out what the business envi-

ronment of the particular business area is like and does the business idea really have the potential to become profitable.

To do the above a research for secondary information on reading relevant books and Internet articles is done to gain more knowledge and professionalism on developing a business plan and on the business environment of consulting. The theoretical part of the thesis will present the essentials of producing a business plan, about business environmental issues, and about the tools of forming a business model. The theoretical framework is kept tight and strictly serving the needs of pushing the company idea into a real business. The empirical part of the thesis, the project of developing a business plan for Sanunani Consulting, is carried out by using Business Model Canvas, SWOT-analysis, and the results based on the research.

In order to be able to give a tight package full of information this study will be conducted by using secondary data from reading books and Internet articles. The theoretical framework will be formed based on these principal questions:

1. How to develop a consulting business?
2. What is the business environment of consulting like?

Together with the empirical question of:

3. Is our business idea viable?

These above mentioned questions form the conceptual framework for this thesis.

The empirical part of this study will focus strictly on developing and producing a complete business plan for Sanunani Consulting by using the method Business Model Canvas. In order to be able to answer the empirical question of whether our business idea is viable a qualitative research is carried out among the possible clients and business partners to find out if they really see this kind of consulting is needed and what else they would like to be offered. The empirical research will therefore be a qualitative research surveying the needs and wants of the market. The research is a case study focusing purely on the needs of forming the service package of the business.

There are quite many thesis made on business planning ending with the same conclusion: despite of the fact that most professionals offer different kind of templates

to produce a business plan, the theoretical background is somewhat the same. That is the reasoning behind the fact that a personalised theoretical framework (figure 1) is selected for this thesis rather than referring into any other:

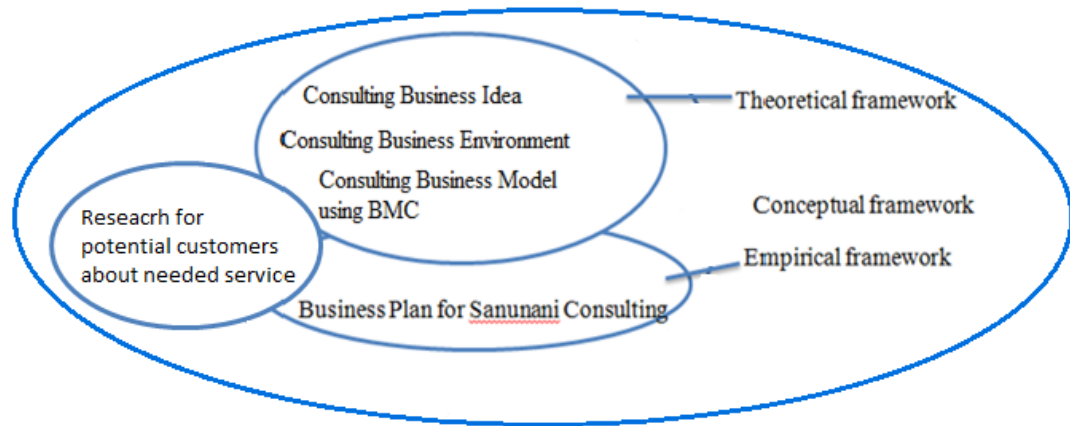


Figure 1. Theoretical, empirical and conceptual framework.

The above figure presents the idea of how a business plan includes analysis of business idea, business environment and business model. For the thesis the same presents the theoretical framework. When the actual project is added, then the whole conceptual framework is complete: for the thesis this means the empirical framework.

#### 4 BUSINESS IDEA AND BUSINESS PLAN

The idea of establishing a company starts from the want of being an entrepreneur and from the business idea. Being an entrepreneur is not only about establishing a business and running it. Being an entrepreneur is a way of thinking and a way of lifestyle. This idea is the basis when forming a business idea. The business idea itself should be defined clearly, as it forms the base for the whole business. For the business idea to be successful it should be unique, original, and differ from competitors. The business idea should be formed around own professionalism, interests, and know-how. Quite often the idea arises either from innovation, being a finished product, or the obvious need of the markets. (Raatikainen 2012, 17-21) Naturally

there are several other ways or reasons why a person starts thinking about becoming an entrepreneur.

However, not only the obvious need of the market or the made innovation guarantees that one is ready to be an entrepreneur. For the one wanting to be an entrepreneur it is necessary to think about the qualities being an entrepreneur requires: entrepreneur is seen as a person who has a good control over life. Flexibility, socially active, spontaneity, and stress tolerance are also seen as good features of an entrepreneur. (Raatikainen 2012, 21) For some people the challenges of being an entrepreneur might turn out to be surprising. That is why, for the business idea to develop into a successful business, it is good for the entrepreneur-to-be to take some time to consider his/her qualities and perhaps even take one of the many “entrepreneur tests” provided on the Internet, which challenge the person to think about his/her personal qualities, aims and goals, resources and even to defend the developed business idea. Having formed the business idea based on personal interests brings valuable asset for the business developing into a successful one. Long-term hobby is a base for many business ideas. There the entrepreneur already has an emotional connection to the possible business, which enables the entrepreneur to keep up the will even if/when facing difficulties. Naturally, a long work experience and educational background often drive towards entrepreneurship. (Holopainen 2011, 17-20) Nevertheless an objective and critical look at the formed business idea – no matter how passionate the future entrepreneur is – is always needed in order to develop the idea into successful business.

There is no unambiguous explanation for word *innovation*, however it is quite often related to words for example idea, invention, or new product/service, anything creative. Innovation can be concerned with one or more product/service, one or more product/service line, or something concerning the whole organisation. For the existing companies innovations matter because innovation is the process in which companies change to meet the needs of customers. Without innovation, companies cannot proceed and grow. It is generally acknowledged that innovative companies can create competitive advantage, gain market share and create differentiation. Innovation could also be linked to positive changes in efficiency, productivity, and quality. Through innovation more effective products, processes, services, technologies or

ideas are revealed. The same applies with new businesses: through innovations the entrepreneur-to-be sees a problem solution to a certain issue and at the same moment is able to create a business idea. (Website of Fluxx 2014)

Before moving on into developing the business idea into a business model, it is critical to think about the three core questions the business idea itself should answer:

- What to sell
- Whom to sell
- How to sell (Holopainen 2011, 27)

A fourth question of “why would the idea succeed?” could be useful as it challenges the entrepreneur to develop and defend the existing idea and gives perspective to the competitiveness any business faces.

#### 4.1 Consulting business idea

The business idea behind a consultancy company always arises from the awareness that a person has some professional knowledge about the particular segment. She/he feels that she/he is able to help, guide, or give new perspectives to that particular area. A good question to ask from oneself is that “do I have the knowledge, experience, or profession to help others perform better?” However, a successful consultant not only has experience or large amount of knowledge, she/he is also good in mentoring, tutoring and advising. In other words the person is more of a leader than a manager: consultancy work has always more or less to do with humans, their thoughts, feelings, emotions, and attitudes. Therefore consultant must be good with different types of people. This is why another good question to ask from oneself is that “do I have the talent to teach and mentor others?” (Rope 2006, 20)

Consultant or consultancy is the buzzword word of today. Basically anyone who feels that she/he has good knowledge of a particular area is ready to be a consultant. That is why person wanting to become a consultant really has to have the passion and expertise about the segment. Entrepreneur.com has listed 20 thriving consulting businesses. The list includes business segments like accounting, advertising, career counselling, communications, gardening, HR, insurance, PR and taxes (Website of

Entrepreneur 2014). Motivation and personal trainer related issues could be added to that list as well.

Apart from having good knowledge about the segment and having the mentor type of personal characteristics, a good consultancy business idea also requires good networking. A consultant needs good network to support the business – not only to enlarge the business but to support the reputation and business' CV. The importance of social network must not be neglected. Efficiency in the field of consultancy is gained by having good networks with similar and different types of businesses. And yet, despite of the fact that starting a consulting business might sound easy it is good to keep in mind that like any other business consulting requires dedication and commitment. (Website of Entrepreneur 2014)

Before rushing into producing the business plan it is vital to create an effective business model as explained in the previous chapter. The business model should point out the business' goals and objectives, customer segmentation, company image and market need. (Sjöholm 2010, 28) At its simplest, a business model is a specification describing how an organization fulfils its purpose. The created business model should be able to answer the question financials are keen on: "how are we going to make money to survive and grow?" (Website of Business Dictionary 2014) It is somewhat important to make a solid difference between business model and business plan as it is obvious that these two can easily be mixed and are, unfortunately, used overlapping. However a business model demonstrates the elements that make the business work successfully whereas business plan specifies all the elements required to demonstrate the business. (Bridgeland 2009, 46)

Business plan is a written document describing all the necessary aspects of a business. (Viitala & Jylhä 2013, 56) Business plan is a map of all the ideas gathered together within one file to help the entrepreneur to succeed with her/his idea of the business. A through business plan includes all the aspects necessary to a company to be a) established, b) to survive the first years and c) to be followed in order to create a clear vision. A proper business plan is an essential tool for the entrepreneur-to-be to collect and sum up all the reasoning behind her/his business idea. Business plan sums up all the information needed in order to establish the business



as its planned form. A conducted business plan acts also as a guideline for possible investors. A business plan should focus on present situation and future aspects, and therefore it should be re-checked every 3-5 years. (Raatikainen 2012, 30-35)

The importance of a proper, well designed business plan cannot be highlighted enough. A thorough “book” for the company’s characteristics helps the entrepreneur to survive the first years and it also challenges the entrepreneur to defend the idea. When the business plan is done realistically, it also helps the entrepreneur to see the up-coming challenges beforehand. The business plan should be re-checked and updated within 3-5 years in order to keep it valuable and helpful. Without the business plan, company’s viability is hard to justice and that is why investors quite invariably request a business plan. For investors’ point of view the business plan should state how much money is requested and what the possible outcomes of the investment are. (Koski & Virtanen 2005, 65) The more detailed the business plan is, the more value it brings to the company and the more ready the entrepreneur is to establish the company. High emphasis should also be put on the precise analysis on the internal and external factors of SWOT in order to get truthful information of the markets the company is about to enter. The importance of a business plan can also be seen, when the company faces change: change in management, business type or strategy, or when developing a new product or service. (Koski & Virtanen 2005, 72) This study focuses on the essentials of business plan when developing a new start-up company.

#### 4.2 Main components of a business plan

Every business chooses the concept of the business plan itself, however it should include at least the following: Executive summary, company description, internal and external market analysis, company strategy, management description, service or product line, marketing & sales, and financial factors. The contents of a business plan vary depending on the size and the industry area of the upcoming business. That is why it is critical to know which aspects are the most important ones within the business: knowhow, product, service, etc. The length of a business plan depends on the size of the company, its business industry and the chosen method which to use to form the business plan.

*The executive summary* acts as an outline for the whole business plan. It should tell in short the main goals of the business and what is the reasoning for establishing the business. The executive summary acts as a CV for a job seeker and therefore it should be written so that the reader gets interested. (Website of Entrepreneur 2014)

*The company description* is obvious: what the company does how it does it, to whom it does, and where it does it. Internal and external market analysis guides the entrepreneur to seek in information of the customers, suppliers and competitors. By doing that the entrepreneur can place the company on right positions within the market and define its target segment and group, just as well as its competitors. The tools described in the following chapter for business environment analysis are good tools in this part. (Website of Entrepreneur 2014)

*The company strategy* is good to separate from company description. The company strategy defines the ways the goals and desired success will be achieved. It is to do with policies, regulations, processes and procedures within the company. (Website of Entrepreneur 2014)

*Management description* defines the management team and their roles and impacts on the company. It should also describe the tasks assessed to each member and how those are related to the business operations. (Website of Entrepreneur 2014)

*Service or product line* section should include the justification of why the planned service or product is needed, how it is produced and if needed also a logistical plan for possible deliveries. This section should include a financial sheet of its own, separated from the financial factors to convince especially the investors that the planned product or service is possible to do. (Website of Entrepreneur 2014)

*The marketing and sales section* of the business plan should explain the facts of gaining sales, competitive advantage, market share and positioning within the market. It should clarify the ways of convincing customers to buy the particular product or service. Financial factors are the excel sheets presenting all the calculations of costs. This section is the most important one for investors and therefore it is to be

done carefully. The financial sheets should present also the ways of “paying back” among with the profitability calculations. (Website of Entrepreneur 2014)

In his online presentation Mr Dave Lavinski, President of Growthink highlights five critical factors of a successful business plan. According to him those are: “Executive summary, company analysis, industry analysis, analysis of customers, and analysis of competition”. (Website of Growthink 2014) If these sections are looked more closely, it can be said that the four analyses fall into one category: market research. Therefore, based on Mr Lavinski’s proposal, business plan has two critical factors: executive summary and market research. However, these are not enough as they do not communicate the financials. But like Lavinski says: “investors will not read the full plan, therefore emphasise on the executive summary is highlighted to win the investor’s interest”. Although Lavinski pressures the importance of an effective executive summary, he also stresses out the importance of a short and accurate executive summary. Based on his presentation, an impressive executive summary has 2-4 pages and it includes the following:

- One sentence description of the company. By doing so entrepreneur is forced to bring out the core of the company.
- Financial models. What are the expected revenues and expenses, how much funding is needed, how lenders will be paid back and how investors will get a return on their investment.
- What are the risk mitigating milestones. In other words how does the company achieves the point of being non-risky.
- Why the company is uniquely qualified to succeed.

Mr Lavinski also recommends not using different soft wares or sample business plans for conducting a business plan as those might include sections which are irrelevant for the particular business. Therefore he encourages entrepreneurs to focus on required sections and make the business plan look personal. (Website of Growthink 2014)

### 4.3 Components of a business plan for a consulting company

Quite often new consultancy companies see that they perhaps do not even need a proper business plan as they might not need investors, they are employing only one person and the whole business idea is somewhat straight forward. In other words the whole company relies on one person and therefore there might be an image that no actual business plan is required as there is no-one to convince. However, for a new, start-up consulting business it is essential to define and clarify which kind of service the business is about to offer and what is the service strategy. Consultants who are not professionals struggle to survive and that is why it is vital to think what you are NOT looking for: “general consultancy which anyone could do or accepting the consultancy requirement in the field you are not highly professionalised just for the sake of having a deal”. (Website of Entrepreneur 2014)

To get more focused it is also good to write down the core market segments and how to reach them. Despite of the fact that consulting businesses are not capital intensive, it is also recommended to write down all other needed resources in order to get a clear vision of for example personal strengths. It is also good to keep in mind that before the actual cash flow starts, there will be expenses: some home office equipment is required just as well as transportation to and from customer (or operates the business fully online?). Some material expenses might also occur. These all have to be paid and that is why a financial statement to some extent is also good to make. (Website of Entrepreneur 2014)

For future customers to really understand what the consulting business offers, it is also critical to productize the service. By productization the offered service is turned into a concrete purchase which adds value and makes buying easier. In other words by productization the customers know better into what they are investing their money in. In consulting business the productization means that customers get an idea of what results they can expect, and how the results are gained. This gives the customer an estimation of productivity. However, in order not to decrease the service level or customer satisfaction the expected results have to be kept reliable on honest. (Website of Bplans 2014)

Having focused on the potential customers and the network in the business plan eases the start-up phase. By having some customers waiting for the business establishment helps in the pricing. Naturally, a pricing strategy must also be thought together with a marketing strategy. With a start-up consulting business pricing can turn into challenge, as no-one is willing to serve neither too cheap to gain profit and salary nor too high to avoid the unwanted contacts. A breakeven analysis is a good tool to create a picture of the combination of expenses and wanted profit. Also the pricing method is to be thought carefully. In consulting business customers pay for the advantage they have gained using the service. That is why pricing is seen as very sensitive issue as the purchase involves emotions. When customers buy a tactile product they see straight way what they get for their money. In consulting business the case is totally different: customers see the benefit of using the consulting service in the long run – not necessarily straight away. That is why using a consultant is often seen expensive. Another reason is that customers do not see wood from the trees: the hours spent with the project behind the scenes. (Website of Bplans 2014)

One more critical aspect to take into consideration when forming a business plan for a consulting business is competitor analysis. It is easy to see oneself as a professional and therefore define the competitors incorrectly. However this kind of thinking can lead into a business failure. By analysing competitors correctly eases the business to intensify its strengths and opportunities. By analysing competitors' strategies helps the business to justify its position in the market and find possible threats to look into more closely. Correct competitor analysis can also help in forming the right pricing and competitive advantage. (Website of suomalais-ruotsalainen kauppakamari 2014)

In order to gain competitive advantage the competitors must be analysed at least by their services and especially how the service differentiates from others. As indicated in chapter 4 competitive advantage is gained by knowing the competitors thoroughly. This is why their strengths and weaknesses, and their future aspects must be analysed. (Website of Professional Marketing team 2014) Main focus in the competitor analysis is to be kept on the so called key competitors, which are businesses competing over the same customers in the same market. These key competitors

must be under continuous supervision as they seek to fulfil the same customer needs. (Pirttilä 2000, 38)

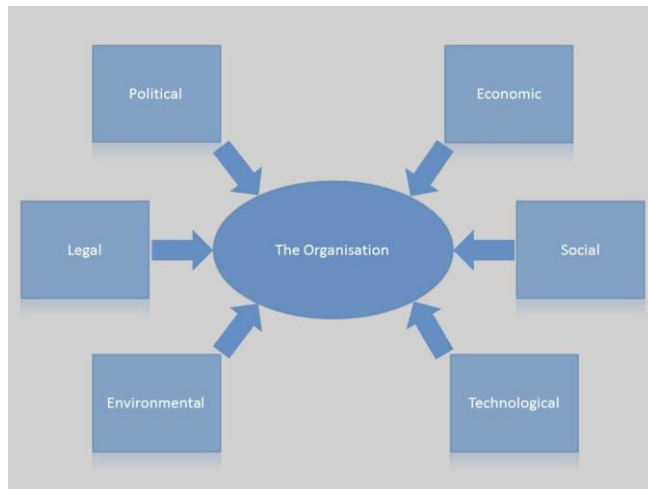
## 5 BUSINESS ENVIRONMENT

Business environment describes the environment where the business operates both internally and externally. It clarifies of how business is done, what are the procedures, the competitors, all the factors affecting business decisions. A thorough analysis of the business environment helps the business to succeed and grow. For the business success it is important to know which environmental factors are critical to analyze. (Rope 2006, 35) Quite often the business environment is researched by SWOT-analysis or described using PESTEL-analysis which looks at the environment from a macro level. However, when analysing the entire market sector, Porter's Five Forces model can also be used.

### 5.1 Tools for analysing business environment

In order to gain real knowledge of what is the consulting business environment like a research was carried out for primary data. The research together with results, analysis and implementation to Porter's Five Forces Analysis and SWOT-analysis are presented in chapter 8.

### 5.1.1 PESTEL –analysis



Picture 3. Components of a PESTEL –analysis. (Website of Professional Academy 2014)

**Political:** These are the governmental factors affecting business operations. For example laws and policies, political stability, taxation, and trade restrictions. (Website of Professional Academy 2014)

**Economical:** These are the factors of how people spend their income and how profitable the market is. For example inflation has a huge impact, just as well as interest rates, disposable income, and governmental expenditure. (Website of Professional Academy 2014)

**Social:** The numbers and figures of the population within the market. For example age distribution, population growth, health consciousness, and shared attitudes and ways of doing. (Website of Professional Academy 2014)

**Technological:** Factors of how to produce and distribute goods and services and also how to communicate with the market. (Website of Professional Academy 2014)

**Environmental:** In the past decade these factors have grown to have a large impact on consumer behaviour. For example: carbon footprint, ethical corporate culture, and pollution targets. (Website of Professional Academy 2014)

**Legal:** What is allowed and what are not in the perspectives of for example business actions, marketing, distributing, and consumer and labour rights. (Website of Professional Academy 2014)

The PESTEL –analysis suits the best when a company is about to enter a new country. Of course, it can be used to analyse the exciting markets and for a new start-up companies it does not harm to look at the familiar markets more closely. However, if the business tends to stay local or national the usage of PESTEL-analysis is to be considered carefully. In the consultancy business area companies fairly often operate in a well-known environment from PESTEL-point of view. The companies often do not focus on internationalisation; rather they focus on their own comfort zone and perhaps via effective network grow their markets. However, because the purpose of the theoretical part of this thesis is to present the basic issues on a general level, the theory of PESTEL was presented.

### 5.1.2 Porter's Five Forces Analysis

To better understand and analyse the competition and profitability of the entire market, Porter's Five Forces Analysis (picture 4) is a recommended tool. This tool, developed by Michael Porter, takes into consideration all aspects of competition, profitability and attractiveness of the industry.





Picture 4. Porter's 5 competitive forces. (Website of Harvard Business Review 2014)

In his Harvard Business Review article Mr Porter states that in order to gain profitability and market attractiveness a company must be able to promptly respond to the changes within those five factors. Therefore it is critical to know how the customers, suppliers and other entrants can affect the market. Porter states that: "Savvy customers can force down prices by playing you and your rivals against one another. Powerful suppliers may constrain your profits if they charge higher prices. Aspiring entrants, armed with new capacity and hungry for market share, can ratchet up the investment required for you to stay in the game. Substitute offerings can lure customers away." By analysing these five factors and recognising the need of being able to react to the changes within those forces a business is able to gain good position in its environment which results in success and profitability. (Website of Harvard Business Review 2014)

Threat of new entrants refers to the fact that whenever a new business, or a new product or service, enters the same market, it looks for market share and profit. The threat of entrance always puts pressure on prices, costs and investments. Whenever there is a threat of new entrants the existing businesses must justify prices or make new investments. Powerful suppliers are in charge of the prices, quality, and amount of resources, and they can decrease the amount of profitability in case the business is unable to pass it on. A supplier with a monopolistic status is always a risk for a company, whereas competitive rivalry within the suppliers creates pressure on the money related issues. Powerful customers again have the influence to affect the industry profitability. Price sensitive customers are the most threatening ones as they at the same time quite often have the highest bargaining power. The threat of a substitute, just like the threat of a new entrant, decreases the profitability of the market and even more affect the growth potential. When there is a threat of an up-coming substitute it forces the market to change itself from the substitute by for example product assortment. (Website of Harvard Business Review 2014)

### 5.1.3 SWOT -analysis

The SWOT-analysis stands for strengths, weaknesses, opportunities and threats. The strengths and opportunities are the factors helping the business to achieve the objectives whereas weaknesses and threats are seen as the obstacles. Strengths and weaknesses are the attributes within the organisation and opportunities and threats the external attributes. The SWOT-analysis can also be seen as a tool for development: how to turn weaknesses into strengths and how to make the threats as opportunities. For a start-up company a SWOT- analysis is ideal to make at very early stage in order to see the real situation of the markets and the business idea. (Website of Suomen Riskienhallintayhdistys 2014)

In their research “Suunnittelu- ja konsulttialan skenaariot 2020” Marko Ahvenainen, Sirkka Heino & Olli Hietanen (2010) have taken a look into the future of how the globalisation has affected consulting industry and what are the future visions. According to them, despite of the fact that globalisation outsources Finnish companies, the competitiveness of Finnish consulting industry is strongly visible. The “Finnishness”, meaning freshness, quality, trust and innovations are the cornerstones for keeping up the industry as a part of businesses value chain. They see that consulting industry will have even more need as the networks are spread and therefore consultancy is required in all fields. They see globalisation as a threat to consultancy industry unless the long-term strategies are created to support the international networking. By doing so the threat of globalisation destroying Finnish consulting industry can be turned into an opportunity. As a critical success factor in the consultancy industry the researchers see the production of new service packages and continuing education of both: customers and businesses itself. Ahvenainen, Heino and Hietanen also highlight the importance of networking with parallel trade in order for consulting companies to succeed just as well as they see that consultancy industry should be standing in the front line of change and be ready to take actions in operating the change. (Website of Univeristy of Turku 2014)

## 6 BUSINESS MODEL

“The business model is simply a working description that includes the general details about the operations of a business. The components that are contained within the model will address all functions of a business, including such factors as the expenses, revenues, operating strategies, corporate structure, and sales and marketing procedures. Generally speaking, anything that has to do with the day to day functionality of the corporation can be said to be part of the business model.” (Website of Business Dictionary 2014)

The business model should point out the business’ goals and objectives, customer segmentation, company image and market need. At its simplest, a business model is a specification describing how an organization fulfils its purpose. The created business model should be able to answer the question financials are keen on: “how are we going to make money to survive and grow?” (Website of Business Dictionary 2014) It is somewhat important to make a solid difference between business model and business plan as it is obvious that these two can easily be mixed and are, unfortunately, used overlapping. However a business model demonstrates the elements that make the business work successfully whereas business plan specifies all the elements required to demonstrate the business. (Bridgeland 2009, 46)

Esa Saarelainen presents in his book *Kohti menestyvää liiketoimintamallia* a model presenting the 10 important elements of a business. A reliable picture of the business can be formed by analysing these 10 elements (figure 3). This model challenges the whole management team to participate in the forming of the business model, and via their expertise this model can be turned into a very realistic and functional. According to Saarelainen “business model generates a bridge between the strategy and operations”. (Saarelainen 2013, 17-22)

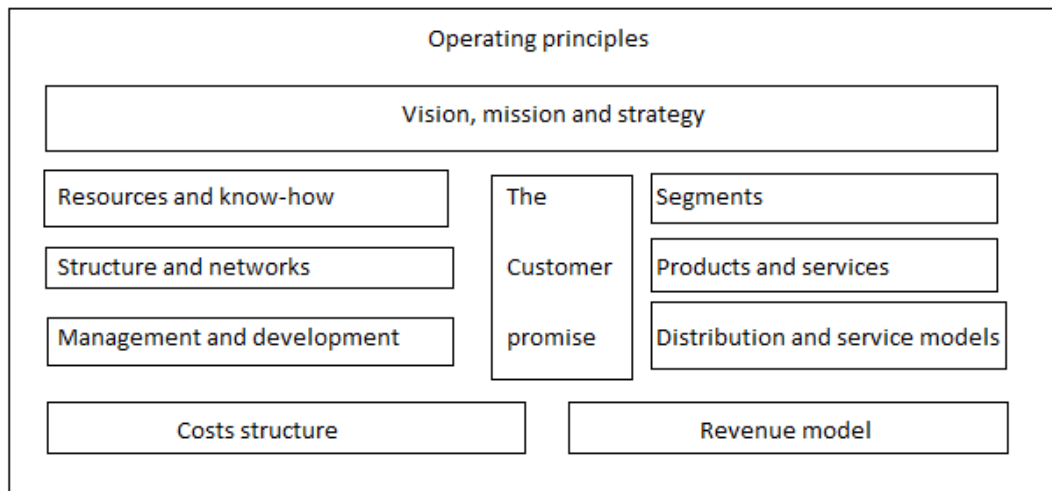


Figure 3. Elements of a business model. Modified from Kohti menestyvää liiketoimintamallia (Saarelainen 2013, 17)

The above presented picture is only a one model of the many of how a business model can be created and is presented here to gain more knowledge. However, for the empirical part of the thesis the method for producing a business model is Business Model Canvas, and the method is presented closely in the next chapter. It is to be kept in mind, that despite it might seem overwhelming, the business model is the heart of the business: how we are going to do this? All aspects of business processes must be dealt with, however depending on the business environment the business is operating different parts have more important roles. In a product based business the distribution and service part together with resources and development have a higher role than in a service based business where emphasis could be on the service itself and networks.

### 6.1 Business model of a consulting company

As stated earlier, there are several different methods and models available for an entrepreneur to choose when processing the business model. Research of secondary information revealed the fact that depending on the size and industry fields the entrepreneur can choose what to include into the business model, in other words which are the critical factors. After reading several online articles (Website of Small Business 2014, Website of Inc. 2014, Website of Bplans 2014, and Website of Innosight 2014) four different parts of a business model of a consulting business

can be highlighted. Those are the sensitive parts of a consulting business: productization, customer segmentation, pricing and marketing strategies.

### 6.1.1 Productization

*Productization is the work which results in forming the expertise on know-how into merchantable, marketable, and deliverable service product*

*-Jari Parantainen, free translation-*

Productization of a product is challenging, yet easy compared to productization of a service. With products marketers already have something concrete to rely on but with service there is no such thing – however that needs to be created. Customers trust on something they can see and “touch” and that is why even service has to be formed into something touchable. (Parantainen 2007, 9)

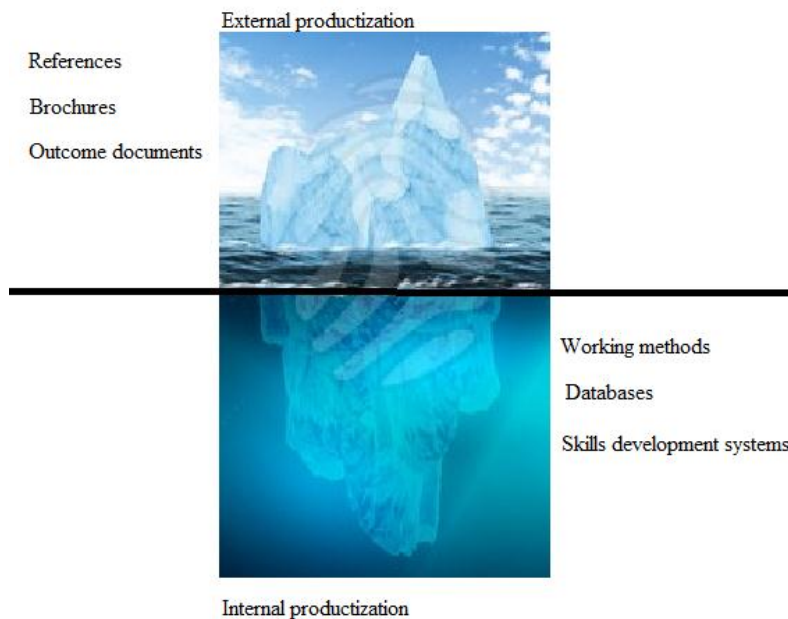
The productization of service starts by answering these three questions:

- What does the service cost?
- What does the service include?
- Who is in charge of the service?

These questions are ones a client will first ask from the service producer, the consultant, and gives the client an opportunity to become familiar with the service. (Parantainen 2007, 25) After the core questions are answered the productization of service can be done by following these 7 steps generated by Pirkko Sillman, account manager Aava & Bang Oy, 2012 (Website of University of Oulu 2014):

1. Solve the existing problem
2. Give a solid promise
3. Give a guarantee
4. Make the disembodied tangible
5. Make the pricing easy
6. Give your product a snappy name
7. Differentiate from competitors

For a consulting business like any other service business making the disembodied tangible can turn out to be the most challenging one. However, in his book *Asiantuntijapalvelun tuotteistaminen*, Jorma Sipilä has divided the productization of service into internal and external issues by using the iceberg method (picture 5):



Picture 5. Internal and external productization of service. (Modified from Sipilä 1995, 48)

The picture shows how all actions of the service can be turned into a tangible product by using pictures, analyses, stories, formats, charts, etc. One more explanation to what is productization of service can be formed based on the following idea: A new person with similar professionalism is being hired and you give her/him the box and by learning what is in the box, she/he can start working straight away. If that happens, then the service is being productized.

According to Jari Parantainen, writer of the book *Tuotteistaminen* (productization), good productization lead to these factors: the service is easier to buy, the characteristics of the service compared to competitors are overpowering, the service can be sold and marketed more powerfully, and the service is easier to duplicate. These four factors bring in profitability, increase the service production and decrease costs. (Parantainen 2007, 37)

### 6.1.2 Customer segmentation

For a consulting company it is important to know and analyse the customers. However, not only knowing who they are and what they want give enough information. In order to gain marketing success, profit, and growth, the customers are to be divided into different segments. Companies can choose from variety of ways of segmenting their customers, for example: financial size, number of employees, location, industrial area, or service preference. When considering the right kind of segmentation of customers three characteristics are to be thought: members of the segment must be identifiable, accessible and substantial. These mean that the customers of that segment can be listed and evaluated. They also need to be reached or impacted by some directed marketing activity. The right kind of segment has to also be substantial, which means that it is profitable and successful to put up a segment of that kind. (Dwyer & Tanner 2002, 153-156)

In his online presentation, Vladimir Dimitroff, Director of consulting firm PRISM Consulting has presented a need based customer segmentation suitable for consulting business. The need segmentation brings in the importance of consultants bringing in value by answering to the need. He proposes a 3 Questions test (picture 6) to segment customers:

#### THE 3 QUESTIONS TEST



- ➔ **Give me ...** (speed, safety, confidence, a positive experience, success-personal or corporate).
- ➔ **Help me to ...** (get to a destination, connect to a person/organisation, enhance my life).
- ➔ **Save me ...** (time, money, hassle, risks or hazards, negative experiences).

Picture 6. The 3 Questions test by Vladimir Dimitroff. (Website of Slideshare 2014)

No matter how the customer segmentation is done, if and when done properly, it helps the consulting business to either focus on certain ones only or at least helps the process of forming the service packages and marketing tools as the segments share similar set of wants.

### 5.1.3 Pricing strategy

In his book *Menesty konsulttina* Timo Rope defines four different types of pricing methods suitable for consulting business (Rope 2006, 121):

- Inclusive/Package pricing
- Split pricing
- Combined pricing
- Performance-based pricing

*Inclusive pricing* is probably the most used pricing method within the consulting industry. With this method customer sees the total price and the consultant does not need to explain how the price is formed. An attractive method, which has unfortunately its own impact on the fact why consulting industry is seen as expensive, the inclusive pricing method does not show any indicators of the hours spend behind the actual project. This is why Rope suggests that the inclusive pricing method is used only on minor projects. (Rope 2006, 121)

*Split pricing* can be seen as the opposite for inclusive pricing. In split pricing consultant gives accurate numbers for each step taken during the project. With this pricing method it is easier for the customer to accept the price: by indicating the steps customers get an idea of all what is included into the service- in other words the trees in the wood. According to Rope this pricing method actually gives the opportunity to have higher prices as after seeing of what all is included into the price customers rarely question the prices, but accept them more easily. (Rope 2006, 123)

*Combined pricing* is a method mixing inclusive pricing and split pricing. In combined pricing the actual service is presented as a whole and any additional services are presented separately. Additional service might include for example printing the presented material or travel expenses. (Rope 2006, 125)

*The performance-based pricing* is rarely used in consulting industry as it is somewhat difficult to prove how much the usage of a consultant has increased the profit: consultants sell learning and training services which affect people differently or they sell advising services where the final decision or decisions are in the end made within the company not by the consultant. For consulting businesses Rope suggests



using split or combined prising method. Both of them are seen as clear and straight methods for consultant and customer. (Rope 2006, 129)

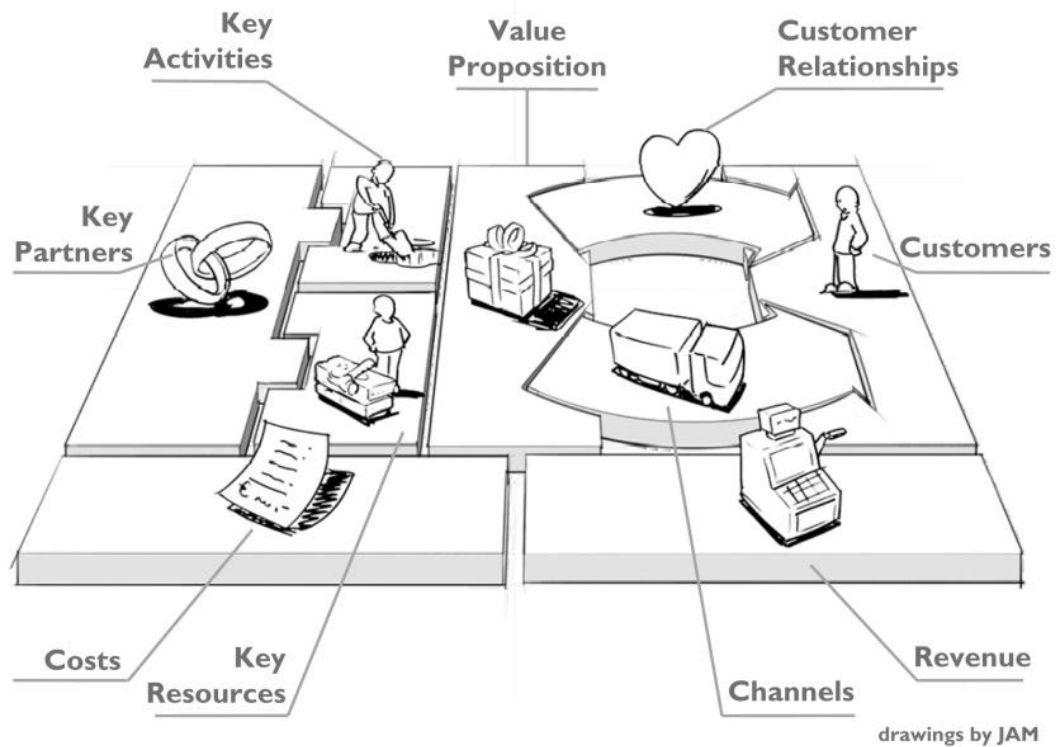
#### 6.1.4 Marketing strategy

The marketing strategy in general is all about how the business is going to reach its customers. The business environment analysis has shown the importance of networking in consulting industry. However, a consultant cannot rely only on positive “jungle drum” method or the usage of case studies in their websites. Even more, if the new start-up consulting business doesn’t have a ready customer database (they rarely do) it is important to write down the methods of reaching the customers and getting their attention. For a consultancy business it is vital to convince the potential customers about the value the company brings. As consulting is very much people oriented industry the marketing strategy has also to be personal and connecting. This is why marketing specialists see organising and attending different types of events as a good way of marketing. It is also good to keep in mind that services are sold by images: the understanding of the service and the business is reflected by the feeling the client forms based on the image. Strong corporate image is the key to successful recognition which is what all consulting businesses are aiming for. (Sipilä 1995, 51)

## 7 BUSINESS MODEL CANVAS

This chapter takes a closer look into one of the business modelling tools, Business Model Canvas (after BMC). It is a strategic tool to create new business models and improve the already existing ones. Business Model Canvas (picture 7) is a modern, fairly new tool for making the business plan. It was first established in 2009 by Alexander Osterwalder and Yves Pigneur who used the knowledge of several professionals to produce the tool. In the BMC the issues requested in forming a business plan are brought in with nine different blocks, which are perhaps more down to earth than for example only stating “financial projections”. These nine blocks cover

4 main areas of a business: customers, finance, infrastructure and value propositions. (Osterwalder & Pigneur 2010, 15) By conducting the BMC in right order the entrepreneur is able to adjust the issues in right manners and might be able to form new ideas or get better ideas when focusing on the job on PBL –basis (problem based learning).



Picture 7. Business Model Canvas (Website of Businessmodelgeneration 2014)

For BMC to work it needs to be up-to-date, and open, without being too simple. An active business keeps updating the model in order to keep up with the changes in the business environment. BMC focuses on the critical aspects of a business by simplifying the core actions in to basics and therefore it is easy to update or re-new. (Osterwalder & Pigneur 2010, 15) The nine blocks of BMC are: customers, customer relationships, value proposition, key activities, key partners, costs, key resources, channels, and revenue. *(The small icons in front of the following chapters are all taken from: [www.businessmodelgeneration.com](http://www.businessmodelgeneration.com))*



“The Customer Segments Building Block defines the different groups of people or organizations an enterprise aims to reach and serve.” (Osterwalder & Pigneur

2010, 20) Customer segments are to be considered carefully in order to be able to reach and serve the right kind of customers. Depending on the business, the segments can be formed based on for example large buying power or large consuming power. This decision also modifies the marketing strategy: business can choose for example from mass marketing, niche marketing, diversified marketing or multi-sided marketing. Whatever the segmentation is business has to make a clear decision on where they want to concentrate, how to reach the segment, what the segment is looking for and how to serve the particular segment. As customers play one role in Porter's Five Forces Analysis, it is also important for business to follow how the customers act within the business environment and what the possible trends and threats will be. In case the core segments are very niche, it is recommended to create at least one or two other segments outside the niche area, kind of supporting segments, which might be the potential customers to create corporate recognition. (Osterwalder & Pigneur 2010, 20-21)



“*The Value Propositions Building Block* describes the bundle of products and services that create value for a specific Customer Segment. The Value Proposition is the reason why customers turn to one company over another. It solves a customer problem or satisfies a customer need.” (Osterwalder & Pigneur 2010, 22) The value proposition acts as a corner stone for the business as it defines the value or advantage business brings to its customers. Quite often the value proposition appeals to customers emotions and by doing so increases interest. However, no matter what the value proposition is it is to be designed to each segment in order to fulfil their particular wants and needs. Value propositions can be based for example into price, brand, innovation, after sales, design, customization or ease. The value proposition must never be let down. (Osterwalder & Pigneur 2010, 22-25)



“*The Channels Building Block* describes how a company communicates with and reaches its Customer Segments to deliver a Value Proposition. Channels are customer touch points that play an important role in the customer experience.” (Osterwalder & Pigneur 2010, 26) The channels have five different roles to deliver the value propositions: awareness, evaluation, purchase, delivery, and after sales.

As it can be seen the channels are not only about delivering the value to customers, it is also very much about communication without forgetting the importance of after sales. A business has to choose right partners to help in delivering the promised value to the customer. An effective usage of partners may lead into mutual advantage and financial success. (Osterwalder & Pigneur 2010, 26-27)



*“The Customer Relationships Building Block* describes the types of relationships a company establishes with specific Customer Segments. A company should clarify the type of relationship it wants to establish with each Customer Segment.” (Osterwalder, A. & Pigneur, Y. 2010, 28) When the form of relationship is decided a business must choose how they will create and maintain the wanted relationship. There are several different types and levels of relationships, for example: “personal assistance, dedicated personal assistance, self-service, automated services, communities, and co-creation.” (Osterwalder, A. & Pigneur, Y 2010, 29) Personal assistance and dedicated personal assistance differ in a way that in dedicated personal assistance the level of individualism is taken one step higher: one person is in contact and in relationship with the customer. Communities refer into for example Facebook, or Twitter groups where the exchange of information is possible. Co-creation is a form of partnership, where the customer is able to impact on the value proposition. Naturally business can form the relationship together with the customer in order to get a mutual understanding of the relationship. (Osterwalder & Pigneur 2010, 28-29)



*“The Revenue Streams Building Block* represents the cash a company generates from each Customer Segment (costs must be subtracted from revenues to create earnings). A company must ask itself, for what value is each customer segment truly willing to pay? Successfully answering that question allows the firm to generate one or more Revenue Streams from each customer segment.” (Osterwalder & Pigneur 2010, 30) A business has to decide in what way they will gain sales revenue from its customers, which differs from pricing mechanism. A revenue stream can be for example “asset sale, usage fee, subscription fee, lending/renting/leasing,

licensing, brokerage fees or advertising” (Osterwalder & Pigneur 2010, 31-32) whereas pricing mechanisms (picture 8) can be for example “fixed list prices, bargaining, auctioning, market dependent, volume dependent, yield management, brokerage fees, or advertising.” (Osterwalder & Pigneur 2010, 30) Revenue Streams are not only the sales of product or service, yet they are all cash flows.

<b>Pricing Mechanisms</b>	
<b>Fixed “Menu” Pricing</b> Predefined prices are based on static variables	<b>Dynamic Pricing</b> Prices change based on market conditions
<i>List price</i> Fixed prices for individual products, services, or other Value Propositions	<i>Negotiation (bargaining)</i> Price negotiated between two or more partners depending on negotiation power and/or negotiation skills
<i>Product feature dependent</i> Price depends on the number or quality of Value Proposition features	<i>Yield management</i> Price depends on inventory and time of purchase (normally used for perishable resources such as hotel rooms or airline seats)
<i>Customer segment dependent</i> Price depends on the type and characteristic of a Customer Segment	<i>Real-time-market</i> Price is established dynamically based on supply and demand
<i>Volume dependent</i> Price as a function of the quantity purchased	<i>Auctions</i> Price determined by outcome of competitive bidding

Picture 8. Pricing mechanisms. (Osterwalder & Pigneur 2010, 33)



“*The Key Resources Building Block* describes the most important assets required to make a business model work. These resources allow an enterprise to create and offer a Value Proposition, reach markets, maintain relationships with Customer Segments, and earn revenues.” (Osterwalder & Pigneur 2010, 34) These are the foundation of the business and its strengths in order to be able to deliver the value propositions to its customers. Strong key resources distinguish business from its competitors. These can be:

- “Physical such as manufacturing, facilities, buildings, vehicles, machines, systems, point-of-sales systems, and distribution networks
- Intellectual such as brands, proprietary knowledge, patents and copyrights, partnerships, and customer database
- Human, in other words human resources

- Financial such as cash, lines of credit, or a stock option pool for hiring key employees” (Osterwalder & Pigneur 2010, 35)



“*The Key Activities Building Block* describes the most important things a company must do to make its business model work. Like Key Resources, they are required to create and offer a Value Proposition, reach markets, maintain Customer Relationships, and earn revenues.” (Osterwalder & Pigneur 2010, 36) In other words what is there to be done in order to deliver the promised value to customers. These can be for example: *production*, where designing, making and delivering a product plays a key role or *problem solving*, where the capability of bringing out new solutions or ideas to customers problems is the key activity (consulting!) or *platform/network* where the key activity is the functional software. The key activities are to be considered carefully in order to be able to combine methods to deliver value and maintain relationships. (Osterwalder & Pigneur 2010, 37)



“*The Key Partnerships Building Block* describes the network of suppliers and partners that make the business model work. Companies forge partnerships for many reasons, and partnerships are becoming a cornerstone of many business models. Companies create alliances to optimize their business models, reduce risk, or acquire resources.” (Osterwalder & Pigneur 2010, 38) Key partnerships are the relationships enabling key activities. It is profitable for a business to create a network of partners to gain and to receive value. Different motivators drive towards different types of partnerships. The motivators can be: “optimization and economy of scale, reduction of risk and uncertainty, or acquisition of particular resources and activities”. (Osterwalder & Pigneur 2010, 39) Types of partnerships can be divided into four categories:

1. “Strategic alliances between non-competitors
2. Coopetition: strategic partnerships between competitors
3. Joint ventures to develop new businesses
4. Buyer-supplier relationships to assure reliable supplies”

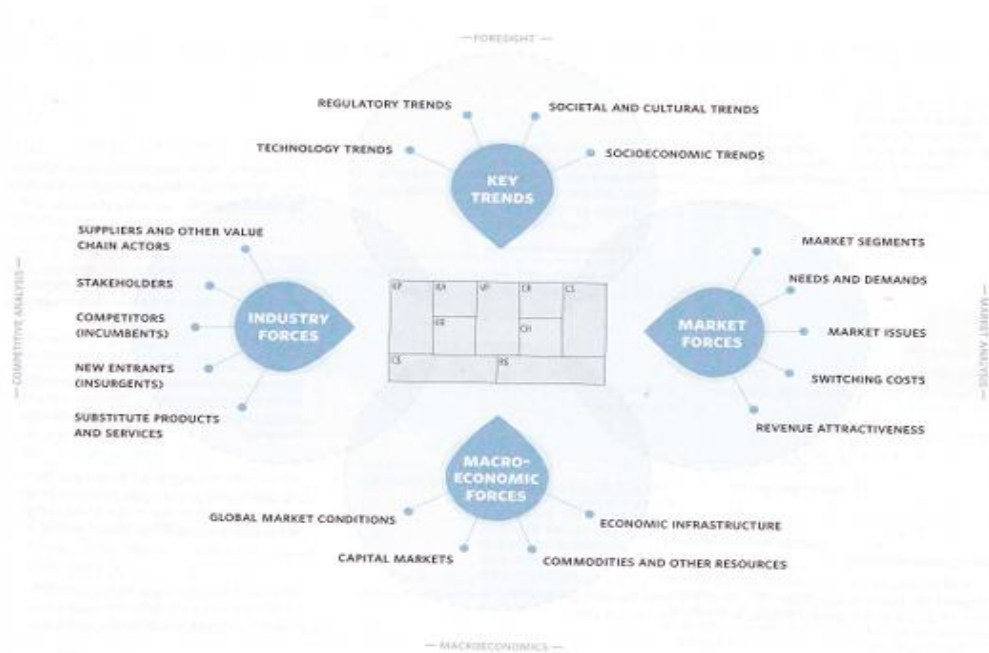
(Osterwalder & Pigneur 2010, 38)



“*The Cost Structure Building Block* describes all costs incurred to operate a business model. This building block describes the most important costs incurred while operating under a particular business model. Creating and delivering value, maintaining Customer Relationships, and generating revenue all incur costs. Such costs can be calculated relatively easily after defining Key Resources, Key Activities, and Key Partnerships.” (Osterwalder & Pigneur 2010, 40) According to Osterwalder and Pigneur there are two types of cost structures businesses can choose from: cost-driven and value-driven, which can have four different characteristics: fixed costs (costs that remain the same from month to month), variable costs (costs that vary depending on the volumes), economies of scale (where more is less, the more you buy the less the price), and economies of scope (where same activity can cover multiple purposes). The cost-driven cost structure model aims at minimizing costs wherever possible and their value proposition is to deliver low price. In value-driven cost structure model businesses aim for value meaning luxury, design, and high degree service. (Osterwalder & Pigneur 2010, 41)

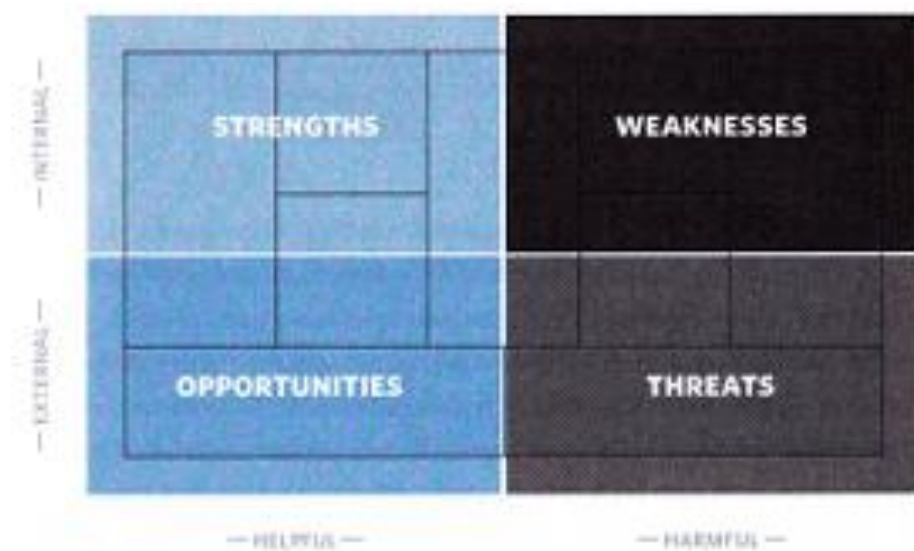
The developers of BMC put emphasis on the fact that using the model should be fun and inspiring – yet at the same time hard work towards business success. That is why they encourage using brainstorming, visual thinking, and post-it notes to get the most out of the model. Open atmosphere within the participants of the business model processing must however at the same time stay focused in order to give space for the wild ideas but not let them stray away from the core. Osterwalder and Pigneur have handed out some guidelines to ease up the process: visualize with post-it notes and drawings, understand the essence, enhance the dialogue, explore ideas, tell a visual story, and make prototypes. (Osterwalder & Pigneur 2010, 143-163)

The canvas has quite a few other possible means of use: BMC can also be used for modelling the external business environment (picture 9) in order to get more competitive business model. Key trends, market forces, macroeconomic forces, and industry forces can be analysed using the canvas. (Osterwalder & Pigneur 2010, 200)



Picture 9. How to use BMC for external business environment analysis. (Osterwalder & Pigneur 2010, 201)

The canvas can also be implemented together with SWOT analysis (picture 10), as they are somewhat overlapping.



Picture 10. Combined BMC and SWOT. (Osterwalder & Pigneur 2010, 216)

All in all, BMC can be a motivating, inspiring, and encouraging tool for modelling either a new start-up business, renewing the business idea or analysing future visions.



## 8 RESEARCH PROJECTS

There are two different researches included into this thesis: The first one was conducted in order to gain knowledge of the consulting business environment and the second to shape and form the service packages of Sanunani Consulting. Both researches were needed to gain primary information from the field in order to support the development work of Sanunani Consulting. Both researches looked for qualitative information and they were conducted via e-mail using semi-structured survey method.

As we move on, it is important to make clear difference between research method and research methodology: Where the research method is the way a research is carried out, the research methodology is all the written theory about research. (Adams, Khan, Raeside & White 2010, 25) Chapter 8.1 presents the methodologies of the selected methods for both researches. The researches were conducted for different purposes; however the methods were the same.

### 8.1 Research methodology

A development work as a Master's thesis differs from research/problem based thesis. A development work focuses on a functional development, whereas a research type of a work has its aim on solving an existing problem/issue. A development work is based on the existing, professional material which gives the framework for the empirical part. However, the researcher has to be able to prove his/her critical thinking in both parts: theoretical and empirical – also in her/his own opinions and writing. Development work as a Master's thesis combines factuality, theory, orientation, and reporting. Where the result in research work are the research results, the result in development work is something practical like for example a business plan, new product, or event. (Website of Vilkkä 2014)

### 8.1.1 Case study

Case study method is recommended to use when the researcher is keen on finding out solutions on one individual case. A common feature for case studies is that they are related to something very niche, and quite often something personal. The main aim for a case study is to find out detailed information about the matter serving the particular case. Case study research includes a study among the parties involved within the particular case giving detailed information. (Saunders, Lewis & Thornhill 2003, 93) There are two different researches made for this study, both focusing on one particular issue: business environment of consulting industry (*Business environment of a consulting industry* –research) or business (*Development of service packages of Sanunani Consulting* –research) and seeking consequential information of those to serve the need of developing one business idea into real business. Therefore this study can be seen as a case study.

### 8.1.2 Qualitative research

Holistic and purposive qualitative research method can be used when the purpose is to clarify and analyse one's thoughts and feelings about something. It is used when the researcher does not know what to expect or cannot define the problem yet she/he is to find it out via research, or when the researcher is to create an understanding to an issue or to provide the needed information to an issue to understand different perspectives between groups or other categories. Qualitative research method is good when sample size is rather small and in-depth understanding is necessary. Qualitative methods generally aim to understand the experiences and attitudes of respondents. These methods aim to answer questions about the 'what', 'how' or 'why' of a phenomenon rather than 'how many' or 'how much', which are answered by quantitative methods. (Silverman 2001, 50)

Qualitative research is often used when one's thoughts and feelings are the main issues of the study. It is a method used for not statistical but oral answers and when the researcher wants to hear the respondents' ideas rather than seeing them as a statistical pole. Qualitative research aims to gain in-depth information about the selected issue. All kinds of social matter are good example of when qualitative re-

search is used. Other examples could be: product/service development issues, market status clarification, support material for SWOT analysis, understanding perceptions of a brand/product/service. (Creswell 1994, 70-74)

Qualitative research process starts from forming the general model and general research questions. Then the researcher selects the relevant subjects and collects relevant data to support the subjects. Next step is to gather conceptual and theoretical framework which tighter the specific research questions and maybe point of to collect more data. Final step is to sum up the findings, make conclusions and depending on the type of the research give out recommendations. (Silverman 2001, 53-54)

The researches in this study seek for personal ideas, thoughts and feelings about a business environment (*Business environment of a consulting industry –research*) or business field (*Development of service packages of Sanunani Consulting – research*), the issues searched are known, and there is theoretical information gathered about the topic. Therefore the researches can be conducted by using qualitative methods.

### 8.1.3 Data collection method

In qualitative research the interview method can be divided into three different groups: structured, semi-structured and unstructured. In structured method the researcher has defined the questions beforehand and the respondents answer only to those. Structured method is ideal when the researches aim to find out answers only to a specific area. The unstructured method is the opposite for structured. In unstructured method researcher writes down for example some key words of the issue and then the interview flows onwards like a discussion. Unstructured interview is ideal when the issue is new or not much is known about it and the researcher is looking of in-depth answers. Semi-structured interview is a method between structured and unstructured methods. The researcher has developed a list of questions to be covered in the interview situation; however some space is given to additional questions as well. (Salkind 2006, 45)

Semi-structured interview method was chosen for these researches as the needed data was very clear and straight forward. It was known exactly on what issues to be cleared:

- Parties, which already operate in the field, opinions about the business industry in order to form a truthful picture of it
- Potential customers' perspective on needs in order to modify the existing business idea to serve a large variety and get the business running successfully.

The questions were however formed in a way that the respondent could answer in a way that she/he could describe her/his own thoughts and feelings.

#### 8.1.4 Analysis method

The purpose of a qualitative research is to clarify the material and by doing so produce new information about the searched issue. Qualitative research can be analysed by using data-driven or theory-driven analysis, where different themes are raised from the material and research questions are formed based on those themes. This kind of an analysis method is called thematising and it suits best when the research seeks for a solution for a practical problem. The data-driven and theory-driven thematising differ only in a way of how the themes are formed: based on the collected data or based on the theory. (Eskola & Suoranta 2005, 89-91) The themes present the key issues of the problem and the results of the research are analysed by looking what is said about the theme and what can be included to the theme. The themes are formed in to questions, which present kind of a guideline for the replant to answer in a "story-telling" way. By then segmenting or classifying the answers under different themes the researcher receives different types of answers to the key issues and can look for similarities which them turn into answers. The purpose is not to test the theory, rather to present new perspectives and ideas of the topic. Some quotations of the answers can be used when presenting the data or analysing it in order to support the research. However, critical thinking has to be kept in mind when presenting the quotations as the analysis cannot be only a collection of those, yet a combination of quotations, researches own conclusions and theory. (Tuomi & Sarajärvi, 2009, 67)

Before any conclusions can be made out of the received primary data it must be organised in some way. For these studies all received answers were collected and then processed in a way that what kind of issues can be drawn out from the written answers. Quite quickly the similarities were easy to form and sort. With the *Business environment of a consulting industry* –research the respondents were given a possibility to use SWOT-analysis in their answers and therefore strengths, weaknesses, opportunities and threats became the themes for that research. The answers were quite clearly classified throughout SWOT and analysis was easy to make by classifying and categorising the data. With the *Development of service packages of Sanunani Consulting* –research respondents were given more flexibility to answer, yet same issues and problems arose within the answers. With this study, no themes were thought beforehand as due to personal feelings it was impossible to know what kind of issues the selected respondents will point out. However, as the answers were analysed by categorising it was quickly revealed that the pre-thought services packages (training service, International recruitment service, and International maritime documentation service) could operate as themes.

## 8.2 Business environment of a consulting industry

### 8.2.1 Data collection

An open question (appendix 1) was sent in Finnish to 18 randomly picked consultant business representatives operating in the consulting field and representing SME business by email asking their opinion about the consulting business environment. The possibility of using SWOT-analysis was given, however the recipients were also allowed to answer in the way they saw the best. The recipients were given four weeks for reply by e-mail.

The 18 consultant business representatives were picked randomly from various business industries by using Yritysopas.com; the criteria were that their business is a small or medium size business, and that the operations are on-going.

Unfortunately only three consulting business representatives replied. The received answers were first translated into English, then analysed by categorising, and then

implemented into SWOT- and Porter's Five Forces-analyses together with data collected by searching secondary information (chapters 5.3. and 5.4.). The received answers are presented in the next chapters as straight quotations without the names of the representatives due confidential reasons.

*Company 1:*

“Consulting business industry is very wide and diverse, and the level of know-how varies a lot. The business environment offers a lot of opportunities, however nothing comes for free. The business environment requires creativity, creation of long-term customer relationships and trust. I see that my business in the real estate consulting industry has gained respect, however the business environment is limited, and it is not always easy to “get the bread to the table”. Strong networking is required and national consulting businesses are powerful despite of their higher prices. The strength of consulting business is specialisation: if you are not a specialist in what you do the customer will not return. Weakness shows in lack of resources and loss of capital. The government and municipalities gain for reduction of resources by outsourcing and that brings in opportunities for consulting businesses. However, at the same time the public sector substantially decreases usage of consultants.” (Email representative of company 1 2014)

*Company 2:*

“It is unfortunate that consulting businesses are put up with several different types of reasons and targets and those (poor) reasons result in general judgement of know-how and ability. It is also good to keep in mind that not all apply to operate – and never will learn to operate as consultants.

Strengths:

- knowing the industry personally in both; home and international markets,
- personal know-how and practical experience of the industry,
- personal know-how in the business field (for example product development, marketing, sales, production, and financial management),
- experience in operating with different cultures, environments, financial situations and markets

- Recognising the fact that I do not know it all, but need the help of networks
- Gaining trust among clients

Deep knowledge in that particular business industry/are you are consulting in gives an opportunity to succeed. A big threat for business failure is losing trust with client during a project. Weaknesses of the industry are those who believe in something they are not: trying to consult all industries or areas of business without being an expert.” (Email representative of company 2 2014)

*Company 3:*

“*Resources:* Succeeding in consulting industry relies on people, so therefore reputation and interest as an employer are important elements. In other words keep your eyes open and hire the strongest experts. Naturally, it is a threat that those “best guys” leave and that is why they are worth keeping (happy). It is not always profitable to hire new people, yet to rely on the good network. *Networks:* You need to be aware of your own strengths and weaknesses and use those parties in your network who are strong in what you are weak instead of trying to do it all yourself. In this way also the cost structure comes more flexible (for example by using sourcing). *Competition:* The sales process has to be in order as competition is hard. In simple terms: sales persons in consulting industry are history, and the expert him/herself is the best seller by strengthening him/her own expertise at the same time when selling the personal know-how. A strong relationship of trust has to be formed at the time of sales, and then the rest is easy doing.” (Email representative of company 3 2014)

### 8.2.2 Data analysis

The received answers were analysed by first understanding the main issues from the written answers, and then classifying and categorising them by using the selected themes (strengths, weaknesses, opportunities, and threats). The analysis was then implemented into two business environment analysis tools (theories presented in

chapters 5.1.2 and 5.1.3) together with learning from the theory in order to gain real information about the business environment.

### ***Porter's Five Forces-analysis for consulting industry***

#### *Threat of new entrants*

The threat of new entrants is high as the entry barrier of putting up a consultant business is rather low.

#### *Bargaining power of buyers*

The bargaining power of buyers can be seen as moderate. If operating within a popular consultancy area where the amount of consultancy businesses is high, then the buyer has the availability to put pressure on bargaining. However, if operating in a niche consultancy business area, then buyer has less availability.

#### *Threat of substitutes*

Threat of substitutes can be seen as high. There are thousands of consultancy firms, out of which some are seeking for differentiation by establishing online consultancy service.

#### *Bargaining power of suppliers*

The bargaining power of suppliers is low or perhaps even not-existing as consultancy relies on personal resource.

#### *Competitive rivalry within the industry*

The rivalry level of consultancy is high due overcapacity.

According to Porter a healthy business environment where competitiveness is attractive takes place when rivalry within the industry is moderate, the entrance level of new entrants is rather high, substitutes are difficult to find and neither suppliers nor customers have good bargaining power. (Website of Harvard Business Review 2014) With consulting industry the situation is somewhat converse which makes the competitive environment of consultancy industry unattractive.



### *SWOT-analysis for consultancy industry*

<b>Strengths</b> In-depth knowledge Personal assistance Experienced staff Good reputation Low fixed costs Seek for a new market segment Strong name recognition	<b>Weaknesses</b> Lack of networking Poor training Difference in consultant performance Similarity with competitors Poor reputation
<b>Opportunities</b> Changes within the industry Trends within the industry Availability to grow via network	<b>Threats</b> Competition within the field Businesses using their internal experts rather than hiring third party Technological development Prices pushed down Trends

Figure 2. SWOT-analysis for consultancy industry

The above presented SWOT –analysis is made based on the secondary information from relevant sources and the information gained from primary research. It is in no doubt that the strength of a consultancy business environment lies on in-depth expertise and personal service. The quality of service increases the positive name recognition and good reputation which bring in more opportunities. However, as the business environment is very competitive the businesses must focus on retaining their staff and keep them motivated. Unfortunately the variation of different consultancies and especially the lack of their professionalism and poor training create a dark cloud over the industry and therefore those weaknesses are also threats. High competition and usage of customers’ own, internal experts as consultants puts pressure on pricing. Efficient network and capability to react quickly to trends and changes give the whole industry new opportunities.

#### 8.2.3 Results

Based on the received answers it can be concluded that despite of the fact that these three representatives work on different business fields, they all somewhat mentioned the same things: level of professionalism, strong networking, and importance of good customer relationships. It seems that the word “consultant” is being used with thin arguments, which has led into poor reputation throughout the industry. It

also seems that many consultants try to do too much themselves when they should rely on their networks – perhaps the reason is in lack of good network. In order to succeed in the competitive business environment, solid customer relationships are prior.

Based on the information gained from primary data research, reading relevant information from secondary sources and combining them into environmental analysis in chapters 5.3 and 5.4 it can also be concluded that the business environment of consulting industry in Finland has a stable role. The peak years are perhaps behind, however with sustainable work and development consultancy industry can be profitable. As the business itself relies heavily on personal assets a person working as a consultant has to have strong professionalism and expertise on the particular field. Competition is heavy within the most popular areas of consulting, and the biggest companies have somewhat control. However, if a consultancy business finds a niche market and has the right tools (expertise and personnel) success is possible to have. Despite of the globalisation and internationalisation the consultancy industry is not on the edge of disappearing, if the changes are dealt with right actions.

### 8.3 Development of service packages of Sanunani Consulting

The empirical question in the conceptual framework is: Is our business idea viable? In order to be able to answer that question it is to be find out whether there is any potential for this kind of business from markets point of view and have we thought enough to be able to serve the markets. That is why the following research was carried out.

#### 8.3.1 Data collection

Due to the fact of a hectic work environment of the possible business partners and the work routes of the possible clients (seamen are quite often located in difficult places) the research was carried out by using e-mail. The semi-structured questions (appendix 2 & 3) were sent to the respondents personally asking for a prompt reply. Two different types of question templates were made due to the fact that phrasing

had to be adjusted based on division of persons vs companies. The critical question to be asked from all potential clients is:

- What kind of guidance/help would you need in order to get the target you are aiming for?

The question was amended a little bit based on to whom it was indicated. The received answers then helped to modify the business idea so that the company could serve a large variety of needs and get the business running successfully. The tailored question(s) were sent to potential customers, which in preliminary segmentation are: private/personal customers, institutes, and shipping & manning companies. (30 potential customers, 10 in each group.)

- The potential **private/personal customers** at the moment include people who are already working on the industry but are looking for pathways to proceed with their careers, especially within the offshore industry.
- The potential **institutes** include parties which either offer or need courses based on certain regulations and need experienced personnel to take over the courses.
- The potential **shipping & manning companies** include mainly international parties, which know that Nordic seamen are highly qualified, yet they do not have the ability to contact them.

The selection of the potential customers was made based on previous contacts: private customers were the ones who have already asked for advice or who are seeking for an international job position. Institutes were parties who either have the facilities to organise courses or operate in the field and need training. Shipping & manning companies were selected based on previous, personal experience of operating with them.

As the business is on its start-up level and no agreements of co-operation or assignments are signed, the names of all potential customers are omitted due confidential reasons.

### 8.3.2 Data analysis

The received answers were collected together and analysed systematically. No themes were selected beforehand, however, it was quite quickly obvious that the pre-thought service types (training service, International recruitment service, and International maritime documentation service) could operate as themes and answers classified and categorised under those themes. If and when an issue that did not fit under those three themes arose, it was dealt separately by transforming that issue into a service model and deciding whether the company is able to serve a particular component and if so, then implemented into the business plan. The decision of possible implementation was made based on the resources of the company: is the staff qualified enough to serve the requested service, does the company have a participant in the network to serve the service, and does the company have resources (financial, personal) to serve the service.

Unfortunately the amount of received answers was not as high as expected. It was suspected that the shipping & manning companies might not show too much of an interest as they, to some extent, serve similar services. However, receiving zero answers from ten was a surprise. Positively private customers were more active (7 answers) and some of the institutes showed interest as well (3 answers).

It is obvious that the most challenging parts of getting Finnish seamen to offshore business are the certifications and qualifications which are difficult to get. For example a representative of a Finnish institute offering marine safety courses stated: “BOSIET curriculum includes safety induction training organised by *certified person* and at the moment none of our staff member has the certificate and therefore we are unable to serve it despite the ISO standards are qualified”. This presents the core problem clearly: in offshore field, experience is not enough as offshore companies require certifications granted by particular parties.

On the other hand there is also the problem of offshore companies vesting money to some administrative work which could be outsourced. But mostly there is the problem with communication: not knowing enough leads into unprofitable solutions (meaning losing both money and qualified staff). Like one private person answered:

“In general the companies do not know what they need: they think that they need experienced people - i.e. they accept employees who have been making the same job (and the same mistakes) for years. They seem to think that *a known idiot is a lot better than unknown genius*. What they DO need are educated people with necessary certifications qualifications and training”. This statement also points out the risk of offshore companies not being able to contact and/or communicate with right kind of people.

### 8.3.3 Results

Based on the received answers the business idea is on track and there is potential market for it. The analysed data now operates as the guideline and base for Sanunani Consulting's service packages and it was more than needed to gain supportive data for the business idea. The results show that there is even some frustration in the field when it comes to wasting resources and communications gap between parties and third party involvement is welcome – at least from private customers and institutes point of view. The results also showed that rising fields in offshore are quality, health, safety and environmental issues and the company can already now serve some of the needs of safety issues, and environmental issues seem interesting, however that requires more research before implementation. It is also critical for the instructors of the company have their certifications up-to-date and even more importantly have the new launched certification requirements done as soon as those are published by OPITO or OLF.

### 8.4 Validity and reliability

In order for a research to be useful it must be both valid and reliable. The validity of a qualitative research refers to the fact of how the researcher defines his/her statements in the theoretical part and from how many sources they are collected. The text is valid if it can be shown that the topics base on more than one source. (Silverman 2001, 32-34) Reliability of any study refers to the fact that results and analysis of the study are not random, that they are based on reliable facts. Reliability also refers to the individuality, and the right kind of sample selection. With qualita-

tive research the reliability of the study is quite heavily focused on the researcher him/herself: how she presents the collected theory, how she describes the completed researches and how she is able to present critical thinking of the outcomes – without forgetting the fact that the respondents would also react and see the questions personally. From the respondents point of view the research must be consent and confident: all participants must enter the research by their own will without being pressured. All respondents must be informed clearly about the purpose of the study and how will the results be used. Respondents' identity must always be protected and the identity cannot affect neither the result nor the attitude from the principal. (Creswell 1994, 150)

The validity of this study is shown based on the fact that the theoretical part is collected from several sources. The theory is gathered by combining information from books and largely from Internet. Using Internet sites in academic writing is often seen as a weakness. However, in 2014 most of the newest information can be found from Internet. Critical thinking has been used in the collection of secondary information from Internet and obvious, marketing focused internet sites were ignored in order to gain qualified data. A scientific attitude has been used throughout this study, which is shown in critical thinking in the theory – especially in parts which focus strictly to consulting industry, and in the empirical part where research answers were analysed carefully.

Reliability of this study is shown in right kind of sample selection in the researches: only parties involved with the issues were selected to be respondents. All parties acted as individuals without knowing the existence of one another. Due to the nature of the researches the respondents were allowed to answer in their own, free, personal way. Some may see the sample sizes rather small and as a decrease in reliability. However, with the *Business environment of a consulting industry* –research already a minor amount of answers showed strong similarities, which were easy to implement into the business environment tools. With *Development of service packages of Sanunani Consulting* –research, it is to be kept in mind that the aimed company is about to enter a very niche market and all selected respondents have already shown interest to the planned service and are classified as Sanunani Consulting's preliminary customers. The steps of conducting the researches are written open,

only the names of respondents are kept away due confidential reasons. The researches are also relevant and they have usability: without having conducted the selected researches primary information would have been left out and analysis of business environment of consulting industry would have been impossible to make in the way it has now been made. Also the business plan of Sanunani Consulting would have been deficient without the market research and it now has a lot more solid base for establishment. These facts also bring effectiveness to this study.

Whenever an interview is being used as a data collection method in qualitative research error may occur in several ways: wrong sample selection, misunderstanding or misjudgement between interviewer and interviewee or in question forming, bias, pleasing, etc. In other words any human error is possible – after all the research deals with humans and their personal issues. (Adams & all 2007, 148) For the *Business environment of a consulting industry* –research error may have happened in sample selection: the parties represent different fields of businesses. However, they all focus on consulting and they operate in SME business so therefore the selection is appropriate. The amount of received answers could also be seen as an error – however the received answers show quality, knowledge and understanding of the field. For the *Development of service packages of Sanunani Consulting* –research error may have happened if any of the selected parties was not familiar with the industry. This was not the case: all selected parties have experienced the offshore industry field and therefore can be seen as good participants handing in qualitative knowledge. Unfortunately out of the three segments into which the parties were sorted no answer was received from one segment. This obviously is an error as no conclusions were possible to make from their point of view.

## 9 BUSINESS PLAN FOR SANUNANI CONSULTING

Business Plan for Sanunani Consulting can be found as appendix 9.

## 10 SWOT-ANALYSIS OF SANUNANI CONSULTING

SWOT-analysis of Sanunani Consulting can be found as appendix 10.

## 11 DISCUSSION

Discussion can be found as appendix 11.



## 12 CONCLUSION

Do I have what it takes to be an entrepreneur? This study has taken a closer look of one particular business industry which obviously is misunderstood: consulting. The study has represented the necessities of what it takes to be able to put up a consulting firm – and succeed with it. The business environment of consulting is very competitive, however great success can be found in new or niche market in case the entrepreneur has serious professionalism of the field and is capable of bringing value to the customer. In the field of consulting industry high emphasis is to be put on the personality and personal relationship skills – without good networking and good communication with customers the business will not succeed.

The purpose of this thesis was to find out information on 1) how to develop a consulting business - the thesis presents the cornerstones when processing a consulting business idea into a business model, and 2) what is the business environment of consulting like - this thesis has studied both primary and secondary information of the consulting business environment field and can therefore present some critical aspects. Therefore it can be concluded that this thesis answers the critical questions of the theoretical framework.

Two researches were conducted for this thesis. One in order to gain primary data from the field to be able to analyse the business environment of consulting. The second research was conducted among potential customers of Sanunani Consulting. Despite of the fact that the main purpose of the research was to receive an answer to the empirical question “is our business idea viable” it also acted as an opening for communication between potential customers. Received feedback was positive and gave a lot to think about before forming the service packages. According to the research there is active need in the market for the planned business model – especially within the private customers. Therefore it can be concluded that this thesis answers the question of the empirical framework.

For many thesis there is a ready theoretical model to implement, however for this thesis a very own was created. This was done in order to reflect the actual needs what the empirical part – processing a business idea into a business model and plan

– required. Now based on the formula of how this study turned out it can be concluded that this reflects the conceptual framework.

The outcome of this thesis is a ready business plan for a consulting business: Sanunani Consulting. The whole process of first getting to know the field of business thoroughly, then forming a business model out of an idea, and finally writing it all down as a real business plan has been surprisingly challenging, yet at the same time very inspiring.

### 12.1 Suggestions for future studies

This thesis has focused strictly on developing a business model and plan for a consulting industry. Based on the outcome personality plays a key role in consulting business success, just as well as effective networking and being the top professional on the field. Therefore a deeper study of relationship management's affection into consulting success could be an area of research or how to be able to create and develop networking in consulting business.

The business industry of offshore is a continuously enlarging field, and therefore additional studies of it could be ideal to give more information for the seamen and other parties operating and involved in the business.

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## APPENDIX 1

Dear Sir/Madam,

I study at Satakunta University of Applied Sciences, Degree programme in business Management and Entrepreneurship, Master's degree and I am writing my Master's Thesis about developing a business plan for a consulting company. As proceeding with the thesis I have found a challenge in finding information about business environment of a consulting industry. Therefore I would like to ask You as the representative of a consulting business, how do you see the business environment? I would be grateful to receive couple of ideas, however if You please, You can use the SWOT-analysis method: the strengths, weaknesses, opportunities and threats of a consulting business environment.

Your answer will be deal confidential and used only for this Master's thesis. In case You feel that You have couple of minutes to answer, I would be pleased to receive Your e-mail by the end of June.

Thank you and have a nice summer day!

Best regards,

Sanna Mäkelä

## APPENDIX 2

Dear Sir/Madame,

I am about to finish my master level studies in Satakunta University of Applied Sciences and as the Master's Thesis I am conducting a business plan for our (my husband and myself) business idea. We are keen on starting a consultancy company in order to act as a bridge between the gaps of needs not matching together.

Let me shortly introduce our business idea of the, hopefully, company-to-be:

- A company offering tailored training and consulting services to merchant marine and offshore based companies.
- A company offering a wide range of employment services and job possibilities for sailors entering the segment or looking for new opportunities.
- A company offering right crew members for shipping and manning companies in situations where it is really hard to find candidates due to strict requirements or in the middle of holiday and high seasons when it is hard to get the right candidates out.
- Via network the company is also able to give consultancy regarding visa and work permit issues in various countries as well as helping with applying endorsements for seafarer's national licences from other countries (for example Norway, Marshall Islands, and UK).
- A company providing Dynamic Positioning Instructors approved by the Nautical Institute who can attend the client's vessels or other facilities to have the needed training arranged.

I would really appreciate if You, as our potential customer, could take a moment and answer these questions:

- Is there anything mentioned above that might be of Your interest and we could help You and Your company with?
- Would there be something else not listed above that you would need and we should look into?

Your answers will only be used to build our service package more efficient. I am wishing to receive the answer by the end of June. In case You wish Your name, title, and the name of Your company will be kept anonymous. You can answer straight to me via e-mail.

Yours sincerely,  
Sanna Mäkelä

## APPENDIX 3

Dear Sir/Madame,

I am about to finish my master level studies in Satakunta University of Applied Sciences and as the Master's Thesis I am conducting a business plan for our (my husband and myself) business idea. We are keen on starting a consultancy company in order to act as a bridge between the gaps of needs not matching together.

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Yours sincerely,  
Sanna Mäkelä