



**LAHDEN AMMATTIKORKEAKOULU**  
*Lahti University of Applied Sciences*

# FORMULATING A PRELIMINARY BUSINESS PLAN FOR A BUSINESS CONSULTANCY COMPANY

Case: CreaNets Business Development and Consultancy

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Gökhan Korkmaz

Lahti University of Applied Sciences  
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KORKMAZ, GÖKHAN:

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ABSTRACT

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The main purpose of this research is to formulate a preliminary business plan for a business consultancy which will operate between Finland and Turkey and be headquartered in Finland. The research focuses on practical information on entrepreneurship, business planning and business models as well as starting up a new business in Finland.

During the theoretical framework, information is provided on entrepreneurship and business planning. Hoffren's Dynamic Business Model and Osterwalder's Business Model Canvas are introduced during the theoretical part of the research and the latter is applied for the case study. The results of PESTEL analysis of target countries have been used in SWOT analysis for the findings of the research.

Qualitative research method is used in this thesis as the research method. The literature required for the field of study has been collected from articles, written books, online sources and unstructured interviews with people who have experience in business consultancy and establishing a new business. People who are aiming at starting-up a company in Finland may benefit from this research's practical approaches for the early phases of establishment of their businesses.

Key words: entrepreneurship, business planning, business models, Business Model Canvas, PESTEL, Turkey, Finland

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## 1 INTRODUCTION

### 1.1 Background of the Thesis

The Turkish market is a great opportunity for Finnish companies to explore as it is growing rapidly. According to the Republic of Turkey's Ministry of Foreign Affairs, bilateral relations between Turkey and Finland, in the areas of foreign policy, tourism and economy have been continuously developing. At the same time, new lines of cooperation such as energy, education and forestry are being built. In 2012, bilateral trade volume had been 1,416 billion USD (exports, 302 million; imports, 1,114 billion). There are about 80 Finnish companies operating in Turkey in different sectors. Additionally there are 200 Finnish firms represented in Turkey. There are 19 Turkish companies doing business in Finland in sectors of mining, bicycles and fitness equipment, electronic products, textile and furniture. (Republic of Turkey, Ministry of Foreign Affairs 2014.)

Historically, Turkey's relation with Finland dates to World War I as the Ottoman Empire recognized Finland officially in 1918. The 90th Anniversary for the establishment of diplomatic relations between two countries was in 2014 as Turkey and Finland signed a Friendship Agreement in 1924. (Republic of Turkey, Ministry of Foreign Affairs 2014.)

The author of this thesis is originally from Turkey and has been living in Finland for over six years. The author has a very good understanding of the Finnish language and culture since he has extensively studied both during the first two years of his stay in Finland. He also possesses a very good understanding of both Finnish and Turkish business environments. These skills are particularly important, as one of the key factors in successfully doing business internationally is to have an understanding of the role of culture in business life.

It has been the author's dream to study international business and become an entrepreneur ever since he moved to Finland. The author is very good at



socializing with different people and creating networks. He has decided to start a business consultation company which is named CreaNets. The company will operate mainly between Finland and Turkey because of the factors mentioned above. The aim of the company will be to provide different consultancy services to Finnish companies that want to enter the Turkish market and also identical services will be provided for Turkish companies that want to enter the Finnish market. In short, the company's main operations will consist of business-matchmaking between Finnish and Turkish companies.

## 1.2 Objectives

The main objective of this thesis is to formulate a preliminary business plan for a consultancy company that will operate between Finland and Turkey. While creating the business plan the author's main objective will also be researching whether it is feasible to start up such a business.

The main research question of the thesis is: Is it feasible to found a business consultancy company in Finland, which will operate between Finland and Turkey?

The following sub questions will be asked for exploring the objectives and answering the main research question of the thesis:

- What is business planning?
- What are the benefits of business planning?
- What are the steps of starting up a company in Finland?
- What is the current economic relation between Turkey and Finland?
- Who are the potential customers?
- Are there any potential competitors?
- What is the required capital for founding the company?

### 1.3 Scope and Limitations

As the main aim of this research is to found a company which will operate between Finland and Turkey, results of this research cannot be generalized for other countries. As CreaNets will be a business consultancy company, the results of the research have no relevance with other industries.

The main target group of the business idea is any kind of businesses from both Finland and Turkey, which are willing to enter new markets and need assistance to explore them. Thus, the author will not concentrate on one niche-market during the research.

Furthermore, the current political situation in the Middle East will also not be taken into account during this research.

### 1.4 Theoretical Framework

A theoretical framework includes concepts with their definitions and existing theories used for a specific research. It should point out an understanding of theories and concepts that are significant to the study. It should also relate to the wider areas of information provided. (USC Libraries 2013.)

In this chapter the theoretical background of the thesis will explained with the terms used during the research.

The main focus of the research is on the Business model consisting of elements such as market analysis, services, mode of operations and target market as the author is formulating a preliminary business idea. During the theory part, there will be introductions of Osterwalder's Business Model Canvas and Hoffrén's Dynamic Business Model. Later on, the author will choose one of those models to execute on his own case.

There will also be a market research presented for both Finland and Turkey, as the business consulting services will be given for companies based or at least operating within these areas. As a supporting tool, there are PESTEL analyses of the both Finland and Turkey included.

### 1.5 Research Method and Data Collection

In research, there are possibilities to make two wide methods of reasoning: deductive approach and inductive approach. In deductive approach, researcher attempts to build hypothesis based on existing theories. The set of hypothesis has to be tested by the author in order to confirm or reject the validity of research. In other words, deductive approach works by narrowing general theories into more specific ones. When deductive approach works from more general to specific, inductive approach is opposite: researcher tries to build theories from specific observations. (Saunders, Lewis & Thownhill 2009, 125-126.)

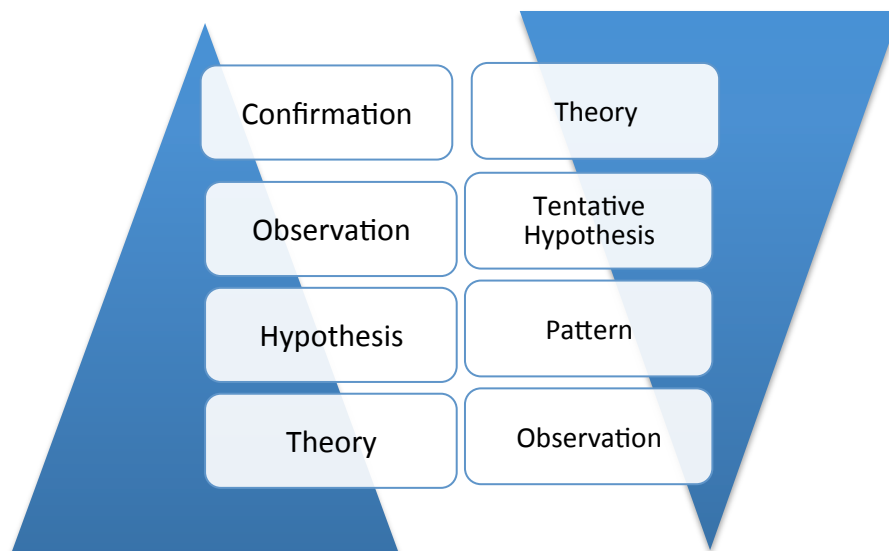


FIGURE 1. Deductive Approach vs. Inductive Approach (modified from Trochim 2006)

The aim of the figure above is to illustrate the difference between Deductive and Inductive approaches. The author of this thesis has chosen deductive approach for his research as existing theories will be used to get more specific results by observations.

After determining the research approach, it is relevant to talk about the research method which will be implemented during the thesis. Qualitative research's aim is to understand aspects of social life by generating words rather than numbers for analysis (Patton & Cochran 2002). Qualitative research method has been chosen for this research as the nature of it depends more on social and personal experiences rather than numerical data.



FIGURE 2. Research method

In this research, primary data collection is conducted by three unstructured interviews. Interviewees are people who have many years of experience in the business consultancy and who also possess a good understanding of starting up businesses. One of the interviewees is the managing partner of McBDC, an International Business Development and Consultancy company based in Istanbul. The author had a chance to meet the managing partner of McBDC through his contacts, as a result of his initiative personality. There has been an unstructured interview conducted with the managing partner of McBDC Dr Cem Bulent Unal through Skype in order to get basic information relevant to business consulting and starting up businesses. Additional to that there had been a face-to-face meeting arranged in headquarters of McBDC in Istanbul. There also has been one more unstructured interview conducted with Enis Yuce Dilek, the executive partner of IMM Design Industry Co. and the reason of this interview will be explained in later chapters.

Moreover, the secondary data is collected through literature such as published books and articles, online sources, different statistics and author's own observations.

## 1.6 Structure of the Thesis

The main purpose of the figure below is to illustrate the structure of this thesis.



FIGURE 3. Structure of the thesis

During the beginning of first chapter, the author gives background information related to reasons of starting up a business consultancy in Finland. Later on, the objectives of the research is set and theoretical framework is explained. For being able to reach the objectives, there must be certain type of data collection and research method conducted. Thus, in the later sub-chapter it is explained that deductive approach of reasoning is conducted to research and qualitative research method is also used for observing the theories.

During the second chapter there is theoretical information provided about entrepreneurship and business planning. Moreover there are introductions of different business models such as Hoffren's Dynamic Business Model and Osterwalder's Business Model Canvas. There is also a brief introduction of a financial plan at the end of the second chapter.

During the third chapter there has been a country analysis of Finland conducted. There are important factors about Finland provided and also a PESTEL analysis

applied. As the case company is being planned to be founded in Finland, some important statistical data is given about the entrepreneurial environment in Finland. To show the easiness of starting a company in Finland, the author provides steps of starting a company in Finland later on. There is also a short competition analysis about the business consultancy environment in Finland. In addition to the country analysis of Finland, the author also conducts a PESTEL analysis of other target country Turkey. The third chapter ends with some brief information on relations between Turkey and Finland.

The author decides to use Osterwalder's Business Model Canvas to illustrate the business model of his case company CreaNets during the fourth chapter. There is information provided about the main customers, pricing policy, services and operations of company during the chapter. Moreover, the financial plan tools provided during the theoretical part of the research are being used with numbers during the end of fourth chapter as financial plan is a crucial part of the business planning.

The author provides a SWOT analysis of CreaNets during the fifth chapter of the research to ground his findings. Moreover, brief summary of answers to research questions is provided. The author briefly explains reliability and validity of the information given in the thesis and makes suggestions for conducting a further research about this topic at the end of the fifth chapter.

In the final chapter, the author presents a brief summary of the thesis.

## 2 ENTREPRENEURSHIP AND THE BUSINESS PLANNING PROCESS

In the first part of this chapter, the process called entrepreneurship will be explained. The author considers it crucial to define the entrepreneurial process as he is planning to start-up a company in Finland. However, the author also considers it important to write about entrepreneurship and the entrepreneurial process briefly as the business planning process is a part of entrepreneurship. It is important to understand the wider picture before getting into specific detail.

There are many dramatic changes in different industries due to different factors thus companies must always be prepared. It is very relevant to underline that business planning is an ongoing process; companies may have to undertake business planning during any period of their operating times. (Business Link UK 2009.) There are many reasons for conducting business planning and well established companies also have to do business planning during their life cycle, however the author is going to concentrate on the business planning process of a start-up company as he is planning to start-up a new business.

### 2.1 Entrepreneurship

What are the factors for an individual's starting a new enterprise? There are many answers to this question, but a brief explanation will be provided. The entrepreneurial process and the competencies of a successful entrepreneur must be understood in order to be able to make arguments regarding the business planning process as they are interconnected and related.

An entrepreneur is a person who converts opportunities into value by the use of his/her organization's resources. However, these opportunities should meet the market needs to be able to be generated into value. If an entrepreneur aims to make profit, there must be an ability to organize and manage resources. When there is use of the company's resources, it means there will be certain means of risks met, thus it is also important to possess a good understanding of the risks of the business. (Sobel 2008.) The process of the execution of entrepreneurial ideas into reality is called entrepreneurship.



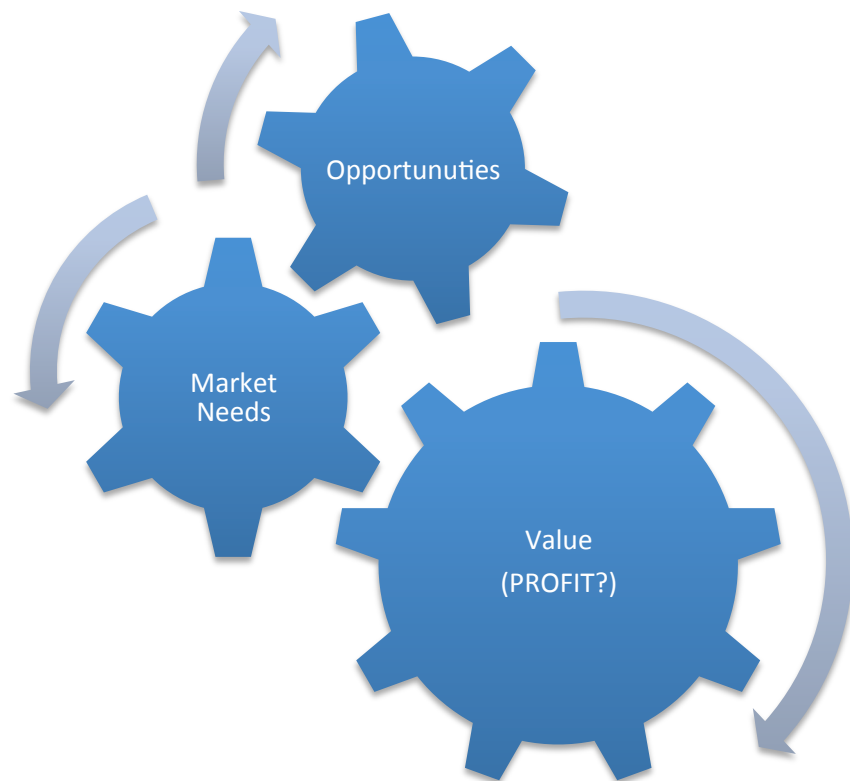


FIGURE 4. Opportunities generated into value (modified from Sobel 2008)

The basic aim of the figure above is to illustrate the idea of generating opportunities into value by using the resources of the company. As it can be seen from the figure, the opportunities must be able to meet the market needs in order to be able to be generated into value. This value is usually generated as profit. By the use of the profit, the entrepreneur can create more resources for the future operations of the company. (Sobel 2008.)

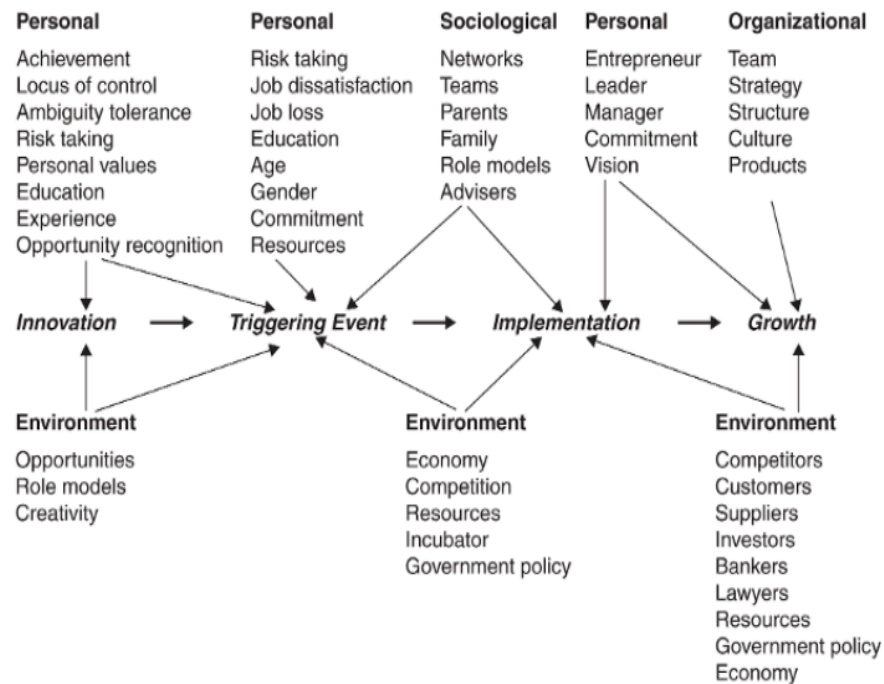


FIGURE 5. A model of Entrepreneurial Process and Critical Factors for Starting a New Enterprise (Moore 1986, 66)

The figure above shows that there are four stages of the entrepreneurial process: innovation, a triggering event, implementation and growth. Moreover, there are critical factors affecting each stage. Those can be personal, environmental, sociological and organizational factors. Personal factors such as educational background, risk taking and experience may affect the innovation and triggering event stages of entrepreneurial process whilst personal factors such as vision, managerial experiences and leadership attributes may have effect on implementation and growth stage of the process. In addition, environmental factors can have a very critical effect on each stage of the process. For example, a by the help of an individual may realize the opportunities around him and seize them at the innovation and triggering event of the process. Economic situation, customers, competition can be listed as the factors which effect the implementation and growth phases. Organizational factors such as structure of the company, culture and products of the company have results on growth stage. There are also sociological factors affecting the entrepreneurial process. A person can benefit from having a wide-range of network during the triggering event and

implementation phase of entrepreneurial process. Having relevant and important contacts can ease the doing of business and open different doors for the entrepreneur. (Moore 1986, 66.)

## 2.2 Business Planning

There cannot be a business planning process started without having a clear business idea. However, the business idea must be feasible and logical.

The business idea shows what services or products that company will sell, to whom it will sell, how and in which markets the company will operate. In short, the business idea should answer the following questions clearly: What? To Whom? How? (Uusyrityskeskusverkosto 2011, 9.)

Entrepreneurs should always make their decisions on the strength of their basic business idea. However, it is always much easier to make a decision if the idea is underlined in a simple, clear and well-written business plan. (Friend & Zehle, 2004, 8.)

Many new entrepreneurs' business ideas may result as a failure or they can become great successes as well. One of the biggest factors that effects the success or failure is planning the business idea carefully and clearly firstly because business plans are a great guidance for understanding any unforeseen risks, but also because they are also very useful for clearly outlining any unrealized opportunity. (BizMov Business Guides 2015.)



FIGURE 6. Business Plan Checklist (Modified from Friend & Zehle, 2004, 8)

As can be seen from the figure above, there are many different aspects to take into consideration while writing a good business plan. First of all, an entrepreneur must consider writing the business plan, as he will be trying to persuade his customers. Furthermore, the market in which the business will operate should clearly be defined with its potential customers, competitors and different prospects. It should also provide credible assumptions and forecasts while stating the reason for competitive advantages and the possible risks for the business in the market. A good business plan also includes the descriptions of the individuals who will be involved in t managing the business along with their backgrounds and competences. Additionally, it is crucial to underline the fact that a business cannot operate without funding. There has to be funding requirements for the starting and operations of the business.

A clear business plan contains the description of the implementation of the business idea into real life. (Uusyrityskeskusverkosto 2011, 10).

While talking about the features of a good business plan, it is also crucial to state briefly whom they are written for.

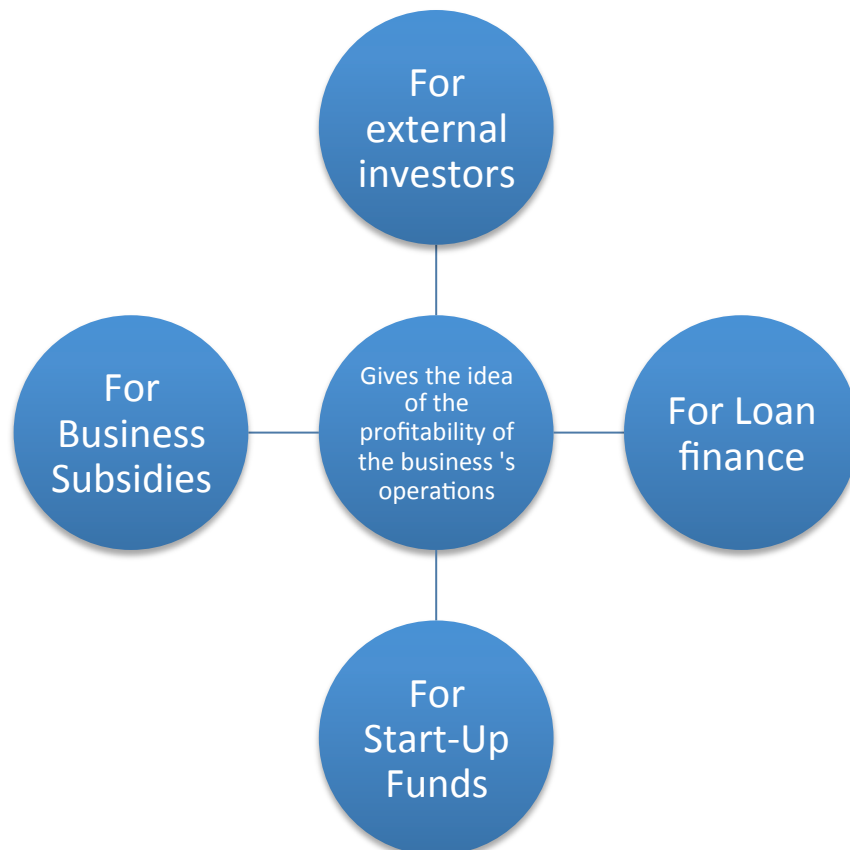


FIGURE 7. Securing Finance by the help of a Business Plan (modified from Uusyrityskeskusverkosto 2011, 10)

One of the main reasons for writing a business plan is to secure finance for the operations of the company. For example, a well-established company may want to secure loans from banks in case of growth decisions. On the other hand, a well-written business plan may easily attract of external investors and the entrepreneur may be able to sell his business idea to external investors before starting up.

(Uusyrityskeskusverkosto 2011, 10.)

## 2.3 Different Types of Business Models

As a term, business model refers to creation of values by the means of ideas or innovations for a company. In other words, a business model is a story that tells how a company operates. (Magretta 2002, 4.)

In this section, the author explains the various types of business models such as the Business Model Canvas (Osterwalder 2010) and Dynamic Business Model (Hoffrén 2002). During the research, the author has realized that even though both models have different approaches for business planning, they actually explain the same aspects at the end. The author has chosen to explain those models at theoretical part as both suits best to the nature of the research. However, business Model Canvas has been chosen for building the essential part of the business plan of CreaNets as it is more up-to-date and used world-wide.

### 2.3.1 The Business Model Canvas

The Business Model Canvas is a strategic management and an entrepreneurial tool consisting of a virtual chart with nine elements which describe a company's key partners, key activities, key resources, value proposition, channels, customer relationships, customer segments, cost structure and revenue streams. The Business Model Canvas can be used for creating new business models by start-up companies but at the same time companies can also use the Canvas to monitor and change their existing business models. (Osterwalder 2010.)

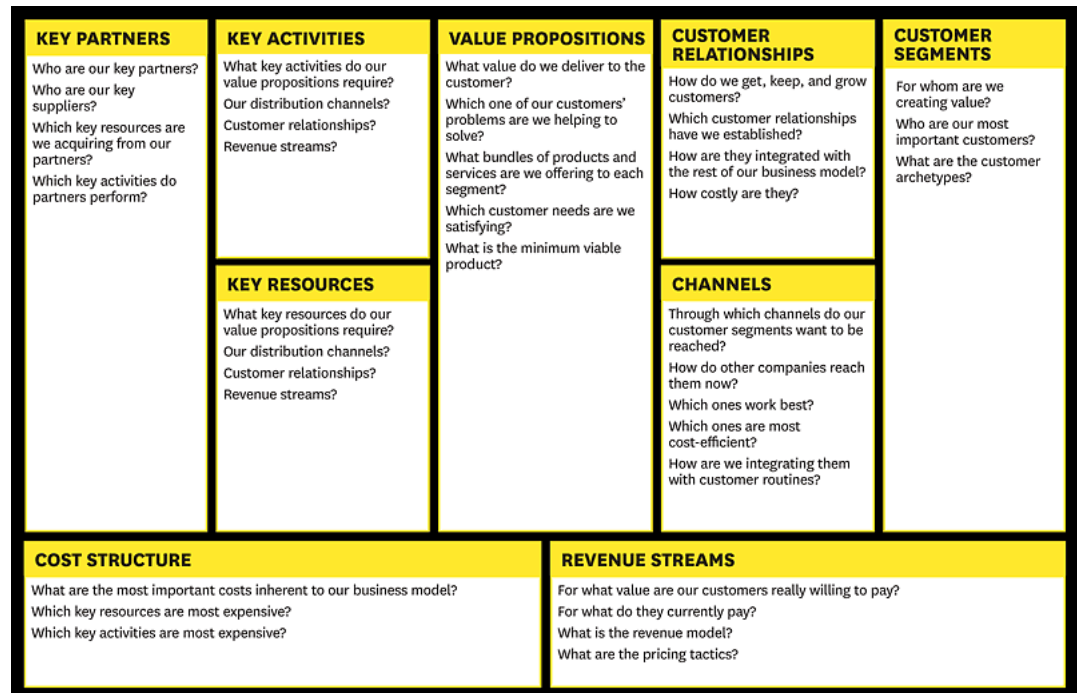


FIGURE 8. Business Model Canvas (modified from Osterwalder 2010)

The figure above shows the structure of the Business Model Canvas. Each block of the Canvas has different hypotheses for the business model to be considered by the company. As it may seem complicated at first look, the Business Model Canvas is a very simple and useful tool for companies to map their business models. Left side of the Canvas is about the value creation or production process. In order to produce, there should be a set of key activities. Key activities are connected with key resources as production process requires resources. In most cases, there are also partners included in value creation process. Cost structure is about the expenses which are results of key resources and key activities. In the middle of the Canvas, there is value propositions. By the use of key resources company creates certain type of values in order to meet customer needs. Right side of the Canvas is about how the created value is being delivered to the customers and additionally it is also about how the company maintains the established relationship with its customers. Created value has a price and when it is delivered to customers as product or service, it returns to company as cash. Thus, revenue streams is located at the bottom of the right side of the Canvas.

The author sees it important to describe each block of the Canvas as the author will use it as a tool to illustrate his company's business model.

### **Value Propositions**

This block can be described as values that company creates in order to solve different consumer problems or satisfy their needs. A company must be able to offer a certain type of product or service in order to be able to meet customer needs. Value propositions shortly refer to the products and the services which are delivered to the customers.

### **Channels**

There are different means of delivering the created value to customers. In order to be able to reach the intended customer profile, there should be certain types of channels used. These channels may differ due to type of product and service that company offers.

### **Customer Segments**

This block basically refers to company's customer profile. Companies create value with their products and services for different customer segments. Each company has its own customer segments.

### **Customer Relationships**

Company establishes certain type of relationship with its customers as there is interaction between the parties by the means of sales. However, companies should maintain the relationship in order to secure the gained customer profile.

### **Revenue Streams**

Customers pay to company in return of the products or services they purchase. This block is about the price of the value that is created for the customers.



### **Key Resources**

It is not possible to produce anything or create value out of nothing. Companies need to have certain type or amount of resources in order to create value for their customers.

### **Key Activities**

There are requirements for activities in order to create a product or service. These activities are connected to key resources that must be used during the production. Those activities are also interconnected with customer relationships, distribution channels and revenue streams.

### **Key Partners**

Key suppliers and solution providers are a few examples for the key partners.

### **Cost Structure**

There is a cost of creating value for customers. Cost structure refers to the expenses of the company which occurred during the value creation process. (Osterwalder 2010.)

#### 2.3.2 Hoffrén's Business Model

Hoffrén's Dynamic Business Model (2002) is a simple and useful business planning tool for entrepreneurs consisting of different elements. According to Hoffrén (2002) there should be the following information included in a business plan:

1. The basic information about the business and its founders
2. Description of the business
3. Reasons for starting the business
4. Objectives of the company
5. Need for financing
6. Strategies for profitability
7. Business SWOT analysis

## 8. Summary and Conclusions

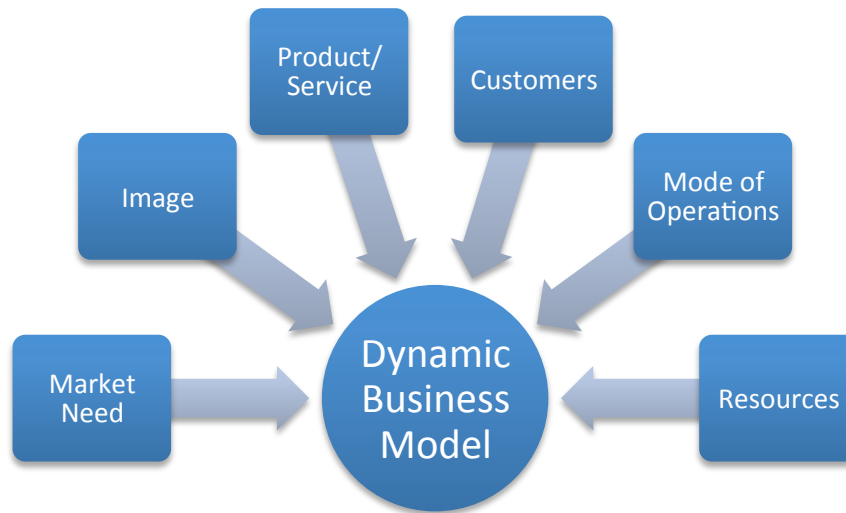


FIGURE 9. Hoffrén's Dynamic Business Model (modified from Hoffrén 2002)

The figure above illustrates the Dynamic Business Model of Hoffrén. Market need for the product or service has to be described. Additionally, the image of the company has to be well defined because it is the reason why a customer chooses to purchase their product. Moreover, the products and services that company is offering have to be explained. As every business has its own customer segment, there has to be a target group of customers stated. Company's values, typical functions and means of organizations should be stated in mode of operations. Finally the physical, financial and human resources of the business should be clarified. (Hoffrén 2002.)

Even though Hoffrén's Dynamic Business Model is a simple and practical business planning tool and also a popular one in Finland, the author has chosen to use the Business Model Canvas at his business plan because he finds the latter one more efficient to describe his business idea.

## 2.4 Financial Plan

One of the most essential steps of the business planning is the financial plan. According to Finnish Enterprise Agencies (2014) there are the three essential steps of a financial plan. The figure below shows the steps of a financial plan.

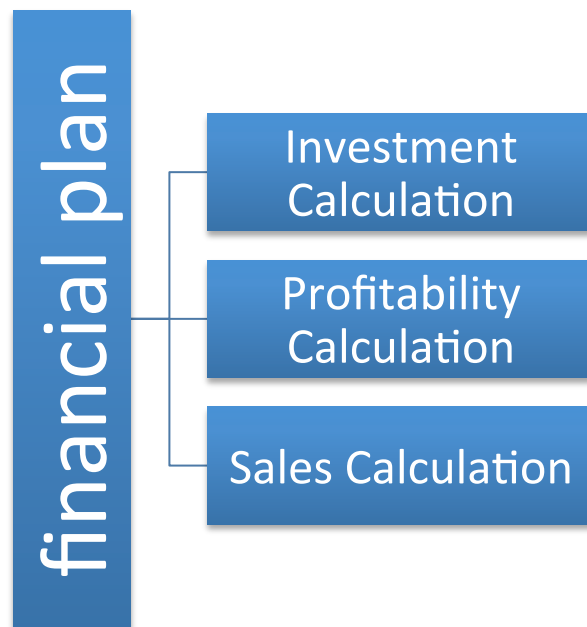


FIGURE 10. Financial Plan Ingredients for Entrepreneurs (modified from Finnish Enterprise Agencies 2014a)

Even though a financial plan of a company can be also prepared in different ways, the author has chosen to use the financial plan tool provided by the Finnish Enterprise Agencies as it is simple and practical. The tools for calculating those essential parts of a financial plan is provided in the Internet at [www.liiketoimintasuunnitelma.com](http://www.liiketoimintasuunnitelma.com) (Finnish Enterprise Agencies 2014a).

Investment Calculation is for determining the company's capital requirements and the sources of capital in its starting phases (see Appendix 1) Entrepreneur can see the amount of capital they need in order to start a business and run it in its initial

phases. As there are requirements for capital, the entrepreneur must determine how to find sources for them. In case the sources of capital is less than capital requirements, the entrepreneur can start to seek means of funding such as bank loans.

The profitability calculation (see Appendix 2) includes the operating and fixed costs. It also shows the company's invoicing requirement or total sales for reaching the desired target income. Profitability calculation is also good for seeing if a sales target is realistic.

TABLE 1. Sales Forecast Template (Finnish Enterprise Agencies 2014b)

	Product 1	Product 2	Product 3	Product 4
<b>Price</b>				
<b>- Costs</b>				
<b>= Margin</b>				
Customer group	Product 1	Product 2	Product 3	Product 4
<b>A</b>				
<b>B</b>				
<b>C</b>				

	Month	Per year
Net revenue (excluding VAT)		
Total costs		
Sales margin total		
Sales margin requirement from the profitability (11 months / year)		
Difference (possible need of additional sales)		

Table above shows the template for the sales calculation. Companies can distribute the minimum invoiced sales target from the profitability calculation for their different customer segments. If the difference between estimated sales and total required sales is negative, the company is required to make more sales or alternatively reduce its costs.

### 3 FINLAND & TURKEY AS BUSINESS PARTNERS

This chapter is designed to present primary facts and figures for both Finland and Turkey. The author's aim is to provide a better understanding of both countries by including the PESTEL analysis, as both countries will be the main operational areas of the company and also where the target customer groups are situated. The results of PESTEL analyses of both countries will be used later on SWOT analysis.

Firstly, there will be an overview of Finland. Moreover during the second subchapter the help of a PESTEL analysis will provide more detailed information on Finland. The headquarters of the company will be situated in Finland; this means the company will be established in Finland. Due to this fact the author sees it relevant to give information about the entrepreneurship environment in Finland. There will also be brief competitor analysis made during the country analysis of Finland.

As has been previously mentioned, the main operations of business will be held between Finland and Turkey, thus there will be a PESTEL analysis of Turkey in the fourth subchapter.

During the final subchapter, there will be brief information given regarding the relations between Turkey and Finland.

#### 3.1 Finland

In this section, the author will try to give a brief introduction to Finland. Firstly, the geographical location of the country will be given and then the author will briefly present some main important facts of the country.



FIGURE 11. Location of Finland in Europe (CIA World Factbook 2014a)

Finland is located in Northern Europe. The Gulf of Finland is to the south while the Gulf of Bothnia is located to the west of Finland. The bordering neighbors of Finland are Russia, Sweden and Norway. (CIA World Factbook 2014a.)

When talking about a country's having economic competition, simply put, companies located in the country makes efforts to increase their efficiency and improve their production. Companies need to be innovative in order to be able to solve consumer and business problems, which are a result of competitive economy. (Grant 2014.)

Finland is known for having the one of the most competitive economies on the globe. As it has been stated above, innovation plays a big role in competitive economies. Thus, it cannot be a coincidence that service sector accounts for 65 per cent of Finnish Economy. (Ministry for Foreign Affairs of Finland 2014.)

TABLE 2. Important Facts of Finland (modified from CIA World Factbook 2014a)

<b>Name</b>	<b>Republic of Finland</b>
<b>Capital</b>	<b>Helsinki</b>
<b>Population</b>	5,268,799 (July 2014 est.)
<b>Total Area</b>	338,145 km <sup>2</sup>
<b>Official Languages</b>	Finnish, Swedish
<b>Religions</b>	Lutheran 78.4%, Orthodox 1.1%, other Christian 1.1%, other 0.2%, none 19.2% (2010 est.)
<b>Inflation Rate</b>	2.2% (2013 est.)
<b>Unemployment Rate</b>	8.1% (2013 est.)
<b>GDP - per capita (PPP)</b>	\$35,900 (2013 est.)
<b>GDP real growth rate</b>	-0.6% (2013 est.)
<b>Labor Force</b>	2.685 million (2013 est.)
<b>Industrial Production Growth Rate</b>	-4.2% (2013 est.)
<b>Exports</b>	\$75.7 billion (2013 est.)
<b>Imports</b>	\$70.67 billion (2013 est.)
<b>Main Exports</b>	electrical and optical equipment, transport equipment, machinery, paper and pulp, chemicals, basic metals; timber
<b>Main Imports</b>	Foodstuffs, petroleum and petroleum products, chemicals, transport equipment, iron and steel, machinery, computers, electronic industry products, textile yarn and fabrics, grains
<b>Main Export Partners</b>	Sweden 11.1%, Russia 9.9%, Germany 9.3%, Netherlands 6.3%, US 6.2%, UK 5.1%, China 4.6% (2012)
<b>Main Import Partners</b>	Russia 17.7%, Sweden 14.8%, Germany 13.9%, Netherlands 8.1%, China 4.4% (2012)

From the figure below it can be seen that Finland's industrial output recorded a continuous increase of five per cent between 1925 and 2006 even though the country had endured World War II and two economic recessions during the 20th century. Finland's industrial production growth has surpassed the other industrial countries average. (Statistics Finland 2007.)

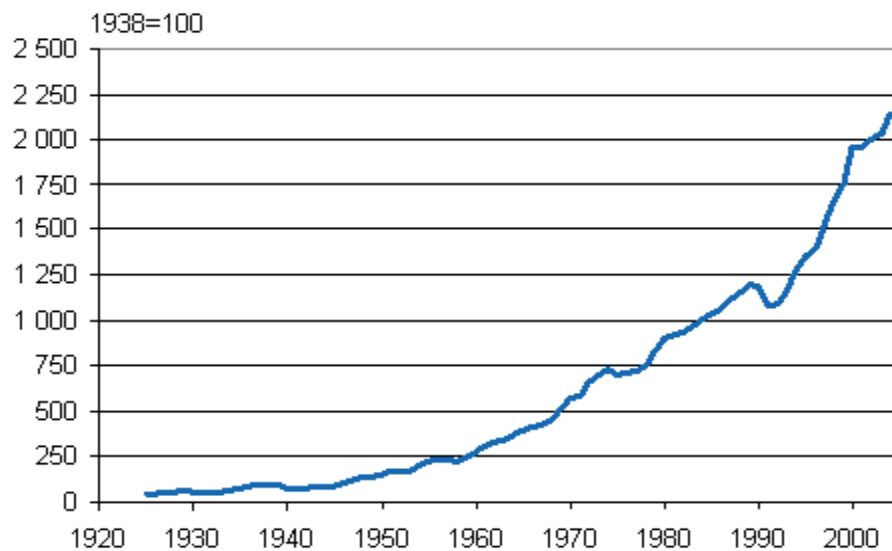


FIGURE 12. Volume Index of Industrial Output of Finland 1925-2006 (1938=100) (Statistics Finland 2007)

From the figure above we can clearly understand that Finland is a highly industrialized country. However, the recent statistics show that there was a decline in industrial output of Finland by 5,4 percent in February 2014 compared to the February 2013's numbers. (Trading Economics 2014.)

A rapidly aging population seems to be one of the main problems of Finland in accordance with recent researches. This can result in major problems for the public sector such as deficits and as labor shortages. (Global Database Team



2012.) In the light of this information, the author contends that there is a connection between the continuously aging population and the decline in the industrial output of Finland.

The focus shift from industrial production to service sector can also be another factor, which has affected the decline in industrial input.

### **PESTEL Analysis of Finland**

In this chapter, with the help of the PESTEL, the author's main goal is to analyze the political, economic, social, technological, environmental and legal properties of Finland from a wider perspective.

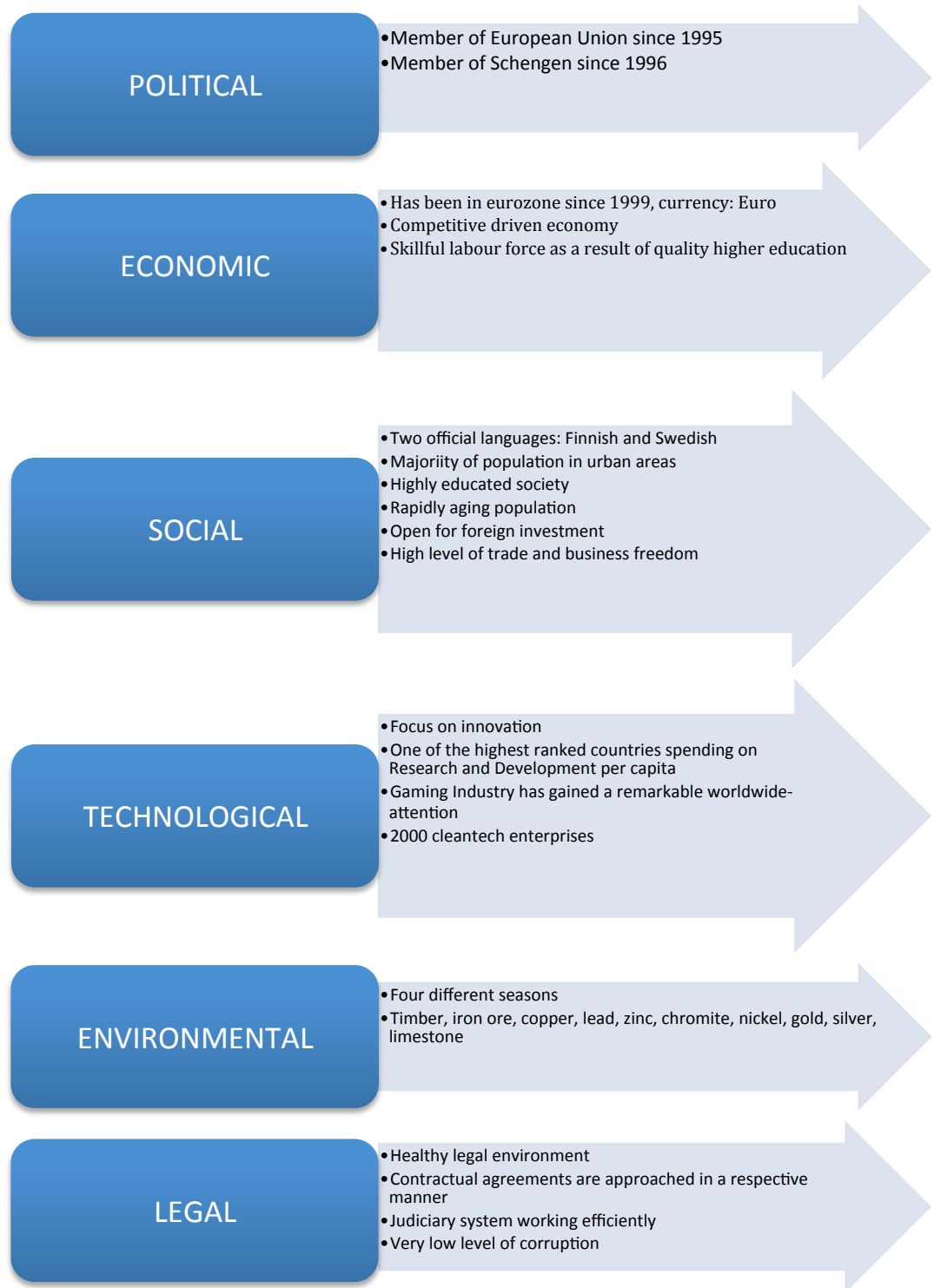


FIGURE 13. PESTEL Analysis of Finland in a Nutshell

### *Political Factors*

Finland has been a part of European Union since 1995 and also became member of Schengen Area in 1996. (CIA World Factbook 2015d.)

### *Economic Factors*

Finland has been in the Eurozone since 1999 and thus has been using the Euro as its currency since then.

A competitive driven economy has had a large influence on the innovative side of Finland. Additionally, the higher education of Finland has historically been amongst the top positions globally and as a result contributes to a highly skilled labor force that can always adapt to sudden changes.

Currently, there is a negative change in competitive driven economy of Finland as electronics and forestry industries faced a collapse in the country and this caused a decline in overall output. (OECD 2014.)

According to Heritage.org, even though the government is screening the investment for some certain sectors, Finland is open for foreign-investment. This means that trade freedom is at high level. Finland also has business freedom level with one of the highest percentages on the globe. (Heritage.org 2014.)

### *Social Factors*

There are two official languages in Finland: Finnish and Swedish. The majority of the population lives in urban areas, which accounts for the 85 percent of the population. The population's density gets less towards the north. It can easily be stated that Finnish Society is highly educated. (CIA World Factbook 2014d.)

Additionally, as it has been stated before, Finland has an aging population, which will cause bigger problems if the government does not take precautions about the problem. (Ceic Data Blog 2012.)

### *Technological Factors*

While maintaining a very competitive economy, there has been a systematic effort to focus on innovation at different levels. This focus of Finland on innovation is no surprise when it is thought that it is one of the leading countries with the highest spending per capita on Research and Development. (Ministry for Foreign Affairs of Finland 2014.)

The gaming industry in Finland has made a remarkable impact worldwide as the smart phones become more popular during the last decade. The biggest example of this impact is Rovio, which has produced the world famous game Angry Birds.

Finally, Finland has 2000 cleantech enterprises. There are global market leaders from Finland in industries such as energy efficiency, bioenergy, renewable energy and waste management. (Invest in Finland 2015.)

### *Environmental Factors*

There are four different seasons in Finland with cold and long winters. The existence of thousands of lakes, the Baltic Sea and also the influence of the North Atlantic current is making the cold winters a little bit milder. Timber, iron ore, copper, lead, zinc, chromite, nickel, gold, silver and limestone can be listed as natural resources of the country. There do exist environmental issues such as air pollution as a result of manufacturing, acid rains as a result of existing power plants and water pollution from the industrial wastes and agricultural chemicals. Additionally, urbanization and industrialization has led to habitat loss, which threatens the wildlife populations. (CIA World Factbook 2015d.)

### *Legal Factors*

It is very clear that Finland has been maintaining a very healthy legal environment as contractual agreements are approached very respectfully and the judiciary system is working at a high quality. As a result of healthy legal environment the country's corruption rate is very low. Finland gives a great value to intellectual property rights, as it is a part of numerous international agreements. Furthermore, the cost of hiring a worker is high as the cost of non-salary of the workers is high.

### Entrepreneurial Environment in Finland

As the author is planning to found his company in Finland, it is relevant to take a close look at Finnish entrepreneurial environment. The author will firstly give key figures about the changes in entrepreneurial environment during the recent years in Finland and secondly will describe the procedures and stages of starting up a company.

TABLE 3. Number of enterprises, personnel and turnover of Finland in 2007-2012 (modified from Statistics Finland 2013)

Year	Number of Enterprises	Number of Personnel	Turnover EUR billion
2007	308 917	1 481 870	374,6
2008	320 952	1 502 213	396,6
2009	320 682	1 447 403	336,2
2010	318 951	1 444 031	358,9
2011	322 232	1 486 136	385,2
2012	322 184	1 474 000	394,9

The table above shows that there were 322,184 enterprises, which were operating in Finland in 2012. There were 1,474,000 people employed as workers or entrepreneurs in those enterprises and there has been a total generation of turnover in numbers of EUR 394,9 billion. Even though there has been a decline in the numbers of enterprises and the personnel compared to the previous year, the generated turnover grew by 2,5 per cent. (Statistics Finland 2013.)

According to Statistics Finland, small and medium-size enterprises accounted for 99,8 percent of all enterprises and 64 percent of all employment belonged to them and additionally they generated 53 percent of total turnover (Statistics Finland

2013). These figures show that small and medium-size enterprises play a huge role in Finland's competitive economy.

On the other hand, recent researches show that there is a decrease of 6.7 per cent in enterprise openings in Finland in the fourth quarter of 2013 compared to the fourth quarter of previous year 2012. Additionally, it is important to state that during the whole year, overall enterprise openings fell by four per cent. The aim of the figure below is to show the openings of new enterprises between the fourth quarter of 2005 and the fourth quarter of 2013.

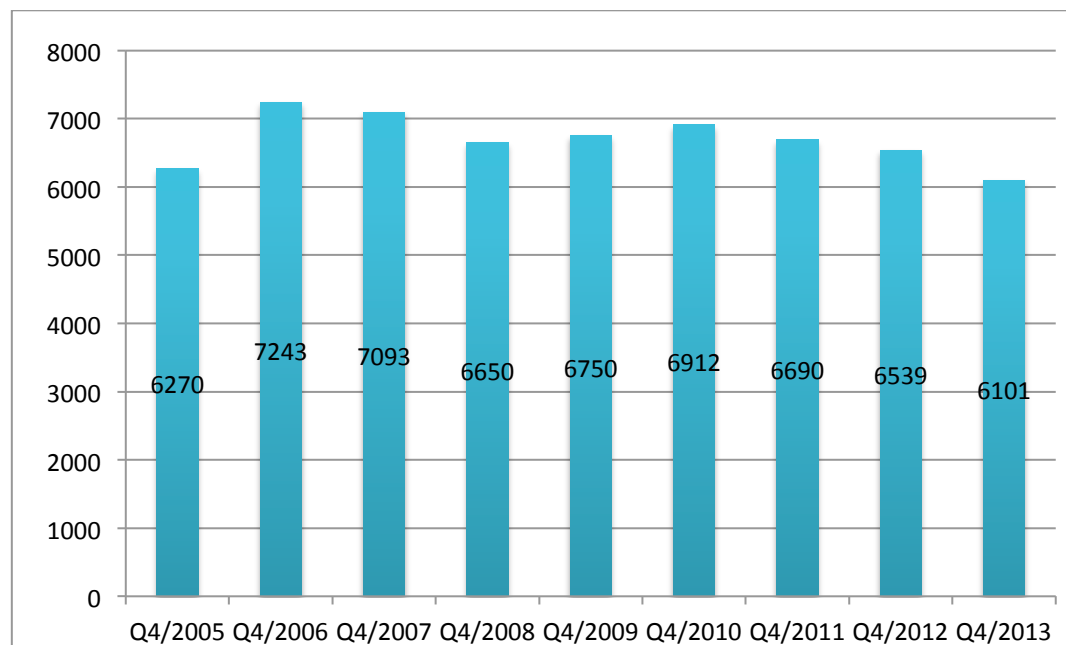


FIGURE 14. Enterprise Openings of Finland between Q4/2005-Q4/2013 (modified from Statistics Finland 2014)

When we look at the recent figures of enterprises closures, it can be seen that there has been an increase by 3,7 percent in closures by the third quarter of 2013 compared to the third quarter of 2012. The figure below shows the number of closures between the third quarter of 2005 and the third quarter of 2013.

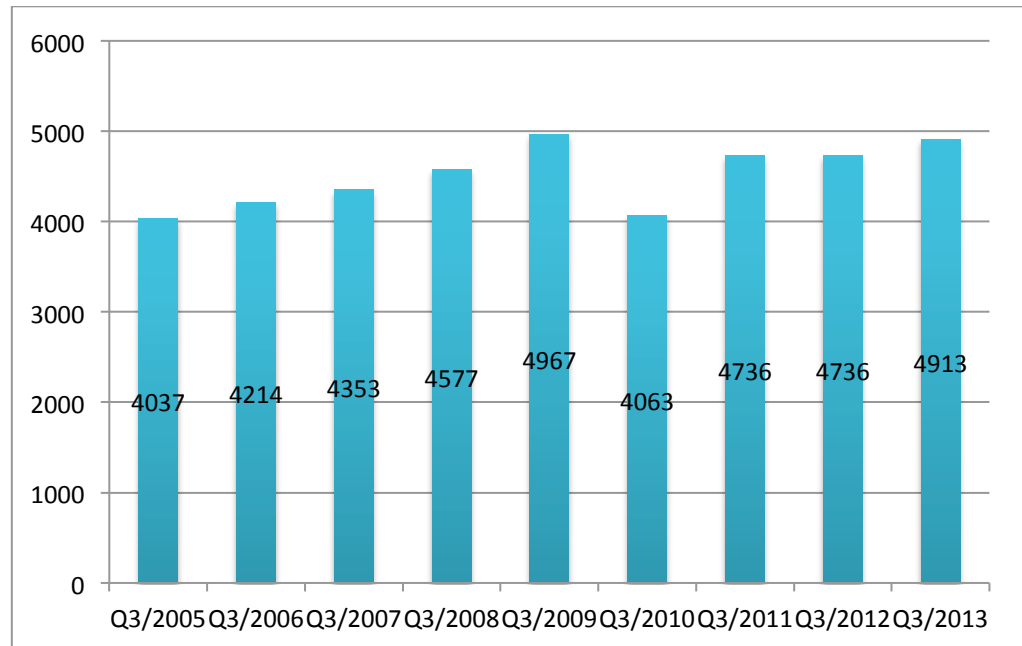


FIGURE 15. Enterprise Openings of Finland between Q3/2005-Q3/2013 (modified from Statistics Finland 2014)

Even though there was a decline in openings of enterprises and increase in closures in Finland during recent years, it is important to mention that Finnish Government promotes and supports entrepreneurship in many different ways.

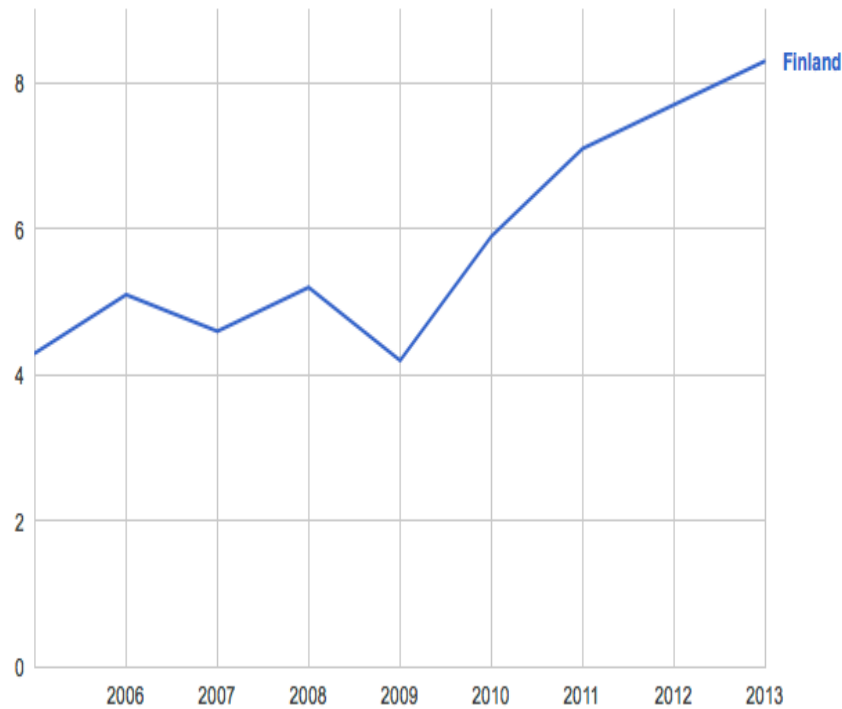


FIGURE 16. Percentage of Entrepreneurial Intention in Finland 2005-2013 (modified from Global Entrepreneurship Monitor 2014)

The figure above indicates that there is a remarkable increase in the percentage of the Finnish population between the ages of 18-64 who intend to become entrepreneurs within three years. (Global Entrepreneurship Monitor 2014.) The increase in entrepreneurial intention has a relation with the government policies.

### **Procedures and Steps of Starting up a Company in Finland**

Finland is one of the highest ranked countries on the globe in terms of the ease of doing business. According to the World Bank's indicators, Finland is listed at 12th position out of 189 countries in terms of the ease of doing business. Finland is also ranked at 55th position out of 189 countries in terms of starting a business. (The World Bank 2013a.) The main reason behind these high rankings in terms of easiness of doing business and starting a new business are related to the fact that there are only three easy procedures when starting up a company in Finland. These three procedures take about 14 days.



TABLE 4. Procedures in Starting up a Company in Finland (modified from the World Bank 2013b)

Procedure	Time to Complete	Associated Costs
Deposit the paid-in share capital in a bank; pay the registration fee and get a receipt	1 day	No charge
Submit a single start-up notification form to the NBPR (National Board of Patents and Registration) and the Tax Administration.	13 days	EUR 110
File at a private insurer for pension insurance, accident insurance, and medical insurance of employees	1 day (simultaneously with previous procedure)	No charge

Following figure shows the stages of establishing a new enterprise, according to the information taken from the Uusiyrittyskeskus (8, 2011).

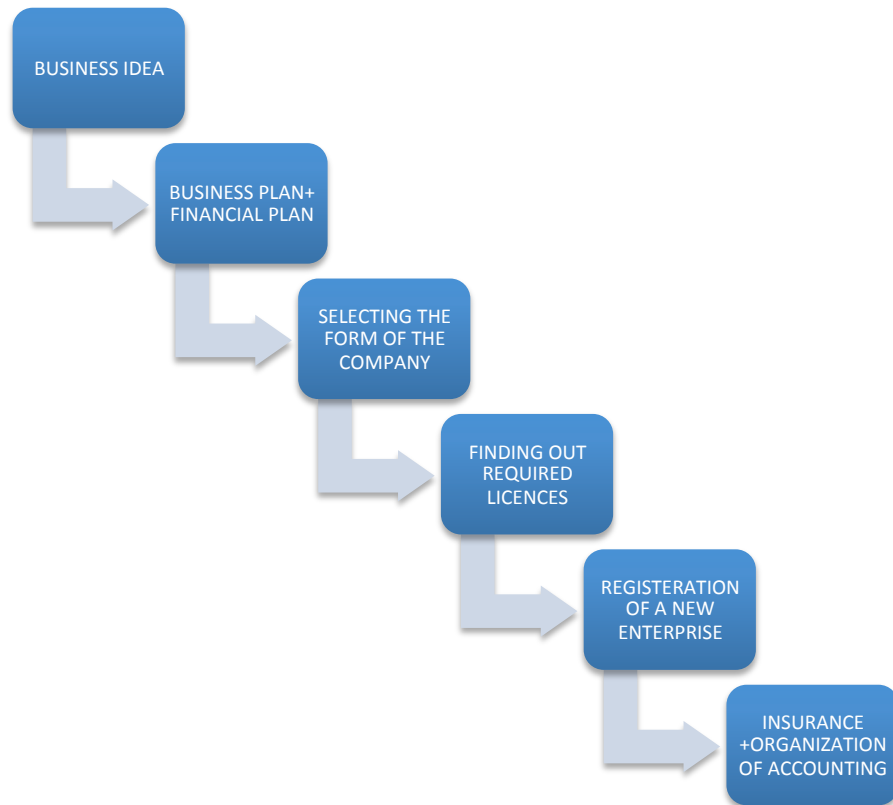


FIGURE 17. Stages of establishing an enterprise in Finland (modified from Uusiyrityskeskus, 2011)

As it has been stated before, entrepreneurship is a process and it starts with the business idea. The second stage is business planning and it helps the new entrepreneur to see whether the goals that he intends for his business are attainable or not. The author has already talked about the importance of business planning before, so he sees it convenient to talk more about the next stage. At the third stage the entrepreneur should decide the form of the business. According to Enterprise Finland, there are different criterias for choosing the form of business. (Enterprise Finland 2013.)

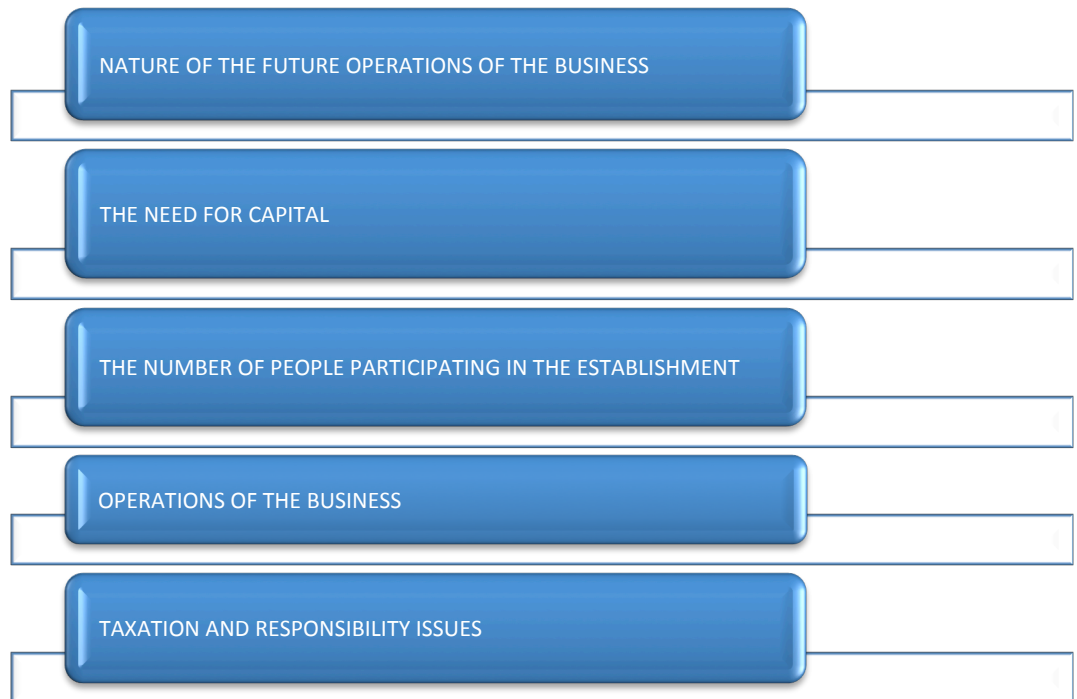


FIGURE 18. Criterias for choosing the form of business (modified from Enterprise Finland 2013)

The founding member or members of a new enterprise should decide the form of the business in the criterias listed in the figure above. The forms of businesses in Finland are:

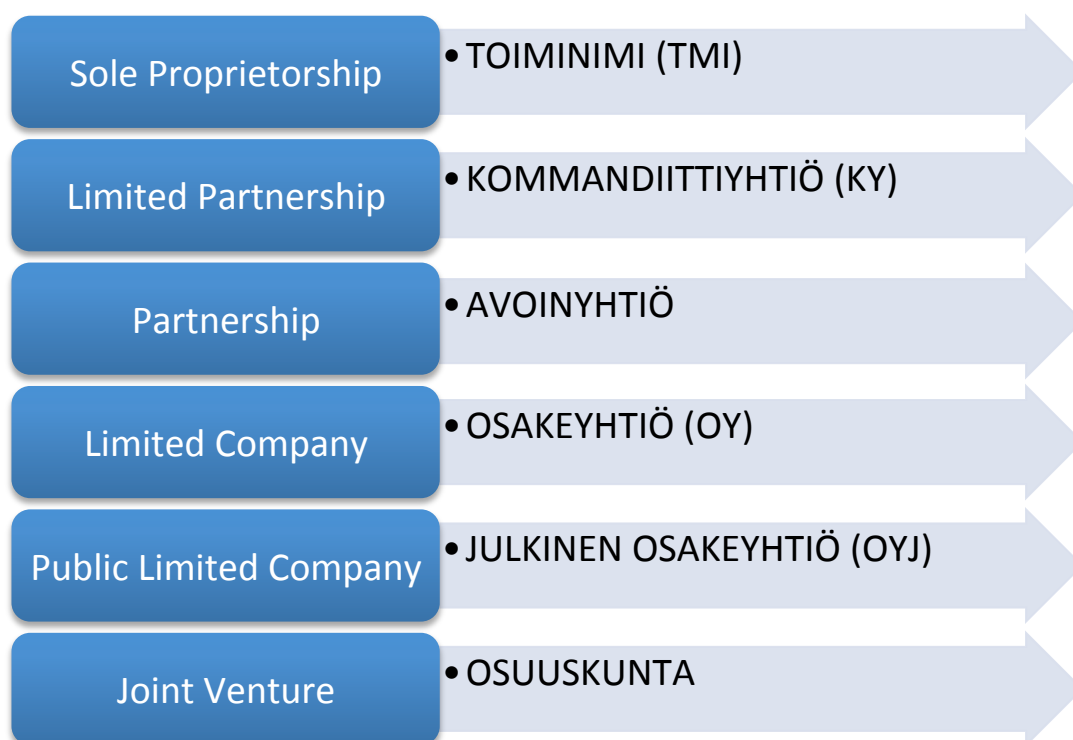


FIGURE 19. Forms of businesses in Finland (modified from Enterprise Finland 2013)

When an entrepreneur is not in any need of extra capital and wants to establish a company by himself, he can start up Sole Proprietorship. On the other hand, if there is more than one person included in the establishment, the company can be either a partnership or Limited Company.

There are different details for the taxation depending on the form of the business. After choosing the form of business the entrepreneur must check the details regarding licensing issues. There are different types required depending on the industry in which the enterprise will operate. The author will not get into specific details on this issue as the case study's company's industry does not require any kind of specific license or notification.

The entrepreneur can apply for a startup grant from TE Office (Public Employment and Business Services) for up to 18 months. Startup grants is for those people who intend to become a full time entrepreneur. The author will leave the research on this matter out of this case, as he is not planning on applying for a

startup grant as he is employed in a full-time basis and start-up grants are not for full-time employed people.

A new business gets a Business ID (Y- tunnus) after the start-up registration is completed in the Business Information System (Yritys-ja yhteistietojärjestelmä.) The company's information will be submitted both to the Register of Foundations (Kaupparekisteri) and the Finnish Tax Administration (Verohallinto) by a single notification through the Business Information System. Thus, the entrepreneur is not required to make multiple applications. (Expat Finland 2014.)

After the registration process is completed, the owner should open a corporate bank account and make the relevant insurances in accordance with the necessary laws.

### **Competition**

The author will briefly tell about the competition at Finnish Market in this section. It is very crucial to underline that the author does not see other companies who provide identical services as CreaNets does. In fact, the author sees those organizations as an opportunity for the development of his own company instead of their being threat.

Finpro Ry is an association which provides several services including internationalization for Finnish SMEs. Additionally, Finpro also has a branch called "Invest in Finland" which helps foreign companies to enter Finnish Market. (Finpro Ry 2015)

Finpro has 200 experts in 44 countries with overall 64 offices. One of the countries that Finpro operates is Turkey. Moreover, the company employs 400 people overall. According to the association's official website, internationalization services of Finpro are being used by 3000 companies and organizations each year. (Finpro Ry 2015.)

In the light of the given information above, it can easily be told that Finpro is a competitor for CreaNets as it provides identical internationalization services for Finnish companies and has an office in Turkey. Additionally, Invest in Finland's

services are free of charge for those companies which are seeking to enter Finnish market. As this may be seem as a disadvantage at the beginning, it is very crucial to underline that CreaNets has already its own customer basis and this basis is built upon the mutual trust and benefit. However, Invest in Finland's free services can has negative effects on generating more customers for CreaNets from Turkish market which are willing to enter Finnish market in the future.

As it was stated before, the author does not see any company or organization as a direct competitor but he is well aware of threats and benefits of the competitors. The author is planning to use the expertise and services of Finpro in order to gain more experience and develop his own business.

### 3.2 Turkey

In this chapter, the author will give important facts and key statistics about Turkey. There will be a brief overview of the country, in same manner that was made for Finland. Afterwards, the PESTEL analysis will be included to provide more in-depth information about the country.



FIGURE 20. Location of Turkey in the Middle East and South Eastern Europe (CIA World Factbook 2014b)

Turkey is located between South Eastern Europe and South Western Asia and is bordered by the Black Sea on the northern coast, the Mediterranean Sea on the southern and the Aegean Sea on the western coasts. Bordering neighbors of Turkey are Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Iran, Iraq and Syria. (CIA World Factbook 2014b.)

As can be seen from the map, Turkey is situated geographically in a very vital location of the globe, connecting west to the east. The current geography of Turkey has been home to many civilizations throughout the history and has always played a vital role for human civilization for centuries as it is situated at the meeting point of three different continents: Asia, Africa and Europe.

The table below illustrates important facts of Turkey.

TABLE 5. Important Facts of Turkey (modified from CIA World Factbook 2014b)

<b>Name</b>	<b>Republic of Turkey</b>
<b>Capital</b>	<b>Ankara</b>
<b>Population</b>	<b>81,619,392 (July 2014 est.)</b>
<b>Total Area</b>	<b>783,562 km<sup>2</sup></b>
<b>Official Languages</b>	<b>Turkish</b>
<b>Religions</b>	<b>Muslim 99.8% (mostly Sunni), other 0.2% (mostly Christians and Jews)</b>
<b>Inflation Rate</b>	<b>7.6% (2013 est.)</b>
<b>Unemployment Rate</b>	<b>9.3% (2013 est.)</b>
<b>GDP - per capita (PPP)</b>	<b>\$15,300 (2013 est.)</b>
<b>GDP real growth rate</b>	<b>3.8% (2013 est.)</b>
<b>Labor Force</b>	<b>27.91 million</b>
<b>Industrial Production Growth Rate</b>	<b>3.5% (2013 est.)</b>
<b>Exports</b>	<b>\$167.6 billion (2013 est.)</b>
<b>Imports</b>	<b>\$242.9 billion (2013 est.)</b>
<b>Main Exports</b>	<b>Apparel, foodstuffs, textiles, metal manufactures, transport equipment</b>
<b>Main Imports</b>	<b>Machinery, chemicals, semi-finished goods, fuels, transport equipment</b>
<b>Main Export Partners</b>	<b>Germany 8.6%, Iraq 7.1%, Iran 6.5%, UK 5.7%, UAE 5.4%, Russia 4.4%, Italy 4.2%, France 4.1% (2012)</b>



<b>Main Import Partners</b>	<b>Russia 11.3%, Germany 9%, China 9%, US 6%, Italy 5.6%, Iran 5.1% (2012)</b>
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### **PESTEL Analysis of Turkey**

In this sub-chapter, the author will try to investigate most relevant political, economic, social, technological, environmental and legal properties of Turkey by PESTEL analysis.

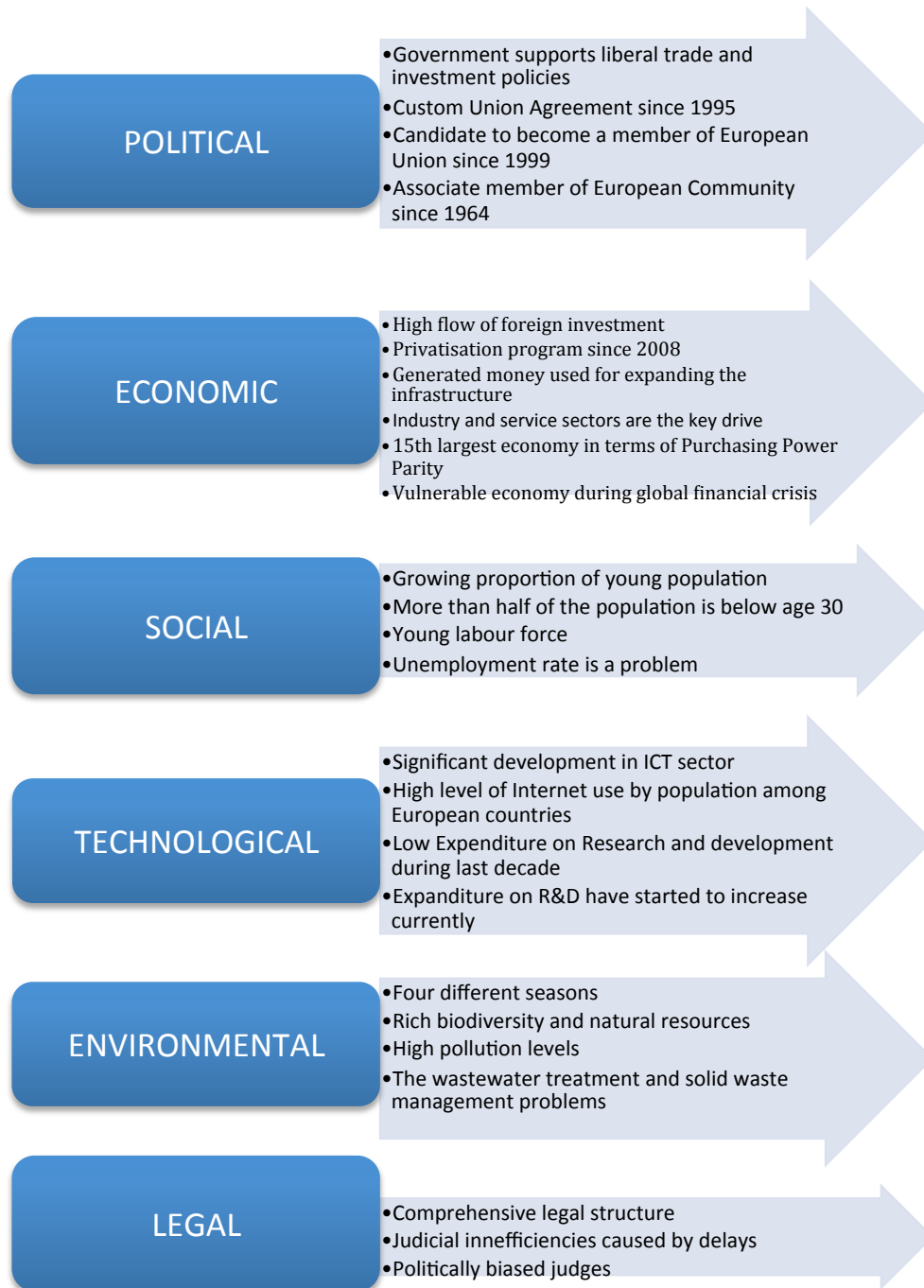


FIGURE 21. PESTEL Analysis of Turkey in a Nutshell

### *Political Factors*

The government has been supporting liberalization policies for already a decade in Turkey. Liberal trade and investment policies enabled open trade between Turkey and many European Union countries.

In 1995, Custom Union Agreement was made between Turkey and European Union. With Custom Union Agreement, industrial goods have started to move between Turkey and European Union without any customs restrictions. As a result of this, Turkey's gross domestic product has grown enormously. However, this agreement does not cover agricultural goods or services. (Republic of Turkey, Ministry of Industry and Trade 2010.)

Turkey has been an associate member of European Community since 1964 and has also been a candidate to become full member of European Union since 1999. (Republic of Turkey, Ministry for EU Affairs 2011.)

### *Economic Factors*

Turkey's economy has faced an increase in average of five per cent and GDP per capita has raised from \$3000 to over \$10000 since 2002. It is estimated that there will be a four per cent economic growth until next year. (Export.gov 2014a.)

As a result of liberal government policies, there has been a high flow of foreign investment to Turkey over the last decade. The government of Turkey has been implementing a privatization program since 2008. The aim main of privatization program was to generate money to develop the infrastructure of the country and this has been partially successful. This also decreased the state involvement in basic industry, banking, communication and transport.

Industry and services can be listed as the leading sectors in Turkish economy. Moreover, 25% of the work power is employed by traditional agriculture sector. Turkey seems to be ever-growing economy for the last decade, however it is a vulnerable during the global financial crisis. (CIA World Factbook 2014c.)

### *Social Factors*

As a result of economic growth, the population of Turkish middle class has faced an increase and due to this had a positive impact on customer demand.

Turkey has a very young and well educated population. Recent figures show that more than half of Turkey's population's age is below 30. This shows that Turkey has a very young labor force. (Export.gov 2014a.)

Unemployment rate is currently 9,8 % and it has been one of Turkey's most important problems for a long time. (CIA World Factbook 2014c.)

While doing business in Turkey, it is very crucial to understand the local culture as it is important in every aspects of business life. It is very important to establish personal relationship with a local partner. While doing that, it is very important to do small talk about hobbies, family and personal interests instead of getting straight into business related conversations. (Export.gov 2014b)

### *Technological Factors*

The information and communication technologies (ICT) has been playing an important role for the economy for almost a decade. The ICT market has shown a very enormous growth during the last years as the result of the privatization programs of government.

Turkey's government expenditure on research and development is below one per cent and government is aiming to increase this number to three per cent by 2023. (Invest in Turkey 2013.)

### *Environmental Factors*

There are four different seasons in Turkey. However the effects of seasons may differ from area to area. To give an example; summers in coastal areas of the Aegean and the Mediterranean Seas have hotter than other areas of the country.

The country has a very rich biodiversity and natural resources. However, pollution level is very high due to global climate change and high level of industrialization.

Additionally, there are issues regarding the wastewater treatments and solid waste management systems which Turkey must solve in regards with European Union integration in near future. (CIA World Factbook 2014b.)

### *Legal Factors*

Even though there exists a comprehensive legal structure in Turkey at the first look, inefficiencies may occur due to delays. The companies may face certain challenges in Turkey. Some of these are due to uncertain legal and judiciary structure. These must be taken into account while doing business in Turkey and companies should proceed with careful planning and patience. (Export.gov 2014a)

### 3.3 Economic Relations between Turkey and Finland

Turkey has become an important market for Finland and since the beginning of 2000s the relations between both countries have improved. The value of trade between Finland and Turkey has reached to 1,1 billion euros by 2013.

Turkey mainly exports paper products, machinery, iron and steel from Finland. On the other hand, Finland's main imports are from Turkish automobile sector and textile products. In addition to that, Turkey is a popular tourism destination for Finnish people. In 2013, approximately 220 000 Finnish tourists visited Turkey. Number of Finnish people who are purchasing real estate property from Mediterranean shores of Turkey is increasing all the time.

More recently, The Union of Chambers and Commodity Exchanges of Turkey and Finnish Chambers of Commerce has made an agreement on strengthening the trade relations by founding a commerce chamber between the two countries on 5 February 2015. As a result, Finncham Network and the new commerce chamber will collaborate to develop the economic relations between Turkey and Finland. (Finlandiya Buyukelciligi 2015)

In the light of provided information given above, it can be said that the relations between Turkey and Finland are getting stronger and therefore it is a great opportunity for CreaNets.

## 4 CASE STUDY: CREANETS BUSINESS DEVELOPMENT AND CONSULTANCY

In this chapter, the author will formulate the business idea of CreaNets with the help of information provided during the theoretical part of this research.

### 4.1 Business Idea and Concept

The main idea behind CreaNets is to help Finnish Small and Medium-sized Enterprises, which are looking for growth and aiming at internationalization by providing them mainly Market Entry and Business Matchmaking services for Turkey and also providing the identical services for Turkish companies which are aiming to enter Scandinavia and mainly Finland.

The author has a very wide range of network including professionals from different sectors both from Turkey and Finland. These professionals have already shown their intention to do business with the author. The author has already had long time relations with some of those professionals, and additionally has established good relations with some of them during his research for the thesis topic.

### 4.2 Business Idea presented in Canvas Model

In this sub-section, the author will present the Business Idea of CreaNets Oy using the Business Canvas Model of Alexander Osterwalder which has been previously described during Chapter 2.

#### **Value Propositions**

CreaNets will be offering different kind of consultation services on internationalization and market entry by business matchmaking, also setting up a business in Finland and Turkey.

It is very crucial to know one country's business culture in order to make business there. As the author is well aware of both Finnish and Turkish business culture and environment, it is an important benefit for the customers of CreaNets.

The following are the values that customers will benefit from the services of CreaNets:

- **Attainability:** One of the main targets of the company is to understand the needs and expectations in an efficient way. Effective communication is required between customers and the company to be able to achieve the goals that are set by the customers and CreaNets.

- **Accessibility to trustworthy relations:** Business matchmaking is CreaNets's job. Customers of CreaNets will benefit from the wide range of contacts and highly reliable network of CreaNets.

- **Creative, logical and long term solutions:** Short term solutions are only for saving the day. Long-term goals are always achieved by logical steps which are motivated by innovation. CreaNets's aim is to enable internationalization of Finnish and Turkish small and medium enterprises.

### **Channels**

By having a wide-range of well-established relations and network, CreaNets's existing customers, solution providers and business partners present the primary channels to deliver the benefits to new customers. The main aim of CreaNets is to build trustworthy and long-term relationships with new customers using the references of already existing customers and solution providers at its network. Logical and intelligent ways of using the social media and the Internet will also be another way of reaching new customers. The author is also planning to attend business fairs and make new contacts to widen the network of CreaNets.

### **Customer Segments**

Customers of CreaNets are other businesses. One of them is McBDC which is also the strategic partner of the company.

As it has also been mentioned before, the intended customers of CreaNets are Small and Medium-Sized Enterprises and Entrepreneurs from both Finland and Turkey. Turkey is a rapidly growing and developing market, thus it is a suitable

and very attractive market for companies which are intending to grow and internationalize. Larger enterprises can also be added as customers in the future.

Existing customers of CreaNets are in need of getting new contacts in Finland, entering to Finnish Market and finding new partnerships. Customers are motivated to buy services from CreaNets due to reasons that the owner of company lives in Finland, speaks Finnish, has a business related Finnish educational background and also has a good understanding of Finnish business and cultural life.

### **Customer Relationships**

To be able to maintain the created value and also to be able to increase it, there must be continuous interaction with the customers. CreaNets's approach to customer relationships is simple: to stay focused on customer needs and meet their expectations.

Highest perceived value will be achieved with personalized services with customers. Use of different mediators such as Skype and E-mail will be the primary means of communication with the customers as they are cost efficient, high quality and reliable.

### **Revenue Streams**

The revenue streams of CreaNets will be based on the cash generated from the customers through consulting services. There will be different pricing models depending on the length of the service. If the project is a short-term one, the pricing will be based on an hourly fee. On the other hand, if the project will demand longer period of time, fixed price will be higher.

### **Key Resources**

CreaNets's business model highly relies on human relations. Creating long-term relations in business life has always been easy for the author. The author's knowledge of Finnish, Finnish culture, Finnish business life, his educational



background, the knowledge of Turkish, Turkish culture and business life and his contacts—in short, he himself is the CreaNets's key resource.

In case of growth, the company will need additional resources such as new employees, office space and equipment.

### **Key Activities**

CreaNets sustains its value propositions by operations of business matchmaking and internationalization, moreover sales and marketing of the services. For being able to deliver more values to the customers, there has to be continuous activities on research and development.

### **Key Partners**

There are many important partners of CreaNets. However, the author will only mention the most vital ones at the present.

#### **- McBDC Business Development and Consultancy Corporation Limited:**

McBDC is an international business development and consultancy company which is located in Istanbul. The company also has an international presence in countries such as United States, China and Spain (McBDC 2014). McBDC has also conducted business in Finland and has well-established relationships with several Finnish companies. The author was introduced to Dr. Cem Bulent Unal—the managing partner of McBDC - through people in his network. After having couple of interviews with the managing partner of McBDC a mutual agreement has been agreed regarding cooperating and starting a strategical partnership between both companies, as it is considered a win-win situation by both parties as opposed to being competitors (Unal 2013; 2014).

**- IMM Design Industry Corporation:** IMM Design is one of the solution providers, key partners and also customers of CreaNets. IMM Design Industry Co. is a multi - disciplinary communications agency and a design studio specializing in creating corporate and brand identity, web design, 3D design, video animation, photography, software development and architectural design (IMM Design 2014). Both founders of the company have been close friends of the

author for over 20 years. After having an interview with the executive partner of 1MM design, it has been agreed that CreaNets would help 1MM Design to generate customers from Scandinavia and Finland. In return - at least during the beginning - all the corporate identity, webpage and other visuals of CreaNets will be prepared by 1MM Design (Dilek 2014).

**- Other Partnerships:** McBDC and 1MM are the most important key partners of CreaNets. However, CreaNets has an almost limitless network both from Turkey and Finland. There are established relationships with companies and professionals from construction, trade, education, tourism, sports, fashion, food, architecture, forestry, agriculture, biomedical and legal industries. The industries mentioned are just examples.

**Cost Structure:**

CreaNets will have very low costs from the beginning of its foundation. As solution providers will handle the design of the website, corporate identity, server and hosting, the fixed costs for those will be zero. Additionally, the company will use the home offices of the starters, so there will not be any need for rent. The author is planning not to have very low level of salary for himself for the first three months of company's establishment. So the only fixed costs for the company's establishment will consist of author's low level of salary, starting-up money for a sole-proprietor and necessary insurances.

Variable costs will differ depending on each project and activities.

The table below illustrates the Business Model of CreaNets.

TABLE 6. Business Model of CreaNets

Key Partners	Key Activities	Value	Customer	Customer

		<b>Propositions</b>	<b>Relationships</b>	<b>Segments</b>
- McBDC Business Development and Consultancy Co. Ltd.  - IMM Design Industry Co.  - Other keypartners such as Facebook, LinkedIn, etc.	- Operations of Business matchmaking and internationalization  - Sales and marketing of the services  - Research and development	- Attainability  - Accessibility to trustworthy relationships  - Creative, logical and long term solutions	- Customer focused Customer relationship managment	-Small and Medium Enterprises & Entrepreneurs for the beginning.  -Larger enterprises in the future
	<b>Key Resources</b>  -Educational Background  -Knowledge in Finnish& Turkish language, culture, business life.  -Contacts  -Key Partners		<b>Channels</b>  - Solution providers  -Key partners  -Existing customers  -References  -Internet  -Social Media  -Entrepreneurial activities	
<b>Cost Structure</b>		<b>Revenue Streams</b>		
- Low fixed costs  - Variable costs differ on the cost of each project		- Cash generated from direct sales of consulting activities such as market entry and business matchmaking		

#### 4.2 Main Customers

The main customers of CreaNets is its key partners which have been mentioned previously. It is estimated that strong partnership of McBDC and 1MM Design Industry Corporation will generate not only revenue for CreaNets but also will bring more customers and projects.

#### 4.3 Juridical Form chosen

The author has decided CreaNets to be a sole proprietorship for the beginning as he is not in need of extra funding such as bank loans and other loans for the establishment of it. However, the form of the business may require a change in the near future as a result of possible expansion and growing in the business.

#### 4.4 Services and Operations

In this section the author will explain the services that CreaNets will provide for its customers briefly, as it has a very simple approach.

### **Internationalization and Market Entry by the means of Business**

#### **Matchmaking Services**

A business matchmaker can be a person, business or platform that has well-established relations and connections with a good number of people and firms and can create value out of these connections by bringing the right resource to the right customer who is in need of it. Matchmaker enables both parties and his company to benefit as outcome of this business matchmaking process. (Woodruff 2013.)

As it has been mentioned previously, CreaNets has a very wide-range of contacts from many different sectors. Furthermore, the contacts and expertise of key partners determine another strength for the company's operational power in business matchmaking.

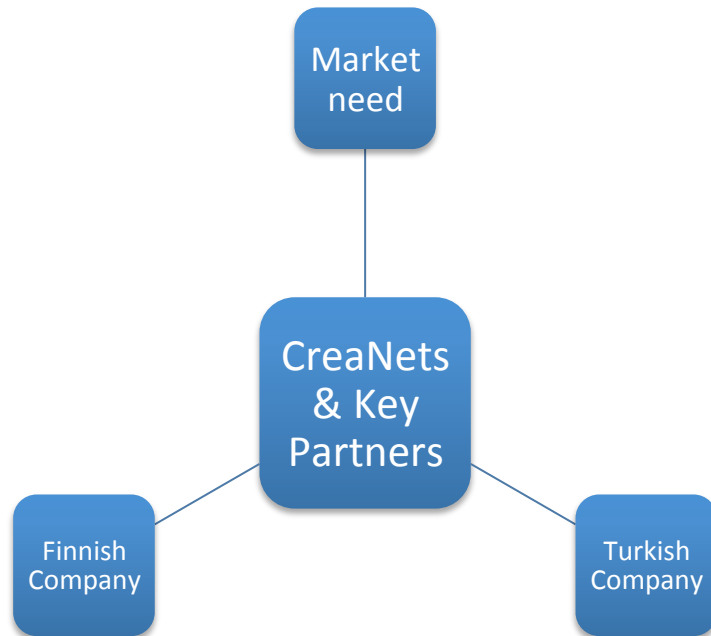


FIGURE 22. Business Matchmaking Concept of CreaNets

There are continuous market needs emerging both in Turkish and Finnish Markets. This situation does not catch the eyes of most of the companies as they are mostly keen on their own major operations. However, CreaNets is a follower of most up-to-date market trends. Figure above shows the simple business matchmaking concept of CreaNets. The key partners of CreaNets are aware of market needs in Turkey via their contacts, existing and previous customers. As strategic partner, they contact CreaNets which is located in Finland. CreaNets searches for the right type of company which will benefit from this kind of business matchmaking from its own contacts. The same situation applies when there occurs similar kind of market need from any sector in Finland.

It would be relevant to have a brief look at the key industries in which CreaNets is aiming at providing its services at the initial years.

## **Information and Communications Technology Sector**

As it was stated during the PESTEL analysis of Finland, there has been a systematic focus on innovation in the country. On the other hand, it has also been told that Turkey's ICT sector has been continuously developing for the last decade. Liberal government policies allow foreign companies to do business in Turkey very easily. McBDC, one of the key partners of CreaNets, has 20 years of experience in the field and moreover well-established relations from different sectors where occurs continuous need for information and communications technologies.

## **Cleantech Industries**

There are hydro, wind, solar, geothermal forms of renewable energy present in Turkey and the government of Turkey is willing to encourage investors in renewable energy industry with low feed-in tariff policies. (Invest in Turkey 2015.)

As it has been stated during the PESTEL analysis of Finland, there exists around 2000 cleantech enterprises in Finland.

In addition, the Minister for European Affairs and Foreign Trade of Finland, Lenita Toivakka made a visit to Turkey with a Team Finland Delegation in February 2015. The focus of the visit was cleantech. (Cleantech Finland 2015.)

According to the facts mentioned above, the potential for doing business in the industry of cleantech in Turkey is getting higher, encouraging and favorable for Finnish cleantech companies. As the strategic partners of CreaNets have experience from this industry, CreaNets will find a place of its own in the market.

### **4.5 Pricing Policy**

There will be three different types of approach for the pricing policy of CreaNets.

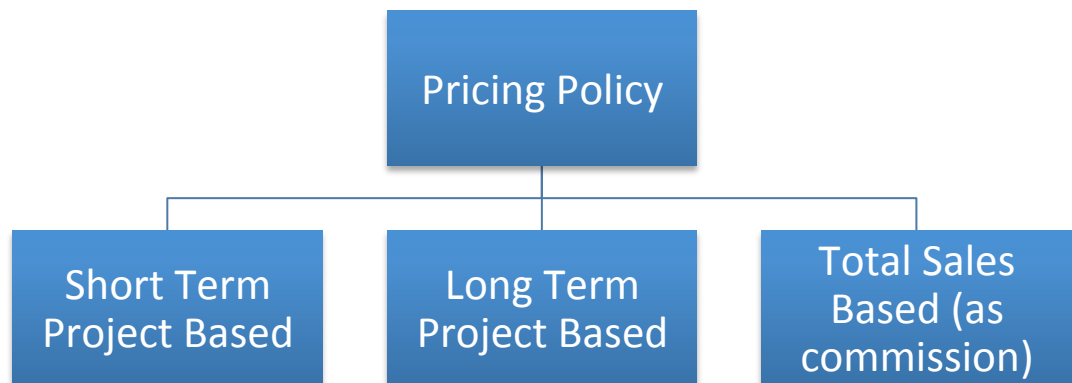


FIGURE 23. Pricing Policy Structure of CreaNets

The basic aim of figure above is to illustrate the pricing policy structure of CreaNets.

**Short Term Project Based Pricing Policy** is designed for those operations that requires less than one month work. CreaNets will charge the customers in amount of 150 € + VAT per hour.

**Long Term Project Based Pricing Policy** will be executed for those projects which requires more than one month. The customer will be charged by a monthly bill and the price will be 4000 € + VAT per month.

**Total Sales Based Pricing Policy** is designed for extraordinary situations and there will be a base price plus a commission as a percentage from the total sales happened between the match made parties (Unal 2013).

#### 4.6 Financial Plan

There is a simple financial plan for CreaNets. The author has chosen to use the tools of Finnish Enterprise Agencies which are mentioned during the Chapter 2 before in order to create a financial plan for his company.

Firstly, there must be investigation made for capital requirements and the capital resources for starting the company.

TABLE 7. Capital Requirements and Sources for CreaNets

<b>INVESTMENTS</b>		
<b>Immaterial goods</b>	Registration costs	110
	Business License	0
<b>Machinery and equipment</b>	IT	0
	Production equipment acquisitions	0
	Phone/fax/Internet including installation	0
<b>Working capital (3 months)</b>	Initial advertising/brochures	150
	Rent and rent deposit	0
	Entrepreneur's personal living costs	1000
<b>Capital requirement in total</b>		<b>1260</b>
<b>CAPITAL SOURCES</b>		
<b>Equity</b>	Personal funds invested	4000
<b>Equity loan</b>	Bank loan	0
	Supplier loan	0
<b>Sources of capital in total</b>		<b>4000</b>

As can be seen from the table above, the capital requirements for the first initial months of the CreaNets is very low. As the author is intending to use his own house for operating the business, he does not need to rent any extra office space nor need to buy any computer. As afore mentioned solution provider 1 MM Design will handle the whole corporate identity, web-design and hosting the costs for those will also be zero. Capital requirements of CreaNets for the initial months of its establishment is 1260 euros. On the other hand, the author is not intending to apply for any means of funding or bank loans. He is planning to invest 4000 euros from his own savings. When we look at the difference between the capital requirements and sources of capital, it is not negative, in fact it is positive in amount of 2740 euros. Thus, the starting capital for establishing the company is more than enough.



TABLE 8. Profitability Calculation for CreaNets

	Monthly	Yearly
<b>= TARGET NET RESULT</b>	3000	36000
+ Loan amortisements	0	0
<b>= INCOME AFTER TAXES</b>	3000	36000
+ Taxation (33.1 %)	1484	17812
<b>= CAPITAL REQUIREMENT</b>	4484	53812
+ Company loan interests	0	0
<b>= OPERATING MARGIN</b>	<b>4484</b>	<b>53812</b>
+ YEL (51%), Income level (53000) Sale (22.00 %)	1757	21083
+ Other insurances	100	1200
+ Salaries	0	0
+ Salary related	0	0
+ Entrepreneur Salary	2300	27600
+ Entrepreneur salary related (23%)	529	6348
+ Company premises	0	0
+ Leasing payments	0	0
+ Communication	80	960
+ Accounting, tax declaration, etc.	120	1440
+ Office expenses	30	360
+ Travel, vehicle, etc.	150	1800
+ Marketing	100	1200
+ Education, books, magazines	0	0
+ Fixing and maintenance	40	480
+ Unemployment fund	0	0
+ Other expenses	10	120
<b>= TOTAL FIXED COSTS</b>	<b>5216</b>	<b>62591</b>
<b>SALES MARGIN REQUIREMENT</b>	<b>9700</b>	<b>116400</b>
+ Purchases (excluding VAT)	0	0
<b>= NET REVENUE REQUIREMENT</b>	<b>9700</b>	<b>116400</b>
- Other net income	0	0
+ VAT (24.00 %)	2328	27936
<b>= TOTAL SALES / INVOICING REQUIREMENT</b>	<b>12028</b>	<b>144336</b>

After calculating the requirement for total sales per month, the invoicing target of the company is shown in the table below.

TABLE 9. Invoicing Target of CreaNets

Invoicing Target	Excluding Tax	Including Tax
Monthly Invoicing Target (11 months / year)	10581	13121
Daily Invoicing Target (21 days / Month)	504	625
Hourly Invoicing Target (7 hours / Day)	72	89

As can be seen from the table, hourly price for covering the expenses of the business should be 72 euros excluding the taxes.

TABLE 10. Sales Forecast Per Month

	Short Term Projects	Long Term Projects	Total Sales Based
<b>Key Partners</b>	2	2	2
<b>Other Customers</b>	2	2	2

When the requirements for operating the business is calculated, there should be monthly sales estimation made in order to forecast the total amount of revenue that the company will earn during a year. The table above shows the monthly sales forecast of CreaNets.

TABLE 11. Estimated Sales and Result

	Month	Per year
Net revenue (excluding VAT)	13250	145750
Total costs	-1280	-14080
Sales margin total	11970	131670
Sales margin requirement from the profitability (11 months / year)	10582	116400
Difference (possible need of additional sales)	1388	15270

The table above shows the comparison of estimated revenue and the required revenue. Estimated revenue is a result of monthly estimated customers', price and cost of each service. The difference between the estimated sales margin and sales margin requirement from the profitability calculation is 1388 € and it is positive. It shows that when the company reaches its monthly estimated sales, it has a possibility to make a profit of 1388 € per month.

## 5 CONCLUSIONS AND FURTHER RESEARCH

In this chapter, the author will explain whether he found the relevant answers to the research questions that were asked during the first chapter. In addition to that there will be information given on the reliability and validity of the information that was provided throughout this research. Finally, the author will provide some suggestions for the further research of this topic.

### 5.1 Findings

The main research question of this research was to find out if it was logical to found a business consultancy company in Finland, which would operate between Finland and Turkey. As an outcome of this thesis, the author found out that it is definitely a logical action to start up the company. The author will now ground the reasons of this positive outcome by the help of his findings.

TABLE 12. SWOT Analysis of CreaNets

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>- Already Existing Customers</li> <li>- Contacts with quality expertise</li> <li>- Key Partners</li> <li>- Very low capital requirements for starting the business</li> <li>- No need for extra staff</li> <li>- Educational &amp; Cultural background</li> <li>- Language &amp; Communication skills</li> </ul>	<ul style="list-style-type: none"> <li>- Experience</li> <li>- Reaching new customers</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>- Constantly growing Turkish Market</li> <li>- Easiness of doing business in Finland</li> <li>- Growing trade relations between Finland and Turkey</li> <li>- Existence of small and medium enterprises in Finland</li> </ul>	<ul style="list-style-type: none"> <li>- Uncertain economic situations in Turkey and Finland</li> <li>- Existing well-established competitors such as Finnpro</li> </ul>

### **Strengths**

As can be seen from the SWOT analysis above, CreaNets will have a very strong base from its start. The author has found out that there are already companies which are willing to do business with CreaNets from the semi-structured interview which is conducted for the research. Having customers without even starting the company is a great strength and advantage. In addition to that, the author's having great range of contacts with quality expertise will be a great use for the company, in times of uncertainties which would be a result of lack of experience. Moreover, as can be seen from the Financial Plan of CreaNets, the capital requirements of founding the company is very low from its beginning. This provides CreaNets a great strength, as the author will not need to have any bank loan and this will enable the company's having a very stable financial status. Furthermore, as the author has studied International Business, he possesses certain business skills and has a good understanding of business culture. In addition to that, the company will not need any extra workers during the initial years of establishment.

### **Weaknesses**

Even though the author has a solid plan and educational background, he is lacking experience. However, the author is a practical person and he will gain experience by time and cases.

Moreover, reaching new customers can be problematic as Finpro is providing similar services. However, CreaNets' existing customers are reliable references for the company and the author will make it visible to other companies by use of Social Media and the Internet.

### **Opportunities**

As mentioned earlier Turkish market is constantly growing and is also a very attractive opportunity for foreign investors.

Additionally, it is very easy to start up a company in Finland and the whole process is very well organized. In case of lack of knowledge and experience, there are always existing organizations to get help from.

The most major opportunity for CreaNets is growing trade relations between Turkey and Finland. The recent agreement to improve the trade relations between Turkey and Finland shows that both countries are intending to do more business together. This will encourage companies from both countries to do business with each other.

The statistics provided during the chapter 3.1.2 Entrepreneurial Environment in Finland shows that small and medium enterprises account for a remarkable percentage for Finnish market. As the main customer target of CreaNets is small and medium enterprises, this is a huge opportunity for the company.

### **Threats**

There has been a worldwide economic crisis going on for a while now. Companies tend to take less risks during the uncertain economic situations. It may be hard to persuade new customers to make investments in such times.

In addition, there exists competitors such as Finpro with strong image, experience and background. It creates a threat for CreaNets because it will be more difficult to get new customers.

### 5.2 Answers to Research Questions

There have been questions asked to establish the main research question during the first chapter. The author will show whether he has found answers to these questions during this section.

TABLE 13. Research Questions and Answers

QUESTIONS	ANSWERS
-----------	---------

- What is business planning?	Business planning is a process which starts with a feasible and logical business idea.
- What are the benefits of business planning?	Forecasting unforeseen risks, outlining unrealized opportunities, securing finance, attracting external investors.
- What are the steps of starting up a company in Finland?	There are 6 initial steps. It starts with the business idea, continues with the business & financial plans. The entrepreneur selects the form of the business. There has to be found out the required licenses for the business. Entrepreneur registers the enterprise (the procedure of registering the new enterprise takes about 14 days.) Finally the entrepreneur fixes the relevant insurances and organize the accounting of the enterprise.
- What are the current economic relations between Turkey and Finland?	Recent trade agreement between The Union of Chambers and Commodity Exchanges of Turkey and Finnish Chambers of Commerce. This will definitely encourage Finnish and Turkish companies to do more business with each other's.
- Who are the potential customers?	Existing customers: Strategic Partners such as McBDC, 1 MM Design.  Potential customers: SMEs and customers of Strategic Partners from ICT and Cleantech Industries.
- Are there any potential competitors?	Even though Finpro is a potential competitor there is a possibility of building lines of cooperation.
- What is the required capital for founding the company?	The author needs to invest 110 euros for registration costs but does not need to have any business license. As the author will use his own house as office for the initial year of the company, there is no need for investing on machinery and no need for renting any extra space. When entrepreneur's living costs for three initial months is added, the capital requirements for the initial months of the business is in total of 1260 euros.

The nature of this thesis is designed for providing simple and practical information for those who are intending to establish a sole proprietorship which will operate in the sector of business consulting in Finland. Thus, the research questions have been designed for that purpose. As can be seen from the table above, all the questions for this research have been answered in a clear way.

### 5.3 Reliability and Validity

The information which was provided during the thesis is based on scientific research and published books. The case section of the thesis will be tested by the author in the near future. The author suggests that the content of the thesis is reliable. It is also crucial to underline that the case is applicable for consultation services between Finland and Turkey and also the author's background; therefore it cannot be generalized for other industries, countries and people.

### 5.4 Suggestions for Further Research

As it was mentioned above, there have been country and industry specific limitations for this research. In addition to that, the author did not concentrate on specific industries during the case study. A more in-depth industrial analysis can be made for both Finland and Turkey to get more expert on this subject. It would help the reader to understand which industries are more profitable to attain success for such a consultancy company operating between Turkey and Finland.

In addition to that, it has been a long time since the author started this research and there have been many political and social changes in the Middle East and Europe since then. These political changes have their effects on economic situations. The author also suggests these political and social changes be analyzed by researchers.



## 6 SUMMARY

This research has been a long process for the author. It has lasted longer than the estimated time due to some unforeseen factors. The aim of this research is to find out if it is feasible to establish a consultancy company named CreaNets that would operate between Finland and Turkey.

During the chapter 2, the author provides theoretical information on basic concepts such as entrepreneurship, business idea and business planning process. Furthermore, there has been included information about popular business models such as Business Model Canvas of Osterwalder and Dynamic Business Model of Hoffren during the chapter 2. A Financial plan is an essential part of business planning, especially while establishing a new company. Thus, the financial plan is also included during the end of chapter 2. As CreaNets will operate between Finland and Turkey, the author conducts a country analysis of both countries including a PESTEL analysis for each during the chapter 3. During the end of chapter 3, there has been some brief information provided on economic relations between Turkey and Finland.

During the chapter 4, the author applies the Business Model Canvas of Osterwalder which has been mentioned during the chapter 2. There is information provided on the main business idea and it is illustrated in Business Model Canvas. During the case study part, the author underlines the importance of strategic partnerships, his personal background, wide range of contacts and social skills for CreaNets. Afterwards there is information given on services and operations of CreaNets as well as pricing policy. Chapter 4 ends with a financial plan which is made by the basic tools provided during the theory part.

In chapter 5, the author bases his findings on a SWOT analysis. The author also answers the questions which were asked during the beginning of the research. Furthermore, reliability and validity of the information provided in the thesis are confirmed. During the end of chapter 5, the author makes suggestions for conducting further research on this topic.

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## APPENDICES

## APPENDIX 1

Capital Requirement and Sources of Capital template (Finnish Enterprise Agencies 2014b)

**CAPITAL REQUIREMENTS**

<b>INVESTMENTS</b>			
<b>Immaterial goods</b>	Registration costs		
	other		
<b>Machinery and equipment</b>	IT		
	Production equipment acquisitions		
	Assets, in kind	0	
	Vehicle		
	Furniture		
	phone/fax/Internet including installation		
	Installation of machinery and equipment		
	Renovation of premises		
	<b>Movables of the company</b>	Office supplies	
		Other devices	
<b>Working capital</b> <input type="text"/> month			
Costs of the premise	Initial advertising/brochures		
Equipment costs	Rent and rent deposit		
Salaries	Equipment rental/leasing costs		
Entrepreneur's personal living costs	Personnel costs		
<b>Sales and</b>	initial inventory		
<b>Financial assets</b>	Cash reserve		
<b>CAPITAL REQUIREMENTS IN TOTAL</b>		<b>0</b>	

<b>CAPITAL SOURCES</b>		
<b>Equity</b>	Share capital	
	Personal funds invested	
	Personal production tools and equipment	0
	other	
<b>Equity loan</b>	Shareholder loan	
	Bank loan	
	Finnvera loan	
	other	
	Supplier loan	
<b>Other sources of financing</b>		
<b>Difference</b>		<b>0</b>
<b>SOURCES OF CAPITAL IN TOTAL</b>		<b>0</b>

## APPENDIX 2

## Profitability Calculation template (Finnish Enterprise Agencies 2014b)

## Profitability

Comp. form: <input type="text" value="Private entrepreneur"/>		Num. of Entrepreneurs: <input type="text" value="1"/>		Per month	Per year
<b>= TARGET NET RESULT</b>				<input type="text" value="0"/>	0
+ Loan amortisements	Years <input type="text" value=""/>	Amount <input type="text" value=""/>		0	0
<b>= INCOME AFTER TAXES</b>				0	0
+ Taxation		% <input type="text" value="0.00"/>		0	0
<b>= CAPITAL REQUIREMENTS</b>				0	0
+ Company loan Interests		% <input type="text" value=""/>		0	0
<b>A = OPERATING MARGIN</b>				0	0
<b>+ Fixed costs (excl. VAT)</b>		<u>Compare Income levels</u>			
+ YEL %	<input type="text" value=""/>	Income level <input type="text" value=""/>	Sale % <input type="text" value=""/>	0	0
+ other insurances				<input type="text" value="0"/>	0
+ salaries				<input type="text" value="0"/>	0
+ salary related		% <input type="text" value=""/>		0	0
+ entrepreneur salary				<input type="text" value="0"/>	0
+ entrepreneur salary related		% <input type="text" value=""/>		0	0
+ Company premises				<input type="text" value="0"/>	0
+ leasing payments				<input type="text" value="0"/>	0
+ communication				<input type="text" value="0"/>	0
+ accounting, tax declaration etc.				<input type="text" value="0"/>	0
+ office expenses	<input type="text" value=""/>			<input type="text" value="0"/>	0
+ travel, vehicle etc.	<input type="text" value=""/>			<input type="text" value="0"/>	0
+ marketing	<input type="text" value=""/>			<input type="text" value="0"/>	0
+ education, books, magazines	<input type="text" value=""/>			<input type="text" value="0"/>	0
+ Fixing and maintenance	<input type="text" value=""/>			<input type="text" value="0"/>	0
+ unemployment fund	<input type="text" value=""/>			<input type="text" value="0"/>	0
+ other expenses	<input type="text" value=""/>			<input type="text" value="0"/>	0
<b>B = TOTAL FIXED COSTS</b>				0	0
<b>A+B = SALES MARGIN REQUIREMENT</b>				0	0
+ purchases (excluding VAT:)	Margin % <input type="text" value=""/>	or EUR <input type="text" value=""/>		0	0
<b>= NET REVENUE REQUIREMENT</b>				0	0
- other net income				<input type="text" value="0"/>	0
+ VAT	% <input type="text" value=""/>			0	0
<b>= TOTAL SALES / INVOICING REQUIREMENT</b>				0	0