Innovation Month ® Workbook

North Karelia University of Applied Sciences – ACE project 2011
“The creation of something new is not accomplished by the intellect, but by the play instinct arising from inner necessity. The creative mind plays with the object it loves.”

- Carl Jung
Preface

This workbook is part of Innovation Month® course and it is meant to be used as a supporting material during the course. The Innovation Month® course is development product of European Social Fund financed Advanced Collaboration for Entrepreneurship ACE project. The purpose of the ACE project is to increase the innovative entrepreneurship of the university students and to integrate the methods developed in the project to be a regular element of the university studies in the future. ACE project also promotes the mindset of an entrepreneur in whatever and whoever you are working with.

This workbook is intended to guide students in planning their first entrepreneurial venture. The workbook is practical and provides with several guides such as “How to develop your idea into the product”, as well as addressing issues such as evaluating the preliminary possibility of business ideas and opportunities, and providing straightforward checklists that guide the start-up process.

Through the workbook you will be able to understand better the purpose of Fact Finding, Model Building and Creativity. The workbook will help you to understand the fundamentals of Value Proposition, Sales Speech and Elevator Pitch. The clarification of Business Logic and Financial Plan will make your planning more competent. Also, it will teach you how to put information and data to work when making business decisions. The SWOT and PEST – analysis, as well as knowledge of Canvas Business Model, will explain the different methods of analysis and demonstrate practical examples. Outlook of Business and Marketing plan will help you to write your own plans, after which will allow you to make better decisions. In case you would like to make your Personal Profile, this workbook will help you with correct form and questions. Information about different Financial Sources and Brief Introduction to the Intellectual Property Rights (IPR) will be useful, especially nowadays.

Let us be the first to wish you a good luck in your new venture and have an exciting journey in the deep seas of Innovation Month®!

Mervi Leminen & Iouri Kotorov
I Course Objective

The objective of the course is to produce concrete business, product and service concepts with the help of diverse group members and experts. During the course, the group will work through different phases of the product development and divisions of business plan. The group will work with innovative methods using different practical assignments.

The course provides skills and capabilities to start innovative business and develop the business further along with the fellow students and experts. This gives a possibility to crystallize students’ own business ideas or develop product and service ideas. After passing the course, the student will understand the different sections of innovative business. In addition, the student will have the capability to learn and enforce new product development methods and use these skills for producing innovative business or service entities. The course provides possibilities to learn new skills related to the social media and later utilize these skills in the business. Possibilities for new network contacts increase during the course.

The student can exploit these capabilities, skills and contacts in the future either as an entrepreneur or as an employee (with the mind-set of an entrepreneur).
II Introduction

The concept “entrepreneurship” has a great number of meanings. On the one hand an entrepreneur is a highly effective person who possesses and demonstrates characteristics found in only a very small fraction of the population. On the other hand, anyone who wants to work for him- or herself is considered to be an entrepreneur.

According to the Joseph Schumpeter’s definition of entrepreneurship a great emphasis is made on innovation, such as:

- new products
- new production methods
- new markets
- new forms of organization

Wealth is created when such innovation results in a new demand. From this viewpoint, one can define the function of the entrepreneur as one of combining various input factors in an innovative manner to generate value to the customer in order to generate superior returns and create wealth.

The mind-set of an entrepreneur

It does not matter whom we are working for, there is one thing we should always keep in mind. An entrepreneurship is first and foremost a mind-set.

This distinguishes an entrepreneur from other people. Strive to possess outstanding personal traits and leadership skills, focus on the paramount, and have a clear understanding of what is important and a willingness to give all the power to decent work and you will become a real entrepreneur for sure.
III Fact finding, model building and creativity

A. FACT FINDING

Creative problem solving process starts with fact finding. The purpose of fact finding is to form a detailed model of the problem or challenge the team has decided to work on during the innovation month. Fact finding is a simple process of information gathering and learning. Before you can solve a problem, you must understand what the problem is about. Besides the physical facts and other similar, concrete factors, teams should find out the key persons or networks that play a role in the problem and find out their interests. All team members should choose one method of fact finding of their liking. Possible fact finding methods are:

Field-study
- Field-study is about going and seeing it yourself, taking pictures, making observations.

Web search (State of the Art, Existing solution research)
- The purpose of Web search is to find already available solution, patents, products or services related to the problem. Common tools are Google (for general search) and other search engines and services.

IP search and research (prior-art search, novelty search, patent search, patentability, FTO)
- The purpose of IP search is to find patents and other IP documents related to the problem
  - Google Patents (http://www.google.com/patents)
  - Espacenet patent search (http://ep.espacenet.com/)
  - priorsmart.com (http://www.priorsmart.com/)
- Certain areas of interest can also be monitored and followed by using free services such as:
  - freshpatents.com (http://freshpatents.com/)
  - freepatentsonline (http://www.freepatentsonline.com/)
  - Patents.com (http://www.patents.com/)

Literature review or scientific search
- Literature review is simply a process of learning scientific facts regarding your problem. Basic starting points are encyclopedias such as Wikipedia. More details can be learned for example by reading recent scientific articles about the topic (http://scholar.google.com).
Expert opinion
• Expert opinion is a more personal form of fact finding. It means interviewing an expert (e.g. researcher, professor) and asking general questions about the issue. Conversation is often the best form but email interviews can be very informative, too.

Web community inquiry
• It is very likely that somewhere in the world some other people are also interested in the topic you are now working on. A web community inquiry includes searching for these active web communities and getting answers for your related questions from these communities. If nothing else can be found try Yahoo! Answers for different opinions.

B. MODEL BUILDING

As the team members are ready with their newly found information and knowledge about the problem, it is time to combine the information into a shared model of the problem. This model is the starting point for a fruitful ideation process, which is discussed in more detail later in this book. Depending on the type of the problem different kinds of modeling methods can be chosen. Teams can choose one or two methods they prefer and work with them.

Mind Mapping
• Mind mapping is a process of organizing the information you acquired. Different links between items in the mind map represent connections between these topics. You can learn more about mind mapping from here http://en.wikipedia.org/wiki/Mind_map
Outlining
- Outlining is a more ordered method for organizing knowledge. Outlining tips can be found at http://ecco.vub.ac.be/?q=node/65

Visualization
- Some problems are best understood by a comprehensive visualization of the problem. Problem visualization can consist of mind map kind of elements.

Process description
- For problems that involve dynamic processes, such as a service process, a process description is an essential method for understanding the procedure. Process description can be produced with an outlining technique or with a more graphical approach.

Cartooning
- Cartooning is a very visual form of process description. For some problems this method can capture the very essence of the problem.

Performance
- Sometimes acting out the problem (such as a service situation or customer behavior) is the best way. This performance should be recorded for future studying.

Scale model
- In some cases a scale model representing the problem makes it possible to produce the most creative solutions.

After constructing their first problem models, teams can try out the so called Different perspectives technique.

Different perspectives
- Different perspectives technique means looking at the problem from the perspective of another person. This person can be a prospective customer or some other person (e.g. local politician or public officer) that is likely to play an important role in the final solution. As this person may have very different interests and experiences, he is likely to view the situation in a totally different light.

Next, teams should look at their problem models and try to define the key issues or the biggest opportunity that they should start to work with for the rest of the innovation month.

NOTE: Sometimes the problem can be divided into different sub-problems, which can be solved independently.
C. CREATIVITY

Now that the teams have the problem properly modeled they can move to the next stage which requires creating as many ideas as possible. At this stage no evaluation should be done or criticism expressed. Teams should also decide whether they use a conversational or a more individual style of ideation. In the individual approach the team members write down ideas themselves before sharing them with other members. This approach prevents some of the typical group biases like group thinking. Teams can choose their actual method of ideation from the following list. Before starting the process team should define their goal of ideation preferably with a single sentence.

**Brainstorming**

- Brainstorming is a common way to generate ideas or encourage groups in creative idea sessions. There are many different ways to implement it and groups are more than welcome to use the most suitable solution that they can find. Before a brainstorming session, the group needs to define the problem in a form of a question. For instance, a question can be “What kind of travel assistance services are not available but needed?”
- In brainstorming the individual members write down their ideas on separate pieces of paper. After a certain period of time members share their ideas with others and discuss them. Another round of individual ideation should follow.

**Reverse brainstorming**

- Reverse brainstorming reminds brainstorming but instead of creating good solutions each member should come up with ideas that would worsen the situation more. After a couple of rounds the worst ideas can then be reversed into positive ones. (http://www.mindtools.com/pages/article/newCT_96.htm)
Brainwriting

- In brainwriting each member has one large sheet of paper. They start writing their individual ideas on this paper. Then, after a couple of minutes members circulate their papers clockwise. With a new paper in front of them they should first read what is already on the paper and then add their own ideas. The process of circulation can be repeated as many times as desired.

Radical ideas

It is a common problem that the above mentioned techniques are not very useful in finding very radical or creative methods. The combination method described below is one method of gaining more radical or creative insights.

Combination method

- Combination method is a systematic way of escaping the obvious solutions and coming up with more radical or creative ideas. In combination method a word or a concept (e.g. another field of business) that is not related in any way to your current problem is chosen to be worked on. It is simultaneously viewed with the actual problem model and ideas that rise from this viewing are written down. Teams can combine the Combination Method with any of the above mentioned methods. If the chosen additional word or concept is too far-fetched the teams can ease their task by drawing a small mind map of this extra word or concept.

When the team has tried one method of ideation they can try another one.

NOTE: All ideas should be written down for future reviewing. If the ideation happens in two separate workshops, team members can organize more freeform ideations between the workshops. This simply means writing down ideas when they occur.

D. IDEA EVALUATION

The next step of the creative problem solving process is the evaluation of the idea pool created in the previous ideation phase. There are a couple of possible methods the teams can choose from:

Voting

- In voting each team member chooses their personal TOP-3 ideas. For the best idea they assign five (5) points, for the second best three (3) points and the third best one (1) point. After all members have voted, points for every idea are summed up. The top three ideas that receive the highest points are chosen for the next stage of the innovation month.
**Criteria-based evaluation**

- Criteria-based method of choosing the best ideas is a more formal and systematic method. First, the team chooses the criteria that a good idea should fulfill. The criteria can include elements such as price, innovativeness and aesthetic appeal. When the team agrees on the criteria and grading system, they should then grade their ideas or a smaller subset they have chosen with the voting system. The ideas with highest points are then chosen for the next stage of the innovation month, the Value Proposition.
IV Value Proposition

- Every important innovation opportunity requires a Value Proposition.
- The Value Proposition consists of the following components:
  - Customer (customer description)
  - Market Need (market and customer need description)
  - Unique Approach (solution description)
  - Benefits per Costs (customer benefits description)
  - Competition’s and the Alternatives
- The goal of every innovation is to create and deliver Customer Value that is clearly greater than that of the competitors’. The difference must be compelling to the customer.

A. CUSTOMER

- Who are the potential customers? Who is the end user? Who pays?
- Describe the customer:
  - Gender and Age (if consumer)
  - Branch and Size (if business)
  - Location, Reachability
  - Education and Profession (if consumer)
  - Hobbies, Interests etc.
  - Customers’ main customers (if business)
- Psychographic profile of the customer (both consumer or business)
  - Mission
  - Values
  - Attitudes
  - Preferences
- Try to find and name actual potential customers (consumers or businesses)
- Write an informal description of the customer

B. NEED

- To which customer’s needs does the product or service respond?
- Does the need exist or does it have to be generated?
- Estimate of the possible changes in the customer needs
  - In long term
  - In short term
- Write an informal description of the need which your product or service fulfills
C. SOLUTION

- What are you offering (product or service) to the customer for fulfilling the customer’s need?
- Describe the product or service in detail
- Estimate what resources are needed for productization and producing?
  - Practical knowledge or Human Resources
  - Production Facilities (machines, equipment, vehicles etc.)
  - Financial Resources
  - Other

D. CUSTOMER BENEFITS

- Why would the customer buy your product or service?
- How does the customer benefit from the product or service?
- How does the customer pay you?
- What does the product or service look like in the eyes of the customer?
- How could you increase customer benefits?

E. COMPETITION

- Are there any competitors for your product or service?
  - Straight competitors
  - Competitors who satisfy the same need as your product or service, but the product is essentially of a different type
- Potential competitors
- Competitors’ influence on your product or service
- Predictable changes in the harshness of the competition
- Define the market troublemakers

*Let’s raise water, doc!*

![Walrus Engineer]
V Sales Speech and Elevator Pitch

It is very important to get your audience to understand your message when you are selling your product or service. Keep your message as short as possible. Build up a maximum of a five minute sales speech and present it orally to the expert panel. Here are some questions to help you structure the speech. Be prepared to answer customer’s or expert panel’s questions.

- What is the sales “hook” (different from what the others have)? How are you going to get the attention?
- How is your product or service relevant to the customer? (customer’s need)
- What is the core product or service you are offering?
- What is the benefit to the customer? What makes the benefit superior to that of your competitors’?
- Present the proof for you words
- How can the customer purchase your product or use your service (action)?
- What are the customer’s potential questions that or is going to ask you? How are you going to answer the questions?
- What are the other factors you should consider in more detail when giving a speech?

Elevator Pitch in 60 seconds and notes about presentation in general

Remember that Elevator Pitch is not Sales Speech, objective and audience is different, that is, investor is buying the business, not the product or the service.

Elevator Pitch contains normally the following elements:

1. A Hook
   - Get the attention, usually statement or question that arouses interest among the listeners (investors)
   - A short introduction
2. An Actual Pitch (about 150 to 225 words, but less than 60 seconds)
   • 2 to 3 short sentences describing solution or technology, its advantages and business model
   • 2 to 3 short sentences describing differences and problems of competing solutions or prior art

3. Passion
   • Listeners (investors) expect energy and dedication from entrepreneurs

4. A Request
   • You must present what you are looking for, i.e. business card, scheduling for full presentation

Elevator Pitch must answer at least these six basic questions:

1. What is/are your services or and products? Brief description and definition of what you sell.
2. Who and where is your market? Who you are selling to, segment etc.? What is the industry?
3. What is your business or revenue model? How you make the money?
4. Who are the people involved in your company? Your team’s background, advisory board etc.
5. Who is your competitor? There is always competition, if not, think again.
6. What is your competitive advantage? What is different and what are the advantages?

Notes about presentations in generally:

1. Take a positive attitude towards your audience, matter and situation.
2. Trust yourself, be self-confident, prepare and practice your presentation well enough.
3. Take a positive approach to tension and stress.
4. Believe in what you present and get enthusiastic about the matter.
5. Give examples that clarify the matter.
6. Be aware of non-verbal communication; remember your posture, keep eye contact, empathize.
7. Use clear language; avoid unnecessary buzz words and worn expressions. Use short sentences.
8. Proceed logically and chronologically, start interestingly and close impressively.
9. Be aware of the use of your voice; speak clearly and loudly enough, take short breaks if possible.
10. Use only necessary technical devices, remember that you are the center of attraction. Try to use notes as little as possible. Internalize your matter and presentation.
VI Innovation Plan

A. BUSINESS LOGIC

- Describe the main sources and components of income.
- Who pays the product or service? Who is the end user? Are these the same?
- Is the cash flow ongoing or does it have seasonal changes?

B. FINANCIAL PLAN

1. Need of finance in the beginning

- What kinds of investments are needed in the beginning?
- Make a list of fixed assets, i.e. essential machines, equipment, vehicles, premises (factory and storage buildings, office space, garage...) etc. needed in your business activities. Give also an estimate for the cost of each item. Finally, indicate which items you could alternatively lease or hire to reduce the size of the initial investment in fixed assets.
  - (a) On the basis of the list above, indicate the initial investment cost in total.
  - (b) Other necessary costs before the start and during the set up phase of your business: permits, purchase of IPR, registering fees of your firm in the Trade Register etc., wages, rent and other costs during the set up phase etc.
  - (c) Working capital, i.e. the amount of money that will be permanently tied in your business in the form of inventories (raw material and components, goods in process, finished goods in a stock) and in debtors (= sales receivables).
- Need of finance in total = (a) + (b) + (c)

2. Sources of finance

- Equity (capital input by the owners, that is you and your partners)
- Investors, Business Angels (who are owners, too)
- Possible Investment Subsidy and/or other Public Support (this reduces the need for loan)
- Liabilities (loan capital), long term
- Other (e.g. short term finance from suppliers)
- Sources of Finance in total (this should equal the need of finance in total)
- Is it possible to arrange the finance needed? If not, can you find ways of starting your business in a smaller scale?
3. Annual costs of operation during the first year (or a typical year)

- **Variable costs** (costs that "zoom" according to the volume of output)
  - Labor in Production
  - Raw Material, Components etc. (alternatively: merchandise)
  - Electricity (power used in production)
  - Subcontracted Services
  - Possible Commission (directly related to the amount or value of goods sold)
  - Other, what?

- **Fixed costs** (costs that do not directly depend on the output but rather on capacity - size of the firm - or the course of time)
  - Design and Product Development
  - Sales, Marketing and Distribution
  - Travelling, Telecommunication
  - Rent, Lease of Equipment etc.
  - Depreciation of Premises, machines, equipment, vehicles etc. (those that are not rented)
  - Heating, Lighting, Electricity
  - Maintenance of Premises, Machines and Equipment
  - Marketing, Administration, Management and other labor cost not directly related to production
  - Office supplies
  - Accounting
  - Interest (cost of finance); this can be estimates on the basis of the amount of loan (stage 2)
  - Other, what?

- **Depreciation.** Depreciation estimates the annualized cost of a fixed asset. Take your list of fixed assets and calculate (one by one) the years they can be used in your business in order to create revenue (service life). Then calculate the following for each item: depreciation (€/year) = purchase cost (€) / service life (years). Sum up the depreciations of all fixed assets in your list.
  - Depreciation is a fixed cost by nature because it does not directly depend on the volume of output.
  - (Note that depreciation does not incur a cash flow: depreciation is not "paid". You have to pay to the equipment supplier already when you buy a machine (or reasonably soon after).

- Indicate the total of annual costs = variable costs + fixed costs (including depreciation)
4. Revenue

- You may have a rough estimate for the turnover of the first (or typical) year of your firm. However, to increase reliability and the sense of reality you should be able to give information on revenue by product (or product group) and by customer group. If possible, give the turnover as a product of quantity (units sold) and average price.

<table>
<thead>
<tr>
<th>Products Customers</th>
<th>1. Product (or product group)</th>
<th>2. Product (or product group)</th>
<th>3. Product (or product group)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Customer group</td>
<td>quantity turnover</td>
<td>quantity turnover</td>
<td>quantity turnover</td>
<td>turnover</td>
</tr>
<tr>
<td>2. Customer group</td>
<td>quantity turnover</td>
<td>quantity turnover</td>
<td>quantity turnover</td>
<td>turnover</td>
</tr>
<tr>
<td>Total</td>
<td>quantity turnover</td>
<td>quantity turnover</td>
<td>quantity turnover</td>
<td>turnover</td>
</tr>
</tbody>
</table>

- Check 1: Is it really possible for your firm to produce those quantities?
- Check 2: Is it really possible for your firm to market and sell those quantities?
- Check 3: Are the volumes above in accordance with the volumes you used for estimating the variable costs?
- Check 4: Does the annual revenue (turnover) exceed the annual costs?

Now you can make the shortest possible estimation of the profitability of your business:

\[
\text{Annual revenue (turnover)} - \text{Annual cost} = \text{Profit or loss}
\]
5. Profitability

On the basis of stages 1 to 4 above you can now make a **provisional profit and loss statement** (also referred as income statement). This gives a more detailed view on the profitability of your firm (compared to merely deducting the costs from the revenue).

<table>
<thead>
<tr>
<th>TURNOVER</th>
<th>variable costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>GROSS MARGIN</td>
<td>fixed costs</td>
</tr>
<tr>
<td>OPERATING PROFIT BEFORE DEPRECIATION</td>
<td>depreciation</td>
</tr>
<tr>
<td>OPERATING PROFIT (EBIT)</td>
<td>interest</td>
</tr>
<tr>
<td>PROFIT BEFORE TAXES</td>
<td>(stop here in the case of a sole entrepreneur, a partnership or a limited partnership)</td>
</tr>
<tr>
<td></td>
<td>- taxes (on profit)</td>
</tr>
<tr>
<td>NET PROFIT</td>
<td>(continue here only in the case of a limited company)</td>
</tr>
</tbody>
</table>

On the basis of this information you can calculate **useful indicators of profitability** such as gross margin percentage, operating profit percentage (EBIT percentage) and net profit percentage. They are calculated in relation to turnover.

For instance: gross margin percentage = gross margin / turnover (times 100 %)

You may find it practical to use a spreadsheet (such as an Excel document) to compile a profit and loss statement. Useful tools for this purpose are often available from public business advisors.

C. MARKETING PLAN

- What are your sales objectives (sales volume)? Divide the volume by customer group and product.
- Describe your marketing mix:
  - **Product** (Core product, extension products, standard or differentiated products.)
  - **Price** (Pricing basis: is the price a standard or does it vary depending on the content, season of the year, customer or quantity?)
  - **Place** (How can the customer buy your product or service? What are the main distribution channels? Do you have an outlet of your own or do you use retailers, dealers or agents? What about the Internet?)
• **Promotion** (Advertising, communication and PR, other promotional needs e.g. promotional events, business gifts etc.)
• How do you organize your marketing (define responsibilities for staff and partners)?
• How are you going to organize the distribution of your product or service?
  • Describe the channels you are going to use.
  • What about linking and integrating with other products or services which are already on the market?
  • Define distribution responsibilities for staff and partners.
  • Find out if there are any existing users or customer (web) communities that could support your innovation. What extra value could these communities offer to you?

### D. THREATS AND RISKS

• What kinds of risks could you face in the future? Describe the possible risks.
  • Market Risks
  • Technical Risks
  • Personnel Risks (an expert, manager or other key person falling ill, key people resigning, fraud or errors in recruitment; etc.)
  • Financial Risk
  • Business-model Risks
  • Other Risks, what? (fire, other accidental risk to equipment, premises or stock etc., environmental risks: theft, infringement of patents, utility models, copyrights, trademarks, trade secrets or other types of IPR)
• How can you be prepared for these risks and minimize the consequences? Describe the methods.
• How much does each risk affect the profitability of your innovation?
## VII Additional Information

### A. PERSONAL PROFILE

1 = Excellent;  2 = Good;  3 = Average;  4 = Below average;  5 = Poor

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<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<tbody>
<tr>
<td><strong>Business Skills</strong></td>
<td>X</td>
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<tr>
<td>Pekka has been working in personnel leasing business for five years, so the branch of business is quite familiar to him already.</td>
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<td><strong>Strategic Skills</strong></td>
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<tr>
<td>Pekka is able to plan his business within a two-year perspective, but plans are still quite vague.</td>
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<tr>
<td><strong>Marketing Skills</strong></td>
<td>X</td>
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<tr>
<td>Pekka doesn’t have holistic marketing know-how neither does he know how to reach his customers cost–effectively.</td>
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<tr>
<td><strong>Sales Skills</strong></td>
<td>X</td>
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<tr>
<td>Pekka has been doing sales work earlier and communication in sales situations is rather natural to him.</td>
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<tr>
<td><strong>Accountancy</strong></td>
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<tr>
<td>Pekka doesn’t have too much experience in accounting but he knows what it means and what it requires.</td>
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</tr>
<tr>
<td><strong>Business Planning and Budgeting</strong></td>
<td>X</td>
<td></td>
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</tr>
<tr>
<td>As a treasurer in his hunting club, Pekka has worked with simple budgeting functions for a few years now but he doesn’t have experience in extensive economic planning.</td>
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</tr>
<tr>
<td><strong>Finance (practical knowledge)</strong></td>
<td>X</td>
<td></td>
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<tr>
<td>Pekka knows various financiers and finance instruments but he is unable to make estimation on the best suitable option.</td>
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</tr>
<tr>
<td><strong>Taxation (practical knowledge)</strong></td>
<td>X</td>
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<tr>
<td>Company taxes are a relatively new world for Pekka but he has already signed in for a tax information course, organized by a local entrepreneurship organization.</td>
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<td></td>
</tr>
<tr>
<td><strong>Legal and Contracting Capabilities</strong></td>
<td>X</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Pekka’s law expertise is the strongest in matters which relate to industrial relations legislation. General corporation laws are unfamiliar to him.</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Product or Service Development</strong></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pekka had already planned new innovative service concepts for his own company’s use in his former workplace.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Manufacturing</strong></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pekka’s company doesn’t manufacture, assemble or plan any concrete product(s).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Logistics (purchasing, storing, transportation)</strong></td>
<td>X</td>
<td>During the last five years Pekka developed a strong know-how in matters related to acquisition of building trade equipment's (rental) and logistical functions.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Enterprise Resource Planning (SAP)</strong></td>
<td>X</td>
<td>In his former workplace Pekka got experience from light ERP systems related to human resource functions.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Software Skills (MS Office)</strong></td>
<td>X</td>
<td>Pekka uses office software daily but the know-how is only satisfactory.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>E-Tools (LinkedIn, Dropbox, Groupsite, Mindmeister)</strong></td>
<td>X</td>
<td>Pekka has his own LinkedIn profile but recruitment of new employees and communication between the employees and him is handled with traditional methods (email, phone).</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Relevant Existing Contacts</strong></td>
<td>X</td>
<td>Pekka knows the business and relevant persons in the business. He also has an excellent employee network. Customers and workforce are adequate for profitable business.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capability to network</strong></td>
<td>X</td>
<td>Pekka is an active networker and getting to know new people, within the business, is natural for him.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ability to get along with people</strong></td>
<td>X</td>
<td>Pekka is a candid and decorous Finnish entrepreneur who concentrates on essential matters and leaves extra small-talk for others to handle.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Leadership Skills</strong></td>
<td>X</td>
<td>Pekka is an honest and neutral supervisor who can be also assertive. He has weaknesses in observation of individual employees.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Time Management</strong></td>
<td>X</td>
<td>Pekka is a punctual person but he needs to improve his skills in preparing himself for changes.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ability to endure stress</strong></td>
<td>X</td>
<td>A little rush does not stress Pekka but bigger problems caused by other persons can affect Pekka's behavior.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ability to find the balance work and free time</strong></td>
<td>X</td>
<td>Business is on Pekka's mind 24/7 but in the fall he forgets business for a while as he goes hunting.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Language Skills</strong></td>
<td>X</td>
<td>Pekka's language skills are weak. He has studied English in complementary school and he uses it every year during his holiday trip in Spain.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Willingness to internationalize</strong></td>
<td>X</td>
<td>Pekka has no interest or need to internationalize.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>IPR (practical knowledge)</strong></td>
<td>X</td>
<td>Pekka has fair knowledge and know-how about copyrights and open source software.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Commercialization Skills</strong></td>
<td>X</td>
<td>Pekka has only some knowledge or know-how related to commercialization, especially software licensing.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Now fill out your personal profile with the help of the example shown above.

1 = Excellent;  2 = Good;  3 = Average;  4 = Below average;  5 = Poor

<table>
<thead>
<tr>
<th>Your profile</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Skills</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic Skills</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing Skills</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Sales Skills</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Accountancy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Planning and Budgeting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance (practical knowledge)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxation (practical knowledge)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal and Contracting Capabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product or Service Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Logistics (purchasing, storing, transportation)</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Enterprise Resource Planning (SAP)</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Software Skills (MS Office)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-Tools (LinkedIn, Dropbox, Groupsite, Mindmeister)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relevant Existing Contacts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capability to network</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
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<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ability to find the balance (work and free time)</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Language Skills</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Willingness to internationalize</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IPR (practical knowledge)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercialization Skills</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
B. BUSINESS PLAN (sample)

Title Page – Name of company, date, contact information, etc.

Table of Contents

Executive Summary

1. Business Concept
2. Company
3. Market Potential
4. Management Team
5. Required Funding and its Use
6. Exit Strategy

Main Sections

I. Company Description

- Mission Statement
- Summary of Activity to Date
- Current Stage of Development
- Competencies
- Product or Service
  - Description
  - Benefits to Customer
- Objectives
- Keys to Success
- Location and Facilities

II. Industry Analysis

- Entry Barriers
- Supply and Distribution
- Technological Factors
- Seasonality
- Economic Influences
- Regulatory Issues

III. Market Analysis

- Definition of Overall Market
- Market Size and Growth
- Market Trends
- Market Segments
- Customer Characteristics
• Customer Needs
• Purchasing Decision Process
• Product Positioning

IV. Competition

• Profiles of Competitors
• Competitors’ Products or Services & Market Share
• Competitive Evaluation of Product
  • Distinct Competitive Advantage
  • Competitive Weaknesses
• Future Competitors

V. Marketing and Sales

• Products Offered
• Pricing
• Distribution
• Promotion
  • Advertising and Publicity
  • Trade Shows
  • Partnerships
• Sales Force
• Sales Forecasts

VI. Operations

• Product Development
  • Development Team
  • Development Costs
  • Development Risks
• Manufacturing
  • Production Processes
  • Production Equipment
  • Quality Assurance
  • Administration
• Key Suppliers
• Product or Service Delivery
• Customer Service and Support
• Human Resource Plan
• Facilities
VII. Management and Organization

- Management Team
- Board of Directors
- Key Personnel
- Organizational Chart

VIII. Capitalization and Structure

- Legal Structure of Company
- Present Equity Positions
- Deal Structure
- Exit Strategy

IX. Development and Milestones

- Financing Commitments
- Product Development Milestones
  - Prototype
  - Testing
  - Launch
- Signing of Significant Contracts
- Achievement of Break-even Performance
- Expansion
- Additional Funding

X. Risks and Contingencies

Some common risks include:
- Increased Competition
- Loss of a Key Employee
- Suppliers' failure to meet Deadlines
- Regulatory Changes
- Change in Business Conditions

XI. Financial Projections

- Assumptions (Start date, commissions, tax rates, average inventory, sales forecasts, etc.)
- Financial Statements (Balance Sheet, Income Statement, Cash Flow Statement)
- Break Even Analysis
- Key Ratio Projections
- Financial Resources
- Financial Strategy
XII. Summary and Conclusions

Appendices

• Management Resumes
• Competitive Analysis
• Sales Projections
• Any other supporting documents

C. MARKETING PLAN (sample)

Title Page – Name of company, date, contact information, etc.

Table of Contents

I. Executive Summary

II. The Challenge

III. Situation Analysis

Company Analysis

• Goals
• Focus
• Market Share
• Strengths
• Weaknesses
• Culture

Customer Analysis

• Decision Process
• Value Drivers
• Number
• Type

Competitor Analysis

• Market Position
• Market Shares
• Strengths
• Weaknesses
Collaborators

- Subsidiaries, Distributors, Joint Ventures, etc.

Climate

PEST analysis:
- Political and Legal Environment
- Economic Environment
- Social and Cultural Environment
- Technological environment

SWOT Analysis
- Internal (strengths and weaknesses)
- External (opportunities and threats)

IV. Market Segmentation

- Description
- Percent of Sales
- Price Sensitivity
- What they want
- How they use the Product
- Support Requirements
- How to reach the Market

V. Alternative Marketing Strategies

VI. Selected Marketing Strategy

Product

- Brand Name
- Quality
- Scope of Product Line
- Warranty
- Packaging

Price

- List Price
- Discounts
- Bundling
- Payment Terms and Financing Options
- Leasing Options
Place (Distribution)

- Distribution channels, such as direct, retail, distributors and intermediates
- Motivating the channel (distributor margins, etc.)
- Criteria for evaluating distributors
- Locations
- Logistics, including transportation, warehousing, and order fulfillment

Promotion

- Advertising, including amounts and modes of media.
- Public relations
- Promotional programs
- Budget: determine break-even point for any additional spending
- Projected results of the promotional programs

VII. Short & Long-Term Projections

Forecasts of Revenues and Expenses, results of a Break Even analysis.

VIII. Conclusion

Appendix

Exhibits

D. SWOT – ANALYSIS

Individual SWOT Analysis

A SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis is a simple grid that plots internal strengths and weaknesses in one half, and external opportunities and threats in the other half. The technique is credited to Albert Humphrey, who led a convention at Stanford University in the 1960s and 1970s using data from “Fortune 500 companies”.

A SWOT analysis must first be started by defining a desired end state or objective. A SWOT analysis may be incorporated into the strategic planning model. Strategic Planning has been the subject of several studies.

- Strengths: characteristics of the business or team that give an advantage over others in the industry.
- Weaknesses: characteristics that place the firm at a disadvantage relative to others.
- Opportunities: external chances to make greater sales or profits in the environment.
• Threats: external elements in the environment that could cause trouble for the business.

Identification of SWOTs is essential because subsequent steps in the process of planning for achievement of the selected objective may be derived from the SWOTs.

First, the decision makers have to determine whether the objective is attainable, given the SWOTs. If the objective is NOT attainable, a different objective must be selected and the process repeated.

The aim of a SWOT analysis is to emphasize strengths, take advantage of opportunities, and minimize or overcome threats and weaknesses.

**SWOT Matrix**

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**E. THE BUSINESS MODEL CANVAS**

The Business Model Canvas is a strategic management tool, which allows creation of new and existing business models. It is a visual template pre-formatted with nine blocks. With this template, an enterprise can easily describe their business model.
Infrastructure

- Key Activities: The activities that are necessary to execute a company's business model.
- Key Resources: The resources that are necessary to create value for the customer.
- Partner Network: The business alliances which complement other aspects of the business model.

Offering

- Value Proposition: The products and services. According to Osterwalder, a value proposition "is an overall view of ... products and services that together represent value for a specific customer segment. It describes the way a firm differentiates itself from its competitors and is the reason why customers buy from a certain firm and not from another".

Customers

- Customer Segments: The target audience for a business' products and services.
- Channels: The means by which a company delivers products and services to customers. This includes the company's marketing and distribution strategy.
- Customer Relationship: The links a company establishes between itself and its different customer segments. The process of managing customer relationships is referred to as customer relationship management.

Finances

- Cost Structure: The monetary consequences of the means employed in the business model. A company's DOC.
- Revenue Streams: The way a company makes money through a variety of revenue flows. A company's income.

The Business Model Canvas can be printed out on a large surface so groups of people can together discuss the business model elements with post-it note notes or board markers. It is a hands-on tool that fosters understanding, discussion, creativity, and analysis.
### The Business Model Canvas

<table>
<thead>
<tr>
<th>Key Partners</th>
<th>Key Activities</th>
<th>Value Proposition</th>
<th>Customer Relationships</th>
<th>Customer Segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who are our key partners?</td>
<td>Our distribution channels?</td>
<td>What value do we deliver to the customer?</td>
<td>What type of relationship does each of our Customer?</td>
<td>For whom are we creating value?</td>
</tr>
<tr>
<td>Who are our key suppliers?</td>
<td>Customer relationships?</td>
<td>Which customer needs are we satisfying?</td>
<td>Segments expect us to establish and maintain with them?</td>
<td>Who are our most important customers?</td>
</tr>
<tr>
<td>Which key resources are we acquiring from partners?</td>
<td>What value do our value propositions require?</td>
<td>Which bundles of products and services are we offering to each Customer Segment?</td>
<td>Which ones have we established?</td>
<td></td>
</tr>
<tr>
<td>Which key activities do partners perform?</td>
<td>Revenue streams?</td>
<td>How are they integrated with the rest of our business model?</td>
<td>How costly are they?</td>
<td></td>
</tr>
</tbody>
</table>

#### Motivations for partnerships:
<table>
<thead>
<tr>
<th>Categories:</th>
<th>Examples:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimization and economy</td>
<td>Mass Market</td>
</tr>
<tr>
<td>Reduction of risk and uncertainty</td>
<td>Niche Market</td>
</tr>
<tr>
<td>Acquisition of particular resources and activities</td>
<td>Segmented</td>
</tr>
</tbody>
</table>

#### Key Resources
<table>
<thead>
<tr>
<th>What Key Resources do our Value Propositions require?</th>
<th>Through which Channels do our Customer Segments want to be reached?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our Distribution Channels?</td>
<td>How are our Channels integrated?</td>
</tr>
<tr>
<td>Customer Relationships?</td>
<td>Which ones work best?</td>
</tr>
<tr>
<td>Revenue Streams?</td>
<td>Which ones are most cost-efficient?</td>
</tr>
<tr>
<td>Types of resources:</td>
<td>How are we integrating them with customer routines?</td>
</tr>
<tr>
<td>Physical</td>
<td></td>
</tr>
<tr>
<td>Intellectual (brand patents, copyrights, data)</td>
<td></td>
</tr>
<tr>
<td>Human</td>
<td></td>
</tr>
<tr>
<td>Financial</td>
<td></td>
</tr>
</tbody>
</table>

#### Key Activities
<table>
<thead>
<tr>
<th>Categories:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
</tr>
<tr>
<td>Problem Solving</td>
</tr>
<tr>
<td>Customization</td>
</tr>
<tr>
<td>Platform/Network</td>
</tr>
<tr>
<td>Getting the Job Done</td>
</tr>
<tr>
<td>Design</td>
</tr>
<tr>
<td>Brand/Status</td>
</tr>
<tr>
<td>Price</td>
</tr>
<tr>
<td>Cost Reduction</td>
</tr>
<tr>
<td>Risk Reduction</td>
</tr>
<tr>
<td>Accessibility</td>
</tr>
<tr>
<td>Convenience/Usability</td>
</tr>
</tbody>
</table>

#### Channels
<table>
<thead>
<tr>
<th>Channel phases:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Awareness</td>
</tr>
<tr>
<td>How do we raise awareness about our company’s products and services?</td>
</tr>
<tr>
<td>2. Evaluation</td>
</tr>
<tr>
<td>How do we help customers evaluate our organization’s Value Proposition?</td>
</tr>
<tr>
<td>3. Purchase</td>
</tr>
<tr>
<td>How do we allow customers to purchase specific products and services?</td>
</tr>
<tr>
<td>4. Delivery</td>
</tr>
<tr>
<td>How do we deliver a Value Proposition to customers?</td>
</tr>
<tr>
<td>5. After sales</td>
</tr>
<tr>
<td>How do we provide post-purchase customer support?</td>
</tr>
</tbody>
</table>

#### Cost Structure
<table>
<thead>
<tr>
<th>What are the most important costs inherent in our business model?</th>
</tr>
</thead>
<tbody>
<tr>
<td>For what value are our customers really willing to pay?</td>
</tr>
<tr>
<td>Which Key Resources are most expensive?</td>
</tr>
<tr>
<td>For what do they currently pay?</td>
</tr>
<tr>
<td>Which Key Activities are most expensive?</td>
</tr>
<tr>
<td>How are they currently paying?</td>
</tr>
<tr>
<td>Is your business more:</td>
</tr>
<tr>
<td>Cost Driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing)</td>
</tr>
<tr>
<td>Value Driven (focused on value creation, premium value proposition)</td>
</tr>
<tr>
<td>How would they prefer to pay?</td>
</tr>
</tbody>
</table>

#### Revenue Streams
<table>
<thead>
<tr>
<th>Types:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset sale</td>
</tr>
<tr>
<td>Usage fee</td>
</tr>
<tr>
<td>Subscription Fees</td>
</tr>
<tr>
<td>Licensing</td>
</tr>
<tr>
<td>Brokerage fees</td>
</tr>
<tr>
<td>Advertising</td>
</tr>
<tr>
<td>fixed pricing</td>
</tr>
<tr>
<td>List Price</td>
</tr>
<tr>
<td>Product feature dependent</td>
</tr>
<tr>
<td>Customer segment dependent</td>
</tr>
<tr>
<td>Volume dependent</td>
</tr>
<tr>
<td>Dynamic pricing</td>
</tr>
<tr>
<td>Negotiation (bargaining)</td>
</tr>
<tr>
<td>Yield Management</td>
</tr>
<tr>
<td>Real-time-Market</td>
</tr>
</tbody>
</table>

#### FINANCE
### The Business Model Canvas

<table>
<thead>
<tr>
<th>INFRASTRUCTURE</th>
<th>OFFER</th>
<th>CUSTOMER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key Partners</td>
<td>Key Activities</td>
<td>Value Proposition</td>
</tr>
<tr>
<td>Key Resources</td>
<td></td>
<td>Channels</td>
</tr>
<tr>
<td>Cost Structure</td>
<td>Revenue Streams</td>
<td></td>
</tr>
</tbody>
</table>

Credits: Alexander Osterwalder
F. PEST – ANALYSIS

PEST analysis – “Political, Economic, Social, and Technological analysis” describes a framework of macro-environmental factors used in the environmental scanning component of strategic management. Some analysts added Legal and rearranged the mnemonic to SLEPT; inserting Environmental factors expanded it to PESTEL or PESTLE, which is popular in the United Kingdom. The model has recently been further extended to STEEPLE and STEEPLED, adding education and demographic factors. It is a part of the external analysis when conducting a strategic analysis or doing market research and gives an overview of the different macro environmental factors that the company has to take into consideration. It is a useful strategic tool for understanding market growth or decline, business position, potential and direction for operations.

The growing importance of environmental or ecological factors in the first decade of the 21st century have given rise to green business and encouraged widespread use of an updated version of the PEST framework. STEER analysis systematically considers Socio-cultural, Technological, Economic, Ecological, and Regulatory factors.

The organization’s marketing environment is made up of:

1. The internal environment e.g. staff (or internal customers), office technology, wages and finance, etc.
2. The micro-environment e.g. external customers, agents and distributors, suppliers, competitors, etc.
3. The macro-environment e.g. Political (and legal) forces, Economic forces, Sociocultural forces, and Technological forces. These are known as PEST factors.

Political Factors

1. How stable is the political environment?
2. Will government policy influence laws that regulate or tax your business?
3. What is the government’s position on marketing ethics?
4. What is the government’s policy on the economy?
5. Does the government have a view on culture and religion?
6. Is the government involved in trading agreements such as EU, NAFTA, ASEAN, or others?

Economic Factors

Marketers need to consider the state of a trading economy in the short and long-terms. This is especially true when planning for international marketing. You need to look at:

1. Interest rates.
2. The level of inflation and Employment level per capita.
3. Long-term prospects for the economy Gross Domestic Product (GDP) per capita, and so on.
Sociocultural Factors

1. What is the dominant religion?
2. What are attitudes to foreign products and services?
3. Does language impact upon the diffusion of products onto markets?
4. How much time do consumers have for leisure?
5. What are the roles of men and women within the society?
6. How long are the population living? Are the older generations wealthy?
7. Does the population have a strong or weak opinions on green issues?

Technological Factor

Technology is vital for competitive advantage and is a major driver of globalization. Consider the following points:

1. Does technology allow products and services to be made more cheaply and be increased by better standards of quality?
2. Do the technologies offer consumers and businesses more innovative products and services such as Internet banking, new generation mobile telephones, etc.?
3. How is distribution changed by new technologies e.g. books via the Internet, flight tickets, auctions, etc.?
4. Does technology offer companies a new way to communicate with consumers e.g. banners, Customer Relationship Management (CRM), etc.?

G. FINANCIAL RESOURCES

Money makes your business operate. However, do not go to a bank in order to get money when you have just started in business. Banks normally give loans only to businesses with operating histories. In this section you will find some strategies and some points to think about as you go about finding the money to make your business work.

Don’t be discouraged by not having a lot of money to start your business. Many businesses can be started with no money at all. You can start with a small business and grow by one order at a time.

Our first reminder is that personal savings should be considered as the primary source of funds for starting a business. If you have not started already, do it now to accumulate money through personal savings.

Also, don’t overlook the Employment and Economic Development Office (EEDO) money support guarantee programs available for start-up businesses. With an EEDO guarantee program in hand, you can easily go to a bank and discuss money issues with a bank officer. Refer to the Resources section to get more information. (http://www.mol.fi/mol(fi/04_yrittaminen/05_starttiraha/index.jsp in Finnish)
**Bootstraping**

You have to be conscientious and think all the time how you spend your start-up capital. You need to keep your expenditures under control. Stick only with those things that are absolutely necessary to get you to the next step. Anything that will make your start-up faster, better or stronger can be good, as long as the benefit is worth the cost. Remember, you will face plenty of opportunities to waste money on your way.

Some first-time entrepreneurs are under the delusion that simply becoming a business owner means you possess expensive cars, take meals at expensive restaurants, take exotic vacations, etc. The reality is that although entrepreneurship is just about the only way to achieve that lifestyle, it does not happen overnight. **For all new businesses, the first goal is to make enough money to pay the founder’s living expenses.** Plugging most of the profits back into building the business is the only way to become rich. Spending your limited start-up cash on frivolous luxuries is a sure route to failure. Remember “A penny saved is a penny earned”.

**H. BRIEF INTRODUCTION TO IPR ISSUES**

Intellectual property (IP) or intellectual property rights (IPR) consists for example of patent rights, petty patents or utility model rights, trademark rights, design rights, copyrights, integrated semiconductor circuits rights, trade secrets, secrecy, confidential business information and protection against unfair competition defined by law. IPR is normally divided to copyrights and industrial property rights due to different systems and principles. Industrial rights presume chargeable registration from registration authority like patent office.

For more general information about IPR check out e.g. WIPO Intellectual Property Handbook (http://www.wipo.int/about-ip/en/iprm/). Below some national and areal patent offices and IPR organizations:

- National Board of Patents and Registration of Finland (http://www.prh.fi/en.html)
- European Patent Office (http://www.epo.org/)
- United States Patent and Trademark Office (http://www.uspto.gov/)
- Japan Patent Office (http://www.jpo.go.jp/)

Some brief definitions related to IPR:

- **Invention** = new, unexpected, non-obvious, working solution to technical problem.
- **Innovation** = commercially successful invention including economic, business, technical added, surplus value. However, the term innovation is used in more general meaning commonly describing novel or new product, service, method, business idea.
• **Intellectual property rights** = Industrial property rights + Copyrights

• **Patentability** = Invention is patentable only if it is:
  • Absolute and global novelty (no earlier identical solution)
  • Inventive step (not obvious to a person skilled in the art)
  • Industrial applicable

• **University Invention Act** = Act defining responsibilities and obligations of Finnish Higher Education Institutes related to inventions.

**Some more material (in Finnish):**

- IPR Workbook
  (http://palveluverkko.prh.fi/immateriaalityokirja/immateriaalityokirja.pdf)
- Patent Information
  (http://palveluverkko.prh.fi/tiedonhakuopas/tiedonhakuopas.pdf)

**I. USEFUL LINKS**

Here are some useful links and instructions on how to continue from this stage forward.

**How to continue:**

- Enterprise Finland; http://www.yrityssuomi.fi/web/enterprise-finland
- National Board of Patents and Registration of Finland; http://www.prh.fi/en.html
- Joensuu Regional Development Company JOSEK; http://www.josek.fi/eng/

**IPR and patenting**


**Company registration**

- http://www.maistraatti.fi/fi/Palvelut/kauppa_ja_yhdistysrekisteri/ (in Finnish)
VII References


For Jobseekers

I am Maya Manle from Mysterious Media. I am searching people with crazy ideas who also glow from inside.

Do you want to work in an innovative company where we create business with communication? Then we need people to share their crazy ideas, so long as they are good at it.

Power of Innovation

May 2009

Dear diary,

My company has grown on big. We reached new heights with every new project and every partner. We can provide unique products and services for our clients all around the world. And it took us time, but it was worth it.

Running idea

Hihhi...