

Sini Räikkälä

PROJECT XAINTE;
STARTING MY OWN BUSINESS

Degree Programme in International Business
2012

PROJEKTI XAINTE, OMAN YRITYKSEN PERUSTAMINEN

Räikkälä, Sini
Satakunnan ammattikorkeakoulu
Liiketalouden koulutusohjelma
Maaliskuu 2012
Blue, Riitta
Sivumäärä: 53

Asiasanat: yrityksen perustaminen, vaatteet, vaateliike, vaatemerkit, yrittäminen.

Tämän työn aiheena oli oman verkkoyrityksen perustaminen. Työssä tutkittiin yrityksen perustamiseen ja yrittäjyyteen liittyviä ja tarvittavia asioita. Tämän lisäksi työssä esiteltiin yrittäjyysprosessia kokonaisuudessaan. Työssä vastattiin kysymykseen miten verkkokauppa perustetaan, kuinka paljon yrityksen perustaminen maksaa sekä miten erottua muista saman alan verkkokaupoista.

Suurin syy miksi tämä työ tehtiin, on tekijän henkilökohtainen kiinnostus aiheeseen ja hänen oma liikeideansa, jonka hän voisi tulevaisuudessa toteuttaa. Työssä käytettiin tutkimusmenetelmänä toiminta tutkimusta. Metodien avulla tutkittiin yrityksen perustamiseen liittyvää teoriaa sekä tarkasteltiin tekijän omia ideoita omaan yritysensä. Yrittäjyydestä ja yrityksen perustamisesta kertovia oppaita löytyi Internetin Yrittäjät-sivuilta sekä kirjastoista.

Opinnäytetyöstä tuli erittäin hyvä pohja yrityksen perustamiseen. Työtä voitaisiin hyödyntää, jos kyseessä oleva yritys perustetaan tulevaisuudessa. Liikeidea hahmoteltiin hyvin ja perustiedot esiteltiin työssä hyvin. Teoriassa yrityksen voisi perustaa, mutta kuitenkin jotkin asiat tulisi vielä tarkistaa lähemmin ja muutamit yksityiskohdat selvittää, jotta voidaan olla varmoja, että yrityksen liiketoiminta olisi kannattavaa. Tarkkojen laskelmien ja laajan markkinointitutkimuksen jälkeen yrityksen perustaminen olisi hieman turvallisempaa.

PROJECT XAINTE; STARTING MY OWN BUSINESS

Räikkälä, Sini
Satakunta University of Applied Sciences
International Business Rauma
March 2012
Blue, Riitta
Number of pages: 53

Keywords: starting a new business, clothes, clothing stores, clothing brands, entrepreneurship.

The topic of this thesis was establishing an own online company. In the thesis were being studied matters, which are related to founding a company and entrepreneurship. In addition, the whole process of entrepreneurship was presented in the thesis. In the thesis there was also answered to research questions, such as; how to establish an online clothing company, how much does the company cost and how will I stand out from the other similar online companies.

The biggest reason why this thesis was made is the writer's personal interest on the subject and her own business idea, which she could fulfill in the future. The research method that was used in this thesis was action research. With the help of the action method was studied company's founding theory and was also examined the writer's own ideas for the company. Guides about entrepreneurship and founding a company can be found from Internet's entrepreneur-websites and from libraries.

This thesis made a great basis for founding a company. This thesis could be utilized, if the above-mentioned company will be founded in the future. The business idea was well outlined and the basics were fully introduced in this thesis. In theory the company could be established, but there are few matters that should be verified, so that the company would be surely profitable. After precise calculations and a wide marketing research founding of the company would be a bit safer.

TABLE OF CONTENTS

1	INTRODUCTION.....	5
1.1	Research method.....	7
1.2	Context of theory.....	7
2	BUSINESS IDEA.....	9
2.1	Own business idea.....	9
2.2	How to establish a company online.....	14
2.2.1	Company's vision and mission.....	15
2.2.2	Company's goals.....	16
2.2.3	Strategy of the company.....	17
2.3	Clothing brands in the online store.....	18
2.3.1	Tiger of Sweden.....	19
2.3.2	Berkeley.....	20
2.3.3	French Connection.....	21
3	COMPANY FORM.....	22
4	FINANCING PLAN.....	23
4.1	Own Capital.....	24
4.2	Borrowed Capital.....	25
4.2.1	Banks.....	26
4.2.2	Finance Companies.....	27
4.2.3	Starting Money.....	27
4.3	Financing plan for the company.....	28
5	MARKETS AND COMPETITORS.....	33
5.1	Customer Analysis.....	33
5.2	Competitor Analysis.....	36
5.3	Marketing of the Company.....	39
6	RISKS IN BUSINESS.....	41
6.1	Risk Management.....	42
6.2	SWOT-Analysis of the Company.....	44
7	SUMMARY AND CONCLUSION.....	46
	REFERENCES.....	49
	APPENDICES	

1 INTRODUCTION

Almost all the guides, on “how to start a business” and the websites that counsels entrepreneurs, start with a question “Do you have what it takes to be an entrepreneur?” The question might sound easy and some people know how to answer it without thinking it too much. They have known their whole life that they fit as an entrepreneur. Own conditions in the business, freedom and decision making power are important, and taking responsibility and risks does not scare them. Then there are others who cannot even think about taking that kind of a responsibility and risk. They know that they could not run their own company and be their own bosses. The question surely is not easy and it demands a lot of thinking and some research.

The reason why I chose this topic is that I have always wanted to have a company of my own, but I did not know what to sell. Few years ago I decided that the company I would found would be a clothing company. I have always liked clothes and I have also followed fashion a little. That is why I thought a clothing store would be close to my heart. I consider myself very entrepreneurial. I have the spirit to run a company of my own and I will not give up, even if things do not go well. I can handle the stress and I am also responsible in many things, for example money.

I decided to name the company as “Xainte”; it is a short name that is easy to remember. First I wanted the name to be Sante, but unfortunately there is a company called Sante, which sells nature cosmetics. If Xainte were written with S, then it would mean a saint in French. Now it is a very rare last name, which does not matter. I can still use it. Xainte is an exceptional name for a company and the name has luxury in it. It also differs a lot from the names of other companies.



Picture 1. Xainte-company's logo. (Susa Rääkkälä)

The purpose of my thesis is to get to know how to start a business and all the relative matters. What do I have to find out, what problems might show up, what should I look after and what kind of chances does the company have? The meaning is to convert the business idea into a realistic business plan that could be established after finding all the needed information. I will have three questions to which I will try to answer as best as I can:

- How to establish a company online?
- How much does the company cost?
- How will I stand out from other online clothing stores?

1.1 Research method

I chose action research as my research method. “There are four common action research themes within the literature. The first one focuses upon and emphasizes the purpose of the research: research in action rather than research about action. “The second relates to the involvement of practitioners in the research and, in particular, a collaborative democratic partnership between practitioners and researchers, be they academics, other practitioners or internal or external consultants. The third theme emphasizes the iterative nature of the process of diagnosing, planning, taking action and evaluating. The final theme suggests that action research should have implications beyond the immediate project; in other words, it must be clear that the results could inform other contexts.” (Saunders, Lewis & Thornhill, 2007) My action research method theme would be the third one. I have to diagnose, plan, take action and evaluate in my project. This research method is a good method, because it is used with projects, and my thesis is a project of starting a company of my own.

1.2 Context of theory

The theory will be written in the chapters of the thesis. As you can see from the figure 1, there is showed the process of starting a business. This is based on a chart of Raatikainen (2006) process of foundation. The chart divides the founding in eight parts. Every part is handled separately. In the introduction chapter I wrote about my own entrepreneur skills and the reason why I chose Xainte as the name of my company. In chapter 2. Business Idea, I will write about the business idea and all the things that relate to it, such as company’s visions, missions and goals. I will also write about the target customers, the contracts that will be made between the clothing suppliers and me and about the clothes and accessories I am going to sell. In chapter 3. Company form, I will make the decision on what company form will I choose for my company.

In chapter 4. Financing Plan, I will write about the financing of the company, there will be all the different financing possibilities. There will also be my decision for the financing and my company's budget and estimates of productiveness. I will also write in chapter 4, how to register the business, make application for prepayment register and how will I arrange the company's accounting in the future. In chapter 5. Markets and competitors I will make an analysis of my future customers and competitors, this way I will know how I can find the right customers. In chapter 6. Risk in business, I will write about the risks that entrepreneurship includes. Also I will make a SWOT-analysis of the strengths, weaknesses, opportunities and threats. Finally in chapter 8. Conclusion, I will write my conclusion of how to start a new business.

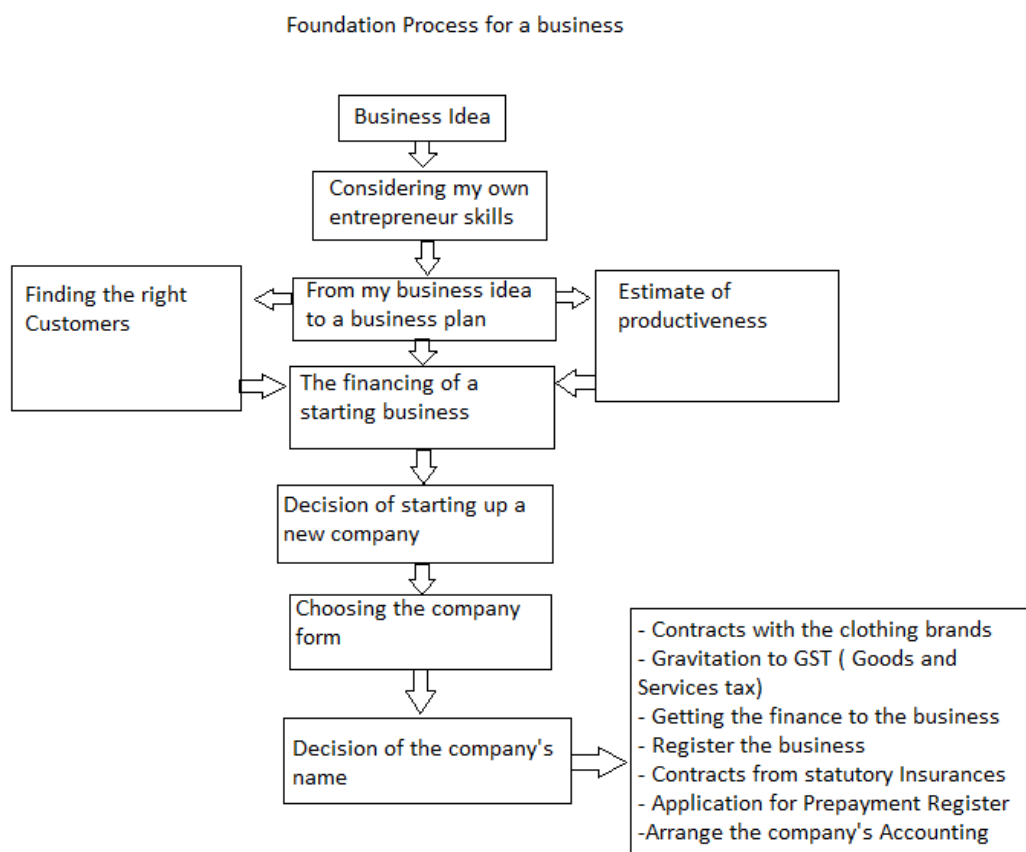


Figure 1. Foundation Process for a business. (Raatikainen, 2006)

2 BUSINESS IDEA

First you need to have a good idea and then you can start thinking of founding a company. A good business idea has a work opportunity that is interesting and challenging and you can also earn money by that. Pondering about the business idea will help to perceive the whole perspective of the own future company. This is really important when starting a new company; also it is very important to find out the requirements when starting a new business, for example usable assets and the sufficiency of know-how. (Raatikainen 2006, 38-39)

When the business idea is ready to be worked, a business plan should be made. The business idea should be well thought and planned. It should contain a perception of the product or service of the future company and it should also tell what the company has to offer for its customers. It would be good to consider the company's most important customers; the clients should be segmented already, this way the marketing will be done easily. Company image is also extremely important, if the company has a very bad image in the customer's eyes, the company is facing inevitable a bankruptcy. (Koski & Virtanen 2005.)

2.1 Own business idea

In this thesis, I am planning on establishing an online clothing store for women. There are lots of online clothing stores for women but I would stand out from them by having different kind of clothes than Finnish online companies usually have. Finnish people need clothes that are easy to use, stylish and long lasting. I want people to feel themselves sexy and well dressed.

Nowadays the clothes are disposable goods, people buy them and use them once or twice and then throw them away. I would sell long lasting fashion and the clothes would be made from durable material. Also the accessories would not be so characteristic so they would stay in fashion for a pretty long time.

I searched about 200 brands; my requirements for the clothing brands were that the clothes are elegant and good looking. The brands should also be from North Europe, because then I would know that the quality is good and the buying of these clothes would be a lot easier than for example from USA. The brands I would like to sell in my online clothing company are Tiger of Sweden, Berkeley, and French Connection (FCUK). These companies have pretty similar style of making clothes. The clothes are well done, long lasting and they have the style I am looking for which is feminine and expensive, but what people can still afford.

I sent e-mails to these brand companies and asked if it is possible to sell their clothes in my own online shop. All of them agreed on a contract and allowed me to mention them in my thesis, they also helped me with some questions I had. All of the contact persons were really helpful. I got the permission to use pictures of their clothes in this thesis and they gave me prices to the clothes I needed.

In the future I would ask them to make an offer of the clothes and then I would review it and try to get the prices a bit lower if they would be too high. After the prices have been settled then we could make a contract between my company and the supplier.

I sent e-mail also to a company called Pauw. Pauw was the only clothing company that refused the retailing. They informed me that they do export their products, but only to selected retailers who have a “real shop” (as opposed to “web shop”). Pauw is a clothing company from Netherlands. Their clothes are elegant, versatile and unfortunately very expensive. They have clothing stores in sixteen cities in Netherlands and also in the following cities: New York, London, Milan and Tokyo. Unfortunately, this brand is not sold yet in Finland.

I would not have an actual clothing store because then I would have to have a big stock and then I would have to spend a lot of money on the clothes. Also the place of the store would be important and if I would like to rent a place from the center of Turku it would cost thousands in a month. These are pretty much the biggest reasons for not having an actual store. By having an online clothing store I will reach all the people in Finland and abroad who have the Internet and who love clothes. This form of business is sometimes known by name: brick & mortar. This means that the business is done via Internet.

A company called Mastermark Ltd imports Berkeley to Finland and my contact there is Nina Irmola, vendor. Nina Irmola and me would converse on the products prices and after that we would make a contract of the products.

French Connection has clothes and accessories; and I am about to sell both of them. French Connection has an agent in Finland to whom I would make the pre orders of every collection. The agent's name is Leena Levänen. The pre orders have to be done six months before the new collection arrives to shops, this way I would make sure I would get the clothes I want in my collection.

A Finish distributor OY MOR.AL AB imports Tiger of Sweden to Finland. I would want to sell their clothes and accessories, because they fit so well to my collection. I contacted Mattias Karlsson, who informed me to take contact on Anni Taimisto. I sent an email to Anni Taimisto and asked her is it possible to sell their clothes in my clothing store and they agreed on this. In the future I would ask them to make an offer of the products and then I would review it and would try to get the prices a bit lower if the prices would be too high. After the prices would have been settled then we could make a contract.

I would choose a collection of clothes from their collections and order approximately five pieces of each size. This way my customers would get the clothes sooner. When my stock would decrease I would order more clothes, otherwise my customers would have to wait too long for the clothes they have ordered. The collection, which I would choose, would include shirts, trousers, skirts and dresses. If the online shop would become a success then I would increase my clothing stock. I would order 20 pieces/size instead of 5 pieces/size.

My target group is 20–50 year old women who want to have clothes that last for long. The women in my target group should also have the access to Internet, so they can order products from my online store. The brands I am selling are fine and elegant but affordable. The people that are in my target group know good fashion and have a good taste when it comes to clothes and accessories. Most of the clothes are classical clothes, for example little black dress, black blazer and black trousers. These kinds of clothes are usually seen on businesswomen, but nowadays any woman wears those classical black clothes with some colorful detail. Of course I will sell different kinds of clothes, they are not all classical black clothes, but owning even one classical garment helps women from many difficult clothing problems.

The people in my target group live basically in Finland but because my store is in the World Wide Web, some people from abroad can also see the websites of my store and order products. If someone orders from, for example USA then she would have to send her order and her contact information by email to me, so I can agree it and after that I would add the postage and handling charges in the invoice and send it to her by email. When I can see the deposit in my account I can send the order to the customer.

The clothes I am about to sell are leisure time-, party- and work clothes. The accessories fit to every occasion and there will be beautiful rings, bracelets and necklaces, which suit with party clothes. There will also be bags and knitted scarves to wear on leisure time. I am going to sell these clothes in an online clothing store. The customer can browse in the Website of Xainte and pick the clothes they like to the so-called shopping bag. When the customer is ready they go to Check Out, where they can order the clothes and fill in their personal details. I deliver the ordered clothes to the customer and they can try them at home. The customer can return those clothes they do not want to keep within 14 days.

The customer pays their orders by credit card or by online banking service. This way I will not get any losses. If I use invoices, some customers might not pay the invoice, then I would have a lot of losses. Later on, if the business is starting to go well, I might consider taking some customers as account customers. They would have a credit to for example 300 Euros and they could order clothes and accessories up to 300€, after few weeks I would send an invoice to them and they would pay it. If the amount would be over that 300€, for example 450€, then the rest (150€) would have to be paid by cash on delivery (C.O.D).

2.2 How to establish a company online

A big part of business happens on the Internet nowadays, that is why I think it is very rational to found a company online. Founding an online company is more inexpensive than starting any other kind of a company, because you do not need business premises, all the work can be made at home or in an office. All you need is great business plan and good and clear websites. Although all of this sounds good, making an online entrepreneurship successful takes hard work, skillful website creator and good web host and domain registrar. My sister Susa Räikkälä would make my company's websites. She already made a design of the future homepage of Xainte, which can be found from the appendixes.

Kirahvi-Domainit Oy is one of the web hosts in Finland they offer all the needed domain services in one place. If I would order a web hotel package for 3 years I would pay for it 8.44 € / month (303.75 € / 3 years). The package would contain individual domain, 5 e-mail boxes, 1 Gt of space on the website, the control of the websites by File Transfer Protocol and 1 MySQL-database. The individual domain can be www.xainte.com; I checked that xainte.com domain is not in use. With the help of Kirahvi-Domainit Oy I can get my company's websites in the Internet.

At first, I would run the business alone. I would pay to my sister Susa Räikkälä to design and make the websites, but otherwise I would do all the work by myself. Later on if the company becomes successful I would hire one or two persons to help me with the business.

2.2.1 Company's vision and mission

Mission consists from three components: vision, values and business idea. With vision the company defines what kind of a business does the company want to be in the future. A good vision is clear and simple. The company's goals aim at that the vision will come true. For example, the extent of the business, growth, business image, competition situation, the advantages of competition or the relationships of interest groups can also be defined on the vision. (Opetushallitus websites 2011)

The second component that belongs to company's mission is values, which are the principles that guide the company line. Values are very important in business life. Actions against the company's value should not be accepted in the company's strategy. The values mean everything to the company. Many retailers want to get a lot of profit but they do not care where their clothes come from. The retail should know where the clothes are from. If a client asks the origin of the clothes I am selling, I would have to give the answer immediately, because if I do not know, it would make me look bad as a retailer. It would mean that I have no clue where the clothes are made. It is easier to the entrepreneur to be ethical if the company has good values.

The third component that belongs to a company's mission is the business plan. Business plan express the meaning of a company, and if it is done well it will guide the company for the whole time the company is running. It should be broad enough, so that the company would not be limited, but still it would guide the company on its path. (Opetushallitus www-pages 2010)

The mission of my own company is to get people excited from new kinds of beautiful clothes. The vision of my company is to be in the top 5 of online clothing companies in 5 years. I want people to think of "Xainte" websites when they want elegant but still versatile clothes that can be ordered in Finland. The values of my company are to be an honest and ethical company, which will respect its customers.

2.2.2 Company's goals

Strategic goals should be set to the different sectors of the company. A functional division of the goals would be:

- Economical goals: *profitability*. (How much does the company make profit according to the revenue or invested capital) and *financial solidity*. (How much does the company have debt according to own capital or revenue)
- External effectiveness: The relationship with the customers, suppliers and other interest groups
- Internal effectiveness: *Quality* (The products quality level) and *turnover* (For example how long does the raw material and the finished goods stay in the warehouse; how fast does the customers pay their invoices) (Opetushallitus www-pages 2010)

My company would include all of the above as goals. The company should always have goals for profitability, how to make more profit and how to pay the company's debts away. This company should provide me livelihood, so that I do not have to have another job at the same time. That is why my main goal is to get my business profitable. The first years of the company are usually very tough and it is almost impossible to get good revenue, but by being strong and determined the business might get good revenue even from the first financial year. My calculations about the profitability will be in chapter 4.4 Financing plan for my company.

The company's relationships with the customers and suppliers are extremely important. If you have bad relationship with the supplier, they might get the prices more expensive or they might stop the cooperation with you. Bad relationship with customers might also ruin the company; nobody will buy clothes from someone they dislike. By having a good company image and good relationships with everyone, the company will keep the business going for a long time.

The quality of the clothes is also crucial because the clothes that I would sell should last for a long time and are used in many different events. The clothes cannot brake down when they are worn for the first couple of times. The rotational speed for my company's stock should be fast. I cannot calculate it now because I do not know how many products I would sell in the future. I would not have a big stock and with the quality products that I would be selling, the rotational speed of the stock should be fast. However, if the goods would not rotate fast enough I would have to organize a sale. Some of the products would have to be discounted with some percent, for example with a 15 % discount. The discount should be calculated in that ways that I would still get a good contribution margin from the products. This way I would get the stock rotation speed better. My customers would pay at the same time as they order by credit card or with an online banking service. This way I should not have to send invoices and I would not get any unnecessary losses.

2.2.3 Strategy of the company

The meaning of the company's strategy is to make plans for long periods so that the company's profitability and continuation are secured. For small companies the plans for long period are usually for two years. The strategy is in a way the company's road from present to future. It answers the question where the company is going and how. When the company's strategy is defined the main notice should focus on the future of the company and to things and actions, which would be essentially related to the company's survival and success. The main elements of the company's strategy are the definition of company's present state and environment, the future goals of the company and the actions of the company to reach the goals. (Opetushallitus website 2011)

The strategy plan of my online clothing store is to market and advertise my company as much as possible. With a strong marketing plan, would be easy to accomplish a good foothold beside the other online clothing stores. Also with the good knowing of the customer base, this way the customer service can be more personal. The starting point of the strategy plan is to get enough visibility and recognizability for the new company. The people should get a positive image of the company and be interested in visiting the websites. After that the good company image maintains with good service and interesting products. This way the customers visit again and again my company's website.

If I want to follow the development of my company, I would have to follow the economy statistics. Revenue is the best-known and most followed meter of the extent of business. Its change represents increasing or decreasing of action. In the development of the company's revenue the entrepreneur must also take in to consideration the inflation and the general increase of the industry with calculations and following the revenue, I would know all the time how well my business is doing and where I would be standing when compared to the other online clothing stores. (Enterprise Finland website 2011)

2.3 Clothing brands in the online store

I would sell three different clothing brands in my online store. Two of these brands (Tiger of Sweden and French Connection) have clothes and accessories and one (Berkeley) has just clothes. Below are introductions of these clothing brands. I would sell in my online store clothes for several occasions. In my collection I would have skirts and dresses, trousers and jeans, shirts and blouses and also blazers and jackets. I would also sell accessories. The accessories would fit to daily life and also to parties. I would have rings, necklaces, earrings, bracelets, scarves, sunglasses, belts, beanies, gloves, hats, stockings, belts, watches and bags in my collection.

2.3.1 Tiger of Sweden

Marcus Schwartzman and Hjalmar Nordström established Tiger of Sweden in 1903 in Uddevalla. First they made only tailored suits to men, but later on they started making ready to wear clothes for men and women. In 2003 Tiger of Sweden was sold to a Danish company called IC Company. Nowadays Tiger of Sweden is one of the most popular clothing brands and it is sold across Europe and in Canada. Their line of products includes clothes, shoes, accessories and eyeglasses. (Website of Tiger of Sweden, 2011)

Tiger of Sweden works in close collaboration with the best fabric mills, developing its own fabric designs to create the brand's uniqueness. Combining materials with a clean cut based on craftsmanship creates the unique and beloved Tiger fit, whether it is a suit, blazer or a pair of jeans. (Website of Tiger of Sweden, 2011)

"Tiger of Sweden breathes "a different cut" - a symbol for a different mindset that implies a constant on-going development, both design-wise and intellectually. The unexpected combinations of silhouette, cuts, materials and details have given the brand its unique position." (IC Company's websites) Tiger of Sweden is worn by, among others, rock bands such as The Hives, Mando Diao, Kaiser Chiefs and a Finnish model Emma Saarnio. (Website of Tiger of Sweden, 2011)

I chose this brand because the clothes of Tiger of Sweden are easy to use and they fit to every occasion. They make functional accessories and great clothes that have stylish cuts. Tiger of Sweden's accessories are, for example, shoes, bags, belts, sunglasses, et cetera. I have decided that I would sell some of these accessory types; which would be bags, belts and sunglasses. The clothes and accessories of Tiger of Sweden are affordable but still look expensive. This brand fits great to my target group since the clothes are elegant, classic and fit almost every occasion, but still they are affordable. This brand matches well with the other clothing brands because all of them are made similar way and the clothes of these three brands look expensive but are affordable. This brand is also sold in companies called Stockmann and Tiger of Sweden Concept Store in Finland.

2.3.2 Berkeley

Berkeley is a clothing company from Sweden, they make clothes for women and men, but I am going to sell only women's clothes. The Berkeley's clothes are classic, time-honored designs with a discreet contemporary flair. They are made from quality materials and with an exceptional attention to details. Whatever your passion is, at work or leisure, Berkeley clothes and accessories always add an inspiring dimension. (Berkeley's website)

I chose this brand because their clothes are a bit different than Tiger of Sweden's and French Connections and they would bring a fresh breeze on the collection that I would have. The quality of these clothes material is extremely good. The outdoor clothing's are made from Gore-Tex® fabric and Wind Stopper® fabric, which are extremely long-lasting fabrics. My target group's ladies would love these clothes because of Berkeley's classic and multifunctional line of style.



Picture 2. The shirt is a Noyack Bay shirt and it is from Berkeley's spring/summer collection 2012. (Website of Berkeley, 2012)

2.3.3 French Connection

Stephen Marks founded French Connection in 1972. The brand was set out to create well-designed fashionable clothes that appealed to a broad market. French Connection offers fashion-forward clothing in affordable prices and with high quality. Over the recent years French Connection has expanded their range from clothes to new great areas, such as men's and women's toiletries, eyeglasses and sunglasses, shoes and watches. The strength of the brand is the balancing of new and exciting ideas with the basic promise of quality and affordability. These principals were made when the company was founded. French Connection has three different brand names: French Connection, FCUK (French Connection United Kingdom) and FC: kids. FCUK is the most well known brand from these three. (Website of French Connection 2011)



Picture 3. This Dashing Dupe Dress is from French Connections Summer 2011 collection. (Website of French Connection, 2011)

FCUK's brand identity is sexy, stylish and has attitude. These are pretty much all the reasons why I chose this brand. The clothes of French Connection are well made, classic and fit to almost every occasion. They have leisure time clothes, party clothes and working clothes. The working clothes suit to many office workers and women who work in business world. The accessories of French Connection are functional and showy. They have many types of accessories; they have scarves, beanies, gloves, hats, bracelets, necklaces, earrings, rings, stockings, belts, bags, watches, et cetera. I decided that I would sell all of the accessory types that French Connection offers.

3 COMPANY FORM

Choosing the right company form is extremely important. After choosing the company form, I must make sure that my company will be a success. If that company form is not the best, I can change it to something else, even though the changing process is difficult. That is why choosing the best company form, that fits to the entrepreneur individually, is extremely important in the beginning. (Raatikainen 2006, 69)

If person starts the company alone the only possible company forms are sole trader and limited company. All the other company forms need more than one person to found. It would be possible to start a limited partnership if the other person would invest on the company as a silent partner. When working as a sole trader the entrepreneur has to make a notification to the Trade Register so that company can function. The entrepreneur has to also enroll as value added taxpayer and acquire employee pension insurance. (Website of Infopankki, 2005)

When choosing between limited company and sole trader, must be considered at least how much the company needs capital and how many employees there is. Also should be considered that is it possible to sell the company someday. In a book called "Liikeideasta Liikkeelle" is mentioned that sole trader is a company form that cannot be directly transferred to someone else, which means that the company cannot be sold as it stands. Although it cannot be sold easily it is still easy and simple way to start a business. (Raatikainen 2006, 69)

Founding a limited company the entrepreneur needs to have 2500 euros of capital (Laki24 2011). When working as a sole trader the entrepreneur is account to alone with the person's whole assets to the business and in limited company the person would be responsible of only the money the entrepreneur has invested. In practice, this does not matter, because if the entrepreneur establishes the limited company alone, he still would have to commit his other assets to company loans and debts. (Gaebler websites, 2011)

I have decided to choose a sole trader as my company form. I could consider changing the company's form in to a Limited Company later, if the company would become profitable and the turnover would start to grow. I have already permissions of selling these three clothing brands as a sole trader so that cannot be a problem. Also changing the company form later in to a Limited Company, should not make any problems between my supplier and me. So now I would choose the sole trader, because it would be much simpler and easier way to establish a company.

4 FINANCING PLAN

The meaning of making a financing plan is to find out how much money the company needs and where can it be acquired. It would be also good to find out what kind of a capital structure the company needs, in other words, what would be the hoped rate of the owned and borrowed capital. (Reuvid 2007, 62-67)

Any company of any size requires capital, and it is unrealistic for any entrepreneurs to expect others to provide funding for their new venture if they are not prepared to do so themselves. Proprietors' capital is important not just from a pure balance sheet perspective, but also because it demonstrates to others that the founders believe strongly in their own chance of success and are prepared to "put their money where their mouth is". (Reuvid 2007, 62-67)

The finance of the company should be bullet proofed, so that the company would success in its action. In the beginning, the company needs money to different investments, such as business premises, computers, computer programs and Internet. In addition to that, the company needs money as a working capital, for example acquiring goods and a stock for the goods. Money is also needed in sales and marketing expenses. When establishing a company, it will have mainly expenses and the possible revenue comes later on. The risk is that the entrepreneur underestimates the costs and overestimates the income. That is why it is crucial to have a carefully made financing plan. (Reuvid 2007, 62-67)

After the amount of money needed in financing is solved, the entrepreneur must find out what kind of money sources there is to apply. Financing forms to entrepreneurship are income finance and principal finance; in addition to these it is possible for the company to receive benefits and supports. Income financing means the daily income of the company, which has been subtracting the expenses, of course in the beginning of the entrepreneurship the company does not have income financing yet. In the beginning of the entrepreneurship all the funding is based on capital financing and possible benefits. The capital finance can be own or borrowed capital. (Website of Opetushallitus 2011)

4.1 Own Capital

Entrepreneur's equity is what they have invested as a capital finance or the money he has invested on the company shares in the beginning of the entrepreneurship, the used money can be, for example, savings. Also according to law, people who have invested their own capital on a company, they are the owners of the company. In small companies, usually the person, who has invested their equity, is also the manager of the company, whereas in bigger companies the management and owners are diverged. The equity invested in the company does not have a reimbursement day and it does not have any determinate meaning, unlike with borrowed capital. (Sutinen & Viklund 2005, 99-102)

Now that the times are unstable and the environment is also risky it is very important that the company's capital structure is as strong as possible. The amount of the entrepreneur's equity stays big according to borrowed capital. With the equity, the entrepreneur can cover against some setbacks, for example recession or the decrease of demand. Companies that have strong capital structure endure losses better than companies with great debts. Borrowed capital is also hard to get if the company does not have any equity. Lenders follow company's capital structure and they will grant loans only if the capital structure is in order. (Sutinen & Viklund, 2005, 99-102)

4.2 Borrowed Capital

When company has borrowed money it means that the company has a loan or loans. Borrowed capital can be divided in short-termed and long-termed capital. The differences between short-term and long-term loans are the term of notice and repayment period. Short-term loan is usually paid back under a year. Purchases on account, banks checking accounts, import and export credits and bill of exchanges can be categorize in short-term loans. As for long-term loans are bank loans, credit from insurance companies and loans from other finance companies. (Sutinen & Viklund 2005, 103-106)

If the entrepreneur has the possibility to get a higher income with borrowed capital than by using just own capital, then borrowed capital is justified to use. Expand of the entrepreneurship and the profits are mostly depending on the borrowed money. There can be differences on the "price" of the borrowed capital. Usually it is rated on the basis of client relationship, because the financier or the investor has his or her own profit demand on the loan. Usually the price of the borrowed capital is expressed as an interest. The bigger the amount of borrowed capital is, the more effective and cheaper the financing would generally be. (Sutinen & Viklund 2005, 103-106)

The company's finance is good when it has enough own capital. The long-term invests and the working capital of the company has been secured with long-term loans and short-term loans are used only in short-term needs. The company's amount of indebtedness should not cross the industry's average ranks. (Sutinen & Viklund 2005, 103-106)

4.2.1 Banks

Companies can get borrowed capital from banks as bill of exchange, credit accounts and loans. A bill of exchange is a negotiable instrument governed by detailed legislation in most countries and used for extending credit to a buyer, which also gives the seller security. The buyer, who is called the "acceptor", usually accepts this document. The acceptance is written on the Bill of Exchange by stating, "accepted". By accepting the draft, the acceptor has undertaken to pay the bill of exchange amount at its maturity. The legal structure of a bill of exchange is similar to that of a cheque, but a cheque must be drawn on a bank and is payable upon presentation to that bank. The bill of exchange is not used as often today. (Website of The Benche, 2011)

Banks have granted ultimately the greater part of the borrowed capital of small and medium sized businesses. Bank loans are mainly used finance the company's invests and the repayment time for the loans is usually several years. The terms of the loan are always negotiated individually between the entrepreneur, bank and possibly with other party. Other parties are needed if, for example the loan has an external warrantor such as Finnvera. There are few things that affect on the entrepreneurs negotiation state and for the terms of the loan. For example, how big loan the entrepreneur needs, for what period of time the loan is placed, and what kind of profitability does the business plan have. What kind of background does the entrepreneur have, affects on the loans terms too. If the company has strong assurances for a loan, they should put out to tender the loan to different banks. (Sutinen & Viklund 2005)

4.2.2 Finance Companies

Finance companies usually are part of bank concerns, but they are separate companies that offer finance conclusions that differ from traditional banking business. Finance companies services are mostly offered to companies and entrepreneurs. They operate outside of the banking legislation, so they do not have to obey the warranty demands and tight restrictions. Finance inspection will oversee the actions of finance companies. (Sutinen & Viklund 2005, 111-113)

The finance companies grow continuously. The most popular forms of financing that finance companies provide are leasing and factoring finance. Leasing finance is based on renting production equipments for a long period of time such as machines and cars. Finance company will rent to their customer equipment they have bought. Finance company usually demands one-year contract from the company, so it will not fit for new companies as a finance form. In factoring finance the finance company gives credit to a company in exchange for its sales receivables. (Sutinen & Viklund 2005, 111-113)

4.2.3 Starting Money

An entrepreneur can apply start money, which would secure the entrepreneurs living at the time when the entrepreneurship is started and stabilized. To receive start money you have to be either an unemployed jobseeker or a person switching from paid labour, student or from housework to become a fulltime entrepreneur. The employment agency will find out is entrepreneurship the best employment option for the applicant, before granting the start money. The applicant should also have previous work experience as an entrepreneur or some kind of an education about entrepreneurship. Other requirements to receive start money are for example the possibilities for profitable actions of the company and the necessity of the start money from the point of view of entrepreneurs living. (Työ- ja elinkeinotoimisto www-pages 2011)

Start money contains basic support and an accessory part. The basic support is about 25,74/day (2011), but the accessory part changes in consideration of the employment office case by case. However, the accessory part can be at most 60% of the amount of basic support. The entrepreneur can apply start money with a form that can get from the employment office. In the form should transpire for example company's strategy and financing plan. After that the employment office makes their decision on granting the start money. In the decision has been taken into consideration also the company competition on the industry and the demand of the company in the district. The application for starting money functions only in Finland. No other country has this kind of funding. (Työ- ja elinkeinotoimisto 2011, Starttiraha)

4.3 Financing plan for the company

The easiest way to start making a financing plan for the company is to make a profitability calculation. The main point of profitability calculation is to get a realistic estimate of the company's income according to expenses. In other words, calculations aim is to find out what is the sales minimum in a year so that it will cover daily expenses and the living of the entrepreneur. Profitability calculation is introduced in this thesis very roughly and it fits on the company's foundation point. Later on, there should be accurate calculations to control entrepreneurship and the cash flow should be followed in small periods of time. (Sutinen & Viklund 2005)

Because my company will be a retail company, its capital would be engaged to the clothes and accessories that belong to the company's stock. The company's business plan is based on that the store has clothes on stock, which will be sold. The company's stock consists mostly of clothes (shirts, skirts and trousers) and also accessories (clocks, bags and jewellery).

Sales stock is collected in table 1. There can be seen the marginal profit percent. Some clothes and accessories are more worth than others, so the profit percent would change with the clothes. To help calculating the profit percent I have divided the clothes and accessories into two-price range. The two ranges are divided by the price of the products and the prices are not fully accurate because of the wide range of prices of the products. The accessories contain jewels, clocks, bags and scarves.

Table 1. Sale stock.

		Sales price	Purchase price	Sales margin	Profit Percent
Clothes	Price range 1	Around 158,65€	Around 95€	63,63€/pcs	67%
	Price range 2	Around 68,80€	Around 43€	25, 80€/pcs	60%
Accessories	Price range 1	Around 121,50€	Around 75€	46,5€/pcs	62%
	Price range 2	Around 12,60€	Around 7,75€	4.88€/pcs	63%

I assume that the clothes sales part will be 65 % of all sales and the accessories will be 35 %. All in all the average gross profit percent can be assumed to be 63 %. To know does the company function profitability, I must calculate the start investments and the company's monthly need of working capital. All the necessary purchases in founding a company are calculated in the start investments. The start investments are in a table 2 and the need of working capital in a month is on a table 3.

Table 2. Start investments

Investments		Euros (€)
Office/stock	Furniture (tables, shelves etc.)	800
	Fixing up the office	200
	Rent deposit	1 000
Machines and equipments	Computer and a printer	600
	Software	300
Company's starting expenses	Registration	75
Marketing	Name badge	140
	Internet marketing	1 400
	Business cards (1000 pieces)	50
	Commercials in magazines	10 790
Stock at start		22 500
Investments together		37 865

Table 3. Working capital

The demand of working capital/month	Euros (€)
Rent	300
Cell phone and a telephone subscription	50
Marketing expenses	1 000
Book keeping	200
Internet	35
Insurances	400
Stock	2 500
Salary evaluation	1 000
Total Working Capital/month	5 485

Investments and other expenses are evaluated by researching the prices of the products and services on the market. Table's prices are mean prices. The rent expenses are calculated of an office that is located in Turku. (Website of Oikotie.fi) The demand of borrowed capital in founding can be calculated based on the investments and working capital. The demand of borrowed capital is calculated in table 4. There has been noted reserve of working capital for first three months and entrepreneurs invested equity of 7000 euros. The calculation also contains an excess cost reserve; it is 30% of the investments.

Table 4. The need of external financing

Instalment of investment	Euros
Entrepreneurs own equity	+7 000
The need of investment	-37 865
Working capital reserve (3 months)	-16,455
Excess cost reserve	-11 359,50
The need of external financing	-58 679,50

So the company needs about 60 000 euros of external financing. I will apply for a bank loan and aim to pay it back in 7 years. When the loan is divided in 7 years and the interest rate is 3%, the monthly payment will be 787€. (Website of Osuuspankki) I will also apply for the starting money from employment office, but that has not been taken into account in these calculations. The next step in profitability calculating is to calculate the minimum need of sale per year. The calculations are on table 5.

Table 5. The minimum need of sales

The minimum need of sales per year	Euros
The repayments (about 15% of the loan)	9 000
The interest rates (3 % of the loan)	1 800
The solid expenses of the action (12 months x working capital)	65 820
The need of gross profit	76 620

To cover the expenditures the company would need gross profit about 77 000 euros in a year. From this amount I can calculate the annual need of sales with the help of gross profit percent. I have defined the gross profit percent earlier and it would be 63%.

The annual need of sales = the need of gross profit / (gross profit percent / 100 %)

$$76\,620 / (63\% / 100\%) = 121\,620 \text{ €}$$

So as you can see the annual need of sales would be 121 620 euros plus value added tax. Now I can calculate the needed sale amounts per month (10 135 €+ value added tax) and per day (338 €+ value added tax). That should not be too difficult to accomplish.

The accurate annual need of sales can be estimated by counting the average amount of sales. Let us assume that the average amount of money that one customer spends in my online store would be 100€ and there would be 4 customers per day. Because my company is an online store it would be open 24 hours a day, so during one week I would make 2 800€ and in a year my sales would be 145 600€. This is a bit more than I would need as an annual sale. The customer amounts and the amount of money they would spend are still moderate and possible to achieve, so this way the company could be profitable.

5 MARKETS AND COMPETITORS

The starting point of entrepreneurship is of course a good business idea but also that the company will have enough customers. The products and services have to cause enough demand so that the company can fully function. During the planning period it is good to analyze and categorize the possible customers and competitors of the company. (Raatikainen 2006)

5.1 Customer Analysis

Customer analysis is the process of determining customer segmentation, value, purchasing behaviour and motivation in order to better target marketing and increase sales. To achieve that, the company must:

- Identify its target customers
- Convey the needs of these customers
- Show how its products and services satisfy these needs

Once the plan has clearly identified and defined the company's target customers, it is necessary to explain the demographics of these customers. Questions to be answered include.

- How many potential customers fit the given definition and is this customer base growing or decreasing?
- What is the average revenues/income of these customers?
- Where these customers are geographically located?

The business plan must detail the drivers of customer decision-making. Sample questions to answer include:

- Do customers find price to be more important than the quality of the product or service?
- Are customers looking for the highest level of reliability, or will they have their own support and just seek a basic level of service?

The difficulty of customer analysis is that all customers are not created equal. Companies have some customers who are worth their weight in gold. They buy frequently and spend a lot. They are a pleasure to deal with: no returns, no complaints, and no hassles. They also have customers who make life miserable. They inundate customer service centers with calls and constantly return merchandise. They buy infrequently and are happy to take their business to a competitor if it means they can save a dollar. (Websites of growththink, 2012)

Description of a typical customer:

The customer who would visit my online store would be interested in clothes and accessories and likes fashion. The customer would also appreciate good quality in clothes and in accessories and functional websites. Age and education does not matter. Although I have narrowed the age in 20-50 years, it does not mean that younger than 20 and older than 50 could not order. They are just the minority part of my customers. I can roughly divide the customers in to two groups: Young adults who search for a bit sophisticated look and casual outfits and then the women who are between 30-50 who want to look sophisticated and good.

How do I reach these customers? What kind of advertising influences them? The advertisement should be made that way that both of the customer groups find it interesting. The customers of the first group would be interested of the products country of origin, quality and the possibility to order almost anything. To the other customers I would have to advertise besides the clothing selection also the possibility for help and counseling by e-mail and telephone. The advertising should be voluminous and visually pretentious but not too provocative and tacky. I would also want to show in my advertisements that my products are ethical and long lasting.

There is 2,6 million women in Finland, so I would have about 2,6 million potential customers. Of course that 2,6 million contains all the children and elders, but if I calculate roughly, I would have about 2 million potential customers. I added few thousand men in my calculations because some men buy clothes for their women or for themselves. This customer base is both growing and decreasing. It depends on the situation of economy, age and the mood of the customer. For example, if Finland would be in recession the customers would not have any extra money and they would not buy clothes just for fun. People will also get old and might not be that interested in this kind of fashion, but this has also a positive side the children grows to young adults and start to get interested in fashion and clothes. Clothes are goods that people always need more and what would be better than shop clothes when you are feeling blue. I think my customers would care more about the quality than the products price. I cannot deny that the price of the product would not influence on the purchase decision, but I hope that the quality of the product would impact more than the price.

The clothes that I would sell are a bit expensive but still affordable. Some customers, who would visit my web shop, would buy a lot of clothes and accessories at the same time and then some customers visit my web shop so that they will buy only that particular product they had planned. So I would say that the average income what I would get from my customers would be about 100€. My customers live all around Finland, because at first I would advertise only in Finland. Of course people from abroad could find my websites and order clothes, but then the postal charges would be a lot more expensive. Later on if my business profits well I might expand my business to abroad.

5.2 Competitor Analysis

After I have recognized the future customers I have to recognize and analyse the future competitors. All the companies that work at the same industry and market area are competitors. Competitor analysis helps to perceive the market situation and consider where the own company will be placed on a competition. (Raatikainen 2006, 91)

My company's competitor analysis:

My competitors in Finland are all online clothing stores, for example H&M, Bubble-room, Nelly and Ellos. All of them sell women's clothing and they offer clothes to the same target group as I do. They sell to other target groups as well but mainly they sell to women at the age of 20-50. They all are very tough competitors and I have to work hard that my company would be in top five with these four companies in the future. I have made a list of the strengths and weaknesses of my toughest competitors in figure 2.

The competition between all the online clothing stores would grow in the future. The stores divide into two different groups: there are stores that sell plenty and with great sales and then there are the stores that invest more on the quality and customer service. I want to guide my store to the last group; I would invest on the quality, customer service and fashionable image. Although I would have a lot of competitors in this industry, I think every store has concentrated on their own brands that they are selling. Every store has their own ways to combine clothes and accessorize outfits.

Some online clothing stores have brands of their own for example H&M has a brand called Divided, which is directed to teenagers and young adults at the ages between 13-24 and then there is a brand called H&M+, which is directed to women who are bigger sized (sizes 44-54). These different brand collections are great and hopefully one day I would have brands of my own that I can sell in my online clothing store, but in the beginning of my career I would sell clothing brands that are already well known.

The way I would stand out from the other online companies is elegance and quality. The clothes I would sell are sophisticated and long lasting. The fabrics are good material and will last even a rough use. Some of the Berkeley's clothes are made from Gore-Tex®-fabric, which is really durable. Tiger of Sweden and French Connection use also fabrics that are lasting.

Nowadays clothes are made to last only a short period of time. After wearing the garment only few times it wears out and after few years the clothes are no longer in fashion. Most of the clothing stores in Finland are selling clothes that can be found in Sunny Beach or from Florence, Alabama. The style is similar all around the world, the fabrics are cheap and the work has been outsourced to the third world countries.

Figure 2. Competitor analysis

Company	Strengths	Weaknesses
H&M	Established status all around the world. Well-known. Wide range of clothes and accessories. Own clothing brands. Good sales and quick customer service.	Wide range of clothes and accessories. Websites are sometimes complicated. Pictures have been photo shopped and has major quality issues.
Bubbleroom	Wide range of clothes, accessories and different brands. Good pictures and website is easy to use. Growing customer base.	Pretty new in Finland therefore it is not so known yet.
Nelly	Good offers. Wide range of clothes, accessories and shoes. Offers also men's clothing. Good pictures. Growing customer base.	Pretty new in Finland therefore it is not so known yet. A bit complicated websites.
Ellos	Well-known in Finland. Wide range of clothes and accessories. Different brands, shoes and domestic appliances. Has few own clothing brands, good sales.	Sends too often advertisements to customers.

5.3 Marketing of the Company

Marketing is an extremely important part of entrepreneurship, especially when the company is just starting to do business. The point in marketing is to add visibility of the company and its products, and to wake customers' interest towards the company so that they will buy something. The style of advertising has to fit on the company image and it is good if marketing gives a realistic picture from the business. This way the customer will not get disappointed on the company. A beginner in the business should invest in marketing, because in the beginning it is very important that the new company is brought up and to customers' awareness. The entrepreneur should prepare to invest significant amount of money on the marketing expenses, so that the advertising would be visible enough. If the marketing does its job the entrepreneur will get the invested money back as a good sale. The problem in many starting companies is that they do not invest enough money on the marketing. The entrepreneur should use enough time and maybe also the help of an advertising agency when planning the company's marketing. (Raatikainen 2006, 94)

The potential customers and marketing budget has to be taken into consideration when planning the company's marketing. Based on the previous information, the entrepreneur can plan what would be the wisest way to execute marketing. There are several different marketing actions. The starting point is marketing communication, where direct advertising has been included, such as brochures and catalogues, advertising in magazines, on television and radio. One of the main things is to show around the company's name and logo as much as possible. It is also important to have the company information's in all forms and document papers such as order confirmations, invoices, business cards and envelopes. (Raatikainen 2006, 94.)

Own company's marketing plan

A new online clothing company has to invest a lot of money on marketing. The best way to get customer's interest is to use direct advertising. I would market on Internet, magazines and later on I could make an advertisement on television. Internet is nowadays a great way to market your own company, especially Facebook advertising. It is cheaper to advertise on Facebook than for example on Google. When advertising in Facebook, I can decide by myself would I advertise with cost per click (CPC) or with cost per thousand impressions (CPM) The CPC means that I would pay for thousand clicks. So I would have my advertisement on Facebook and when my advertisement has been clicked for thousand times it would disappear from Facebook, until I would pay more clicks. The CPM means that the advertisement would be visible on Facebook for thousand times. Then I can decide the amount of money I would want to use in it. By choosing cost per thousand impressions (CPM) I can choose the amount I would be willing to pay of thousand impressions. If I would choose 0,24€/1000 impressions, I would market my company in a very low price. Also if I would choose 100 000 impressions, I would pay about 20€. So even if one person would buy something from my online store, because of my advertisement, I would get my money back. (Website of Internetmarkkinointi.fi)

I would also advertise in magazines and the best magazines are Cosmopolitan, Elle and Gloria-magazines. All of these magazines are concentrated on fashion, beauty and people. With the amount of 10 790 euros, I would get a half page advertisement on all of the three the magazines. Later on I would advertise once in two months in one of the magazines. I would also send advertisement letters to people's home, where every new customer gets a 15% discount from one product what they would buy. I have calculated these expenses on the monthly marketing expenses. Later on, I might make an advertisement on television. Channels Sub, Ava and Nelonen are the best marketing channels in Finland.

In the beginning I would print stickers where is company's information and logo and add them to envelopes and the invoices. Also I could print myself all the different document papers. Maybe later on, when business would do well, I could ask for offers for printed envelopes and other document papers. The business cards are extremely important and those would be good to order in the beginning. Every time the entrepreneur meets a new customer or a retailer, they swap business cards. This way networking happens between companies and people.

6 RISKS IN BUSINESS

The risks are biggest when the company is being founded. The company does not have any history, so it does not have any prior knowledge of how fast the products will be sold or how the customers react to a new clothing store. New companies make more mistakes than the companies that have achieved their own stable status in the industry. (Strang 2000, 30-33)

The main categories of risk to consider are:

- Strategic, for example a competitor coming on the market.
- Compliance, for example responding to the introduction of new health and safety legislation.
- Financial, for example non-payment by a customer or increased interest charges on a business loan.
- Operational, for example the breakdown or theft of key equipment.

These categories are not rigid and some parts of your business may fall into more than one category. The risks attached to data protection, for example, could be considered when reviewing both your operations and your business' compliance. (Website of Business Link)

Other risks include:

- Environmental risks, including natural disasters.
- Employee risk management, such as maintaining sufficient staff numbers and covers, employee safety and up-to-date skills.
- Political and economic instability in any foreign markets you export goods to.
- Health and safety risks.
- Commercial risks, including the failure of key suppliers or customers

(Websites of Business Link)

6.1 Risk Management

Risk management is a central part of any organization's strategic management. It is the process whereby organizations methodically address the risks attaching to their activities with the goal of achieving sustained benefit within each activity and across the portfolio of all activities. (Institute of Risk Management, 2002)

Risk Management is increasingly recognized as being concerned with both positive and negative aspects of risk. Therefore this standard considers risk from both perspectives. In the safety field, it is generally recognized that consequences are only negative and therefore the management of safety risk is focused on prevention and mitigation of harm. (Institute of Risk Management, 2002)

The risks facing an organization and its operations can result from factors both external and internal to the organization. The diagram below summarises examples of key risks in these areas and shows that some specific risks can have both external and internal drivers and therefore overlap the two areas. They can be categorised further into types of risk such as strategic, financial, operational, hazard, etc. (Institute of Risk Management, 2002)

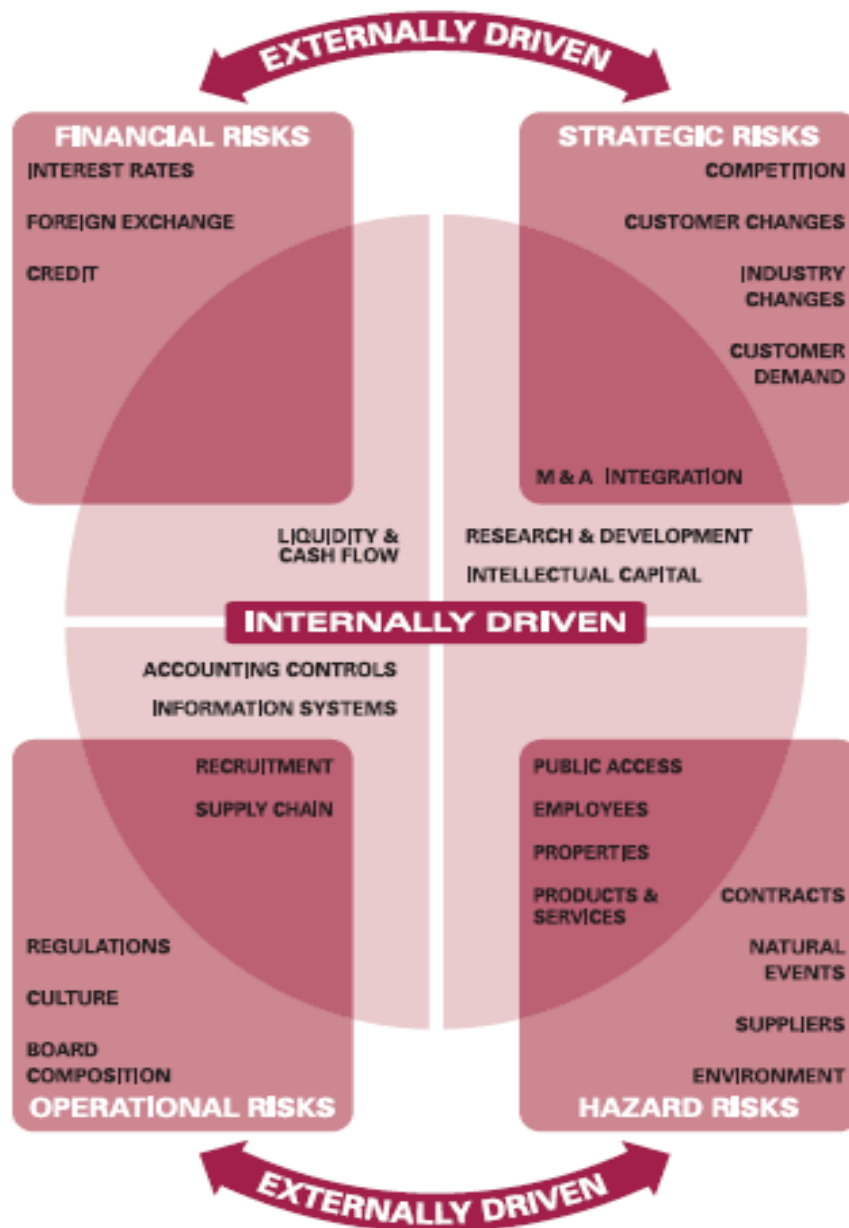


Figure 3. Examples of the Drivers of Key Risks (Institute of Risk Management, 2002)

Risk management protects and adds value to the organization and its stakeholders through supporting the organization's objectives by:

- Providing a framework for an organization that enables future activity to take place in a consistent and controlled manner
- Improving decision making, planning and prioritization by comprehensive and structured understanding of business activity, volatility and project opportunity/threat
- Contributing to more efficient use/allocation of capital and resources within the organization
- Reducing volatility in the non essential areas of the business
- Protecting and enhancing assets and company image
- Developing and supporting people and the organization's knowledge base
- Optimizing operational efficiency

(Institute of Risk Management, 2002)

6.2 SWOT-Analysis of the Company

This SWOT-analysis will point out the things that would need to be taken into consideration, but it will also show the strengths and opportunities my company would have. The viruses and the collapsing of the information system might ruin my business, which is why I should invest a lot for good software's that would secure my computer and my websites.

If the supplier could not deliver goods fast enough to me, then my customer's would have to wait too long. This is a risk for me, because I might get unsatisfied customers who will not come back to shop on my online store. To avoid the unsatisfied customers I should make sure that I would inform immediately on the web shop that the specific product is currently sold out and also the date when it is possibly available again.

The quality of the products and the chance to read websites in english and swedish would make my opportunity to expand abroad possible. I would prefer to keep my target group as the same as it would be in the beginning and I do not see the opportunity to expand to for example, children's clothes in the future. That is why I would modify the products so that they would be suitable for the customers of my target group, for example sport's products or even underwear. My affordable prices and clear websites would support this opportunity and it would also help me to conquer my company's weakness of being unknown company at the beginning.

	INTERNAL	EXTERNAL
POSITIVE	Strengths: <ul style="list-style-type: none"> • Wide range of quality clothes and accessories • Store in Internet • Affordable prices • Websites are good looking and clear • Inexpensive way to do business 	Opportunities: <ul style="list-style-type: none"> • To expand abroad • Establish a small boutique • Always open • To modify the collection
NEGATIVE	Weaknesses: <ul style="list-style-type: none"> • Unknown company at the beginning • Stocks rotation speed • I am the only employee • Too small amount of products 	Threats: <ul style="list-style-type: none"> • Many competitors • Recession • Supplier's delivery times • Information systems could collapse • Viruses

7 SUMMARY AND CONCLUSION

The purpose of this thesis was to find out How to start an online company and would it be profitable. Founding a company and activating the entrepreneurship are big processes. Usually the company will roll on well if the company's actions have been planned properly in advance. The first part in establishing a company is to have a business idea. The business idea can shape a bit on the way but the basic of the idea has to be ready. The business plan is built based on the business idea and all the practical matters are being settled. At this point the company form and name has to be chosen. The customers, competitors and the general market situation are extremely important matters that have to be taken into consideration when making the business plan. Comprehensive customer- and competitor analyses and a marketing research will help a lot in the company's planning and are necessary keys for success. Based on the information, the entrepreneur can get some kind of an idea how the company should be marketed for the customers. Profitability calculations are also extremely important phase in business plan. The calculations will give some preliminary information if the company has possibilities to make profitable business. The profitability calculations are good to show when applying a loan or a grant for the company.

When the business plan is done and the decision of establishing the company has been made, the financing matters should be taken cared of. When the financing has been organized, the company should rent an office and start to design the websites. The office will be at the same time a stock and an office. Someone who has skills to make websites should make them. The entrepreneur has to have products what to sell. At this point it is good to compare different clothing brands and try to create connection and find out what are the delivery times for the deliveries that might happen.

The entrepreneur should take care of the marketing long before the opening of the store, so that the customer's know in what website they should visit. Marketing includes also business cards and advertisements. Maybe the most important matter is to take care of the permits. As a sole trader the entrepreneur has to make a notification to the Trade Register so that company can function. The entrepreneur has to also enroll as value added taxpayer and acquire employee pension insurance. It is good to have also other insurances especially if the sale stock is big. The company's book keeping must also be remembered and done properly; otherwise the taxman will close the company.

Practically after these actions the company has been founded, only thing missing is that the websites has to be published and then start doing business. The entrepreneur has to use continuously a lot of time and resources so that the company will become profitable and it would stay that way.

This is a good starting point for Xainte-online clothing store's founding, it includes all the basic information and calculations what are needed when founding a company. According to the calculations the company would cost about 70 00 euros, but it would be a small amount of what the company would profit later on. The calculations also show me that the company would be profitable.

The process of company's foundation and the business plan has been presented theoretically in this thesis and that has helped me to get the big picture of the whole process. With the help of the company Kirahvi-Domainit Ltd. I will know how to establish a company online. To stand out from the other clothing companies would take a lot of hard work. That is why I must have a great marketing plan, which would market my company as an elegant clothing company for women. The websites has to be visually clear and they have to "pop-out" in the eyes of the customer, so this way the customer would remember them better and would enjoy being at the websites. I would sell the products with affordable prices; this is also one of the things that will help me to stand out from the other online clothing companies

I know that Xainte-company's establishment would be possible. However there are few things that need to be done such as a full-scale marketing research and I still have to calculate the profit and loss statement. I need the help of Potkuri (Turku Region Business service center) in the marketing research and the calculations. They can give me advices and guide me how to make the calculations correctly. This project has given me an inspiration and I will do my best that I can establish this company in the future.

REFERENCES

- The Institution of Risk Management. 2002. A Risk Management Standard. London, the Irm. Referred 28.1.2012. <http://www.theirm.org/>
- Irmola, N. Vendor, Mastermark Oy (Berkeley). Turku. Personal communications 2.8.2011.
- Lautsamo, N. purchasing secretary, Mastermark Oy (Berkeley). Turku. Personal communications 18.8.2011.
- Levänen, L. Agent, French Connection. Helsinki. Personal communications 25.3.2011.
- Koski, T & Virtanen, M. 2005. Liiketoiminnan suunnittelulla menestykseen. Helsinki: Otava
- Pollari, M. 2010. Langalla-projekti. Thesis. Tampere: Tampereen ammattikorkeakoulu. Referred 9.3.2011 & 25.1.2012.
https://publications.theseus.fi/bitstream/handle/10024/13282/Pollari_Maiju.pdf?sequence=2
- Raatikainen, L. 2006. Liikeideasta liikkeelle. Helsinki: Edita
- Reuvid, J. 2007. Start up and run your own business. London: Gogan Page.
- Karlsson, M. Vendor, Tiger of Sweden. Helsinki. Personal communication 7.3.2011.
- Rope, T. & Vesanen, J. 2003. 100 keinoa hyödyntää Internetiä. Helsinki: WSOYpro
- Saunders, M., Lewis, P. & Thornhill, A. 2007. Research methods for business students. USA: Prentice Hall. Referred 25.10.2012.
<http://www.dawsonera.com.lillukka.samk.fi/>
- Sjöholm, H. 2010. Dynaamisen ja innovatiivisen liiketoimintamallin suunnittelu. Helsinki: Swot Consulting Finland Ltd.
- Sutinen, M. & Viklund E. 2005. Kaikki mitä olet halunnut tietää yritystoiminnasta, mutta et ole tiennyt keneltä kysyä. Kuopio: Savonia ammattikorkeakoulu
- Taimisto, A. Vendor, Tiger of Sweden. Helsinki. Personal communications 20.10.2011.
- Website of Aikakausmedia. Referred 18.10.2011. <http://www.aikakauslehdet.fi/>
- Website of the Bench. Referred 9.10.2011. <http://www.thebenche.com/>

Website of Berkeley. Referred 14.10.2011. <http://www.berkeley.se/>

Website of Enterprise Finland. Referred 10.10.2011.
<http://www.yrityssuomi.fi/web/enterprise-finland>

Website of French Connection. Referred 11.10.2011.
<http://www.frenchconnection.com/>

Website of Gaebler. Referred 28.1.2012.

<http://www.gaebler.com/Company-Formation.htm>

Website of Infopankki. Referred 16.1.2012.

<http://www.infopankki.fi/en-GB/home/>

Website of Internetmarkkinointi.fi. Referred 30.1.2012.
<http://www.internetmarkkinointi.fi>.

Website of Oikotie. Referred 19.10.2011. <http://www.oikotie.fi>

Website of Opetushallinto, yrittäjyysväylä. Referred 25.7.2011. <http://www.edu.fi>

Website of Osuuspankki. Referred 10.2.2012. <http://www.op.fi>

Website of the Start up Donut. Referred 29.1.2012 <http://www.startupdonut.co.uk/>

Website of Tiger of Sweden. Referred 11.10.2011. <http://www.tigerofsweden.com/>

Website of Työ- ja elinkeinotoimisto. Referred 12.10.2011. <http://www.mol.fi>

Website of Verohallinto. Referred 12.10.2011. <http://www.vero.fi>

Website of Web-opas. Referred 2.10. 2011.
<http://www.webopas.net/verkkokauppa.html>

Website of Yrittäjät. Referred 19.7.2011. <http://www.yrittajat.fi>

Website of Yrityspalvelu Enter. Referred 19.7. 2011 <http://www.ypenter.fi>

APPENDICES

Print Screens from the homepage of my online store. The websites were made by my sister Susa Räikkälä.



Joka tilanteen

klassikot

Alkaen 90€



Arkea piristävät

asusteet

Alkaen 10€



[XAINTE.FI](#)

[Naisten muoti](#)

[Asusteet](#)

[Sale](#)

[TIETOA YRITYKSESTÄ](#)

[Töissä Xainte:lla](#)

[Lehdistö](#)

[Sijoittajasuhteet](#)

[Vastuumme](#)

[Tietoa Xainte:sta](#)

[OHJE](#)

[Asiakaspalvelu](#)

[Minun Xainte:ni](#)

[Lailisuus & tietosuoja](#)

[Usein kysyttyä](#)