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Business Plan for a Startup: Ekomero

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Business Plan for a Startup: Ekomero

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The main objective of this paper is to create a business plan for the associates of Ekomero. Ekomero was conceived in 2012, to operate as an export/import company of Spanish organic, natural, and specialty foodstuffs in Finland. This paper examines the processes, procedures, documentation and legal requirements needed to perform in such an environment. The ultimate goal is to outline a framework for the business so that it could effectively adapt and serve potential customers' working cultures within the Finnish food retail sector.

The business plan has to include a marketing strategy that could determine whether the business is feasible or not. An important consideration is whether the Ekomero concept could subsequently be changed in order to adapt to new approaches if the market seem too difficult to penetrate.

The *raison d'être* of the business plan is to serve the associates as a channel for sharing a common language during the establishment of the business. The business plan is built upon Osterwalder's Business Model Generation Canvas which outlines the principles for the company's value creation. This constitutes the central part of the business plan from where the strategy and risk analysis are developed.

Finland's three main actors, within the food retail sector, accounts for a 90% of the market share. This concentration of power within the industry has been the major factor for the unmet demand for organic food products. Despite the promotional efforts by organizations such as Luomuliitto Ry (Finnish Association for Organic Farming) and Organic Food Finland, and subsidies from the Finnish Government to organic producers in Finland, the country is in need of heavy imports in order to reach demand. Ekomero intends to capitalize on this opportunity. Therefore, in its conclusions the thesis examines the major constraints jeopardizing the business idea, in addition to the favorable factors of establishing such initiative. Insight is provided into the success of Osterwalder's Canvas as a tool used by the associates in the Ekomero startup.

Key words: business plan, business model, import, export, foodstuffs, organic, Osterwalder

Table of contents

List of abbreviations.....	6
1 Introduction.....	7
1.1 Purpose of the thesis.....	7
1.2 Limitations.....	8
1.3 Research approach.....	9
1.4 Framework of the thesis.....	9
2 Theoretical framework.....	10
2.1 Business model.....	10
2.1.1 Business, core business, BM, and BM innovation.....	11
2.1.2 SME's business model innovation and leadership.....	12
2.1.3 Osterwalder's business model generation canvas.....	13
2.1.4 The offering.....	14
2.1.5 The customer side.....	14
2.1.6 The infrastructure.....	15
2.1.7 The finances.....	16
2.2 Business plan.....	16
2.2.1 Purpose and need of a business plan.....	16
2.2.2 Business plan components.....	17
2.3 Integrating BM into business plan within a BMI environment.....	18
2.4 Summary of the theoretical discussion.....	23
3 Definitions.....	24
3.1 Organic food.....	24
3.2 Organic food labeling.....	24
3.3 Geographical indications and traditional specialties.....	25
3.3.1 Protected designation of origin (PDO).....	25
3.3.2 Protected geographical indication (PGI).....	26
3.3.3 Traditional specialty guaranteed (TSG).....	26
3.4 Specialty food products.....	26
4 Ekomero's business plan.....	27
4.1 Executive summary.....	27
4.1.1 The company.....	27
4.1.2 Our mission, vision, and values.....	27
4.1.3 Products.....	28
4.1.4 Management and company profile.....	29
4.2 Ekomero's business model.....	30
4.2.1 Value proposition.....	31
4.2.2 Customer segments.....	31
4.2.3 Customer relationships.....	32

4.2.4	Channels	36
4.2.5	Key resources	37
4.2.6	Key activities.....	37
4.2.7	Key information and requirements for intra-EU operations	39
4.2.8	Key partnerships.....	42
4.2.9	Revenue streams	42
4.2.10	Cost structure.....	43
4.3	Marketing plan	43
4.3.1	Sales	43
4.3.2	Promotion.....	44
4.3.3	Advertising.....	45
4.3.4	Customer service	45
4.4	Financial analysis.....	46
4.4.1	Funding requirements and startup costs	47
4.4.2	Product glossary of prices and costs	48
4.4.3	Breakeven analysis	48
4.4.4	Sales scenarios and projections.....	48
4.5	External environment	49
4.5.1	Market analysis and key trends	49
4.5.2	Competitive environment.....	50
4.5.3	Competitive advantages of model.....	50
4.6	Implementation roadmap	51
4.6.1	Roadmap	51
4.6.2	Projects	52
4.7	Risk analysis.....	54
4.7.1	Assessing threats and opportunities	55
4.7.2	Assessing strengths and weaknesses	59
4.7.3	Limiting factors and obstacles (mitigating risks)	60
5	Conclusions.....	60
	References	62
	Table of illustrations	65
	Table of figures	66
	Table of tables	67
	Appendices	68

List of abbreviations

BM	Business Model
BMI	Business Model Innovation
BMIL	Business Model Innovation Leadership
C\$	Cost Structure
CH	Channels
CR	Customer Relationships
CRM	Customer Relationship Management
CS	Customer Segments
EU	European Union
KA	Key Activities
KP	Key Partnerships
KR	Key Relationships
PDO	Protected Designation of Origin
PGI	Protected Geographical Indication
R\$	Revenue Streams
TSG	Traditional Specialty Guaranteed

1 Introduction

This thesis has been prepared firstly as the culmination of the writer's Bachelor studies in Business and Administration and secondly to serve his purpose of establishing a new venture. In fall 2012, the idea of a startup was formed by the writer and his colleague and the co-founder of this initiative, Gonzalo Reyes Hernandez. Driven by personal motives of establishing a business in Finland and due to the ambition of both associates, the concept of Ekomero was conceived.

Ekomero endeavors to become an intermediary, operating therefore within a Business-to-Business (B2B) environment, between Spanish organic, natural and specialty foods producers and Finnish retailers. The company will operate as a sales office in Finland and consequently in direct importing/exporting. The initial idea has been evolving continuously as a consequence of difficulties encountered in establishing the venture. Nevertheless, during the startup process the associates identified current gaps, niche opportunities to capitalize on within the food retailing industry. The primary idea has been continuously adapted to current approaches, where organizational procedures had to be adjusted accordingly.

It has been a challenge, as well, to outline a structure for the startup without tremendous capital investments. Therefore, the understanding of operating activities concerning product, information and financial flows became vital for its establishment. These flows describe holistically the cost structure of the venture (excluding some marketing activities).

1.1 Purpose of the thesis

The main objective of this paper is to generate and establish a business plan for the associates of Ekomero. The purpose is to firstly establish an enduring and profitable business rather than becoming the largest or even a key player within this particular industry; secondly to learn and acquire the experience needed to perform in such environment, as well as to understand the requisites that such involvement requires, from merely startup procedures to import documentation fulfillment and other legal aspects.

A business plan's core purpose is usually to raise equity finance or debt finance (Evans 2011, 13). Here, the objective is to establish the foundation for the required operations and activities of the business, as well as to design a marketing strategy and, most importantly, determine whether the business is feasible or not. Can Ekomero's concept be transfigured and consequently changed accordingly, adapting to new approaches, if the market seem too difficult to penetrate?

The generation of this business plan has been developed in parallel with the empirical experience acquired during the startup process. Due to the associates' and collaborators' different specialization areas, matters such as documentation procedures and export requirements are not wholly included since the purpose of the planning is not to describe every prerequisite for each activity. The business plan will serve the associates as a channel for sharing a common language and establish the organization's *raison d'être*. Osterwalder's Business Model Generation Canvas was, therefore, a reasonable and visual alternative for this purpose as it describes the principals for the company's value creation. Therefore, it constitutes the business plan's epicenter from where the strategy and risk analysis are developed.

The business has to build the mentioned strategy in order to reach the ventures goals. It seems therefore indispensable to address the following questions in order to determine the main objectives:

- How can Ekomero contribute to the unmet demand of organic foodstuffs in the Finnish retail sector?
- How can Ekomero implement the most efficient solutions to this startup initiative and adapt to a continuously evolving market?
- How can Ekomero respond to the challenges, specific to the Finnish retail sector, and act accordingly?

1.2 Limitations

There are a number of limitations regarding the author's business plan.

The writer encountered limitations regarding the source of information. Only data in English, Swedish and Spanish was included assuming that valuable information available in Finnish had to be excluded.

A critical stage regarding customer information had to be excluded as well. Before establishing initial contact with key customers Ekomero has to tie and link all those elements and business blocks required for running the business. Whether the retail customers carry Ekomero's products through their own supply chain network is a question which cannot be yet addressed. It is therefore indispensable that the business establishes its own supply system and mechanisms.

There is no exact data available regarding the number of competitors within the organic industry, and more specifically concerning importers operating within the EU. Operating importers are subject to control systems, which is not the case with imports to Finland from

other Member States. These Intra-EU supplies are considered as internal and free market trade and are subsequently difficult to quantify. (Evara 2011)

1.3 Research approach

Many sources state that small businesses with a strong and flawed business model do not require a business plan. Justifying and documenting the execution of an outstanding business model, or generating an exhaustive operational plan, is in many cases unnecessary. The writer's opinion is in accord but recognizes that to better understand the process concerning Ekomero, and to better design a strategy for its operations, a business plan has to be outlined. The theoretical background is consequently constituted by those elements surrounding business models and business plans. The motives supporting the decision were taken upon, (a) the relatively new conceptualization of business model, (b) the scarce studies based on business model and business plan as an integrated unit, and (c) considering the few researches conducted comprising small and medium size enterprises within Business Model Innovation and Leadership.

1.4 Framework of the thesis

The thesis is structured along four dimensions; the Theoretical framework, Definitions, the Business Plan, and Conclusions.

The theoretical background will revise academically the literature concerning the elements of a business model and a business plan. It will illustrate how practitioners, supporting their purposes, are integrating business models as the main body of business plans. The objective is to establish the main differences between these two conceptualizations in order to later tie and link their components into a more solid document with the ultimate purpose of serving better the entrepreneurial objectives.

Ekomero intends to import organic-, natural-, and specialty foodstuffs. A section has therefore been reserved for the definition of these terms and incorporates other information which the writer has found to be relevant for the understanding of the overall business plan.

The third section is formed by the ventures business plan which constitutes the thesis main body. Its business model is described, including a description of the market, the strategy to follow, a brief financial analysis, and the projects and milestones to accomplish. To conclude the section, the associates believe in high uncertainty in today's business environment. It is therefore necessary to craft a business plan that describes the necessary activities without being too rigid enabling further development and adaptation in case of unexpected incidents.

It is therefore indispensable to include possible constraints and generate a risk plan accordingly. Business Model and Business Model Innovation will constitute therefore an important element throughout the whole process, not only as a system for development, but as a system for mitigating possible risks.

The fourth and last section has been reserved for the conclusions of the writer. Here, a brief description and key factors are summarized in order to embed the writer's analysis of the integrity and feasibility of the initiative. It will include the scope of the Osterwalder's Canvas in the establishment of the business.

2 Theoretical framework

There cannot be a general discussion concerning the writer's motives for integrating a business model (BM) as a key element of a business plan without a common point of reference. Consequently, the theoretical framework (constituted by secondary research data) will focus on those aspects influencing the need, purpose and general components of a business plan, and the synthesis of those elements specific of BMs. The paper attempts to, introduce a review of the focal literature outlining these concepts to finally, tie the elements with the purpose of establishing the pillars for a business plan generated from a BM, and more specifically, from Osterwalder's Business Model Generation Canvas. The theoretical framework surrounding business modeling will be developed in order to give insight supporting other components, as well, of the business plan, such as the risk management and competition.

2.1 Business model

The term business model firstly appears in the 1990's in relation to the shift from traditional commercial activities towards e-commerce. (Cavalcante, Kesting, Uihøj 2011, 1) The term is consequently mostly used within the literature concerning the information and communication sector. Even though the concept is increasing within management literature and practitioners, the concept has been used within different contexts and adopting several meanings leading to the notion of a haphazardly and erroneously used term. (Tikkanen, Lamberg, Parvinen, Kallunki 2005, 1) BMs have been, despite the concept's vague conceptualization by managers and practitioners, recently a central element of discussion concerning small and-medium-sized high-tech enterprises, strategy formulation and execution, and the creation and renewal of business in general. (Cavalcante et al 2011, 1) The concept of BM is, in academically oriented management literature, the means by how a business creates value in terms of revenue. Contributions are being made in an attempt of developing a BM which integrates all relevant elements of a business and its interrelating functions. Despite the efforts, there is not a unitary conceptualization of the term in current academic literature which

means there is no shared language for BM. BM has been, though, widely accepted and considered as a key activity system and entrepreneurial driven task. (Tikkanen et al 2005, 2-3)

2.1.1 Business, core business, BM, and BM innovation

In most academic writing business model is defined at business level and at core business level. According to Peter Lindgren 2012, it is necessary to create parameters and define correctly Business, core Business, and BM, in order to prevent “fuzziness and even make the business model framework useful to a business and especially related to a Business Model Innovation (BMI) context.”

Businesses are normally configured by more than one business model (the multi business approach.) It is assumed that businesses have a variety of business models since their activities, in general, are numerous. Therefore each of these BMs has to be related to one of the following dimensions:

- Value Proposition - product, services and its processes
- Customer Groups - customer, customer segment(s)
- Value Chain - functions supporting the value proposition offered to the customers segment(s)
- Competences - technological aspects, human resource, organizational system, and business culture
- Networks - digital, physical, and virtual networks utilized within the business
- Relations - tangible and intangible relations in the business
- Value *formular* in the business

(Lindgren 2012, 2)

The sum of the business models builds the business model portfolio of a business. This permits businesses carry out BMI at a building block-, a business model-, a business model portfolio-, and at a Business level. (Lindgren 2012, 3)

According to Alexander Osterwalder (2010) “a Business Model describes the rationale of how an organization creates, delivers, and captures value.” In Peter Skarzynski’s and Rowan Gibson’s *Innovation to the Core*, business model is defined as “a conceptual framework that describes how a company creates, delivers, and extracts value. Cornelis A. de Kluyver gives the same definition explaining that “a business model is therefore simply a description of how a

company does business. Harvard Business Review defines business model as “interlocking elements that, taken together, create and deliver value.”

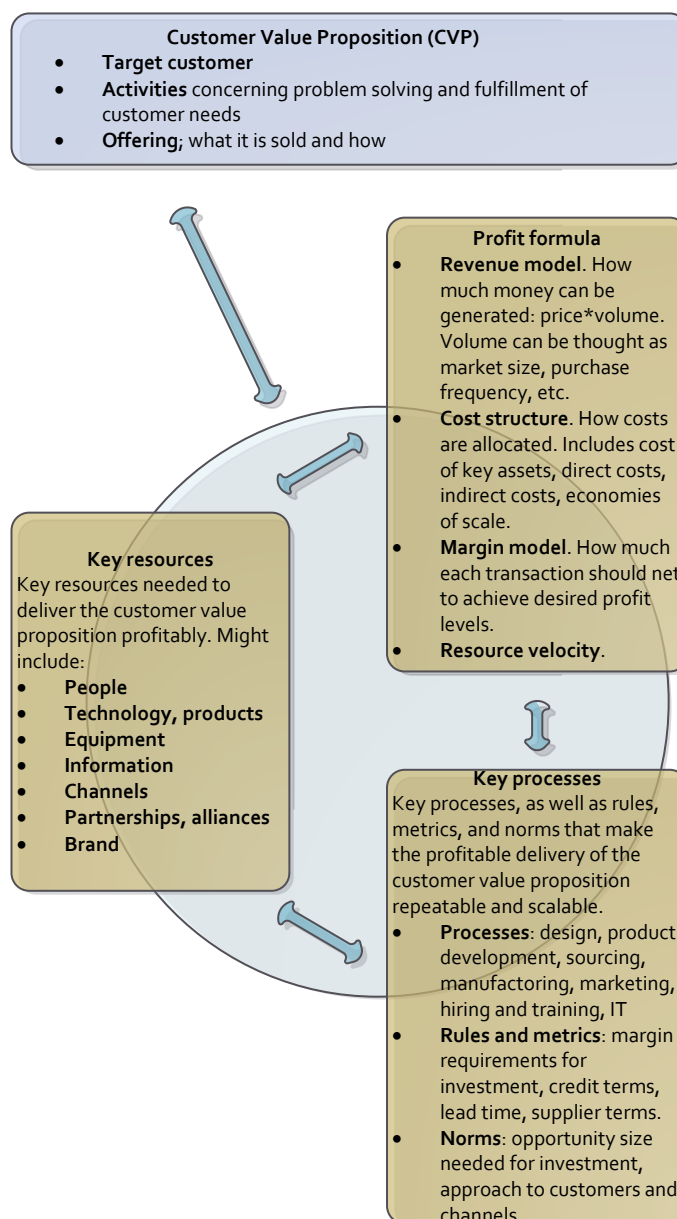


Figure 1: The elements of a successful business model
(Harvard Business Review)

2.1.2 SME's business model innovation and leadership

Previous research has pointed out the difficulties for small and medium size enterprises (SME) to concentrate synergies in Business Model Innovation Leadership (BMIL). These difficulties comprise pitfalls, strategies and opportunities that have to be considered during the course of

daily operations and activities. Research reveals, as well, how SMEs focus their efforts into BMI and BMIL through classical approaches and strategies, where their focal point is to fundamentally meet the demand and needs of their predefined customer groups. (Lindgren 2012) This might have a repercussion on Ekomero as well due to its size and limited resources. The business has therefore to be aware of difficulties ahead while continuously searching for new opportunities and developing new models during the course of business activity. The company has therefore to adopt a continuously market-driven approach in search for opportunities. The associates encountered these difficulties during the empirical process of the startup, for which the initial idea has been changed considerably.

2.1.3 Osterwalder's business model generation canvas

A BM is a blueprint, a template that incorporates an organization's core strategy that enables competitive advantage in the market place, and describes how the company attempts to create value and generate revenues. BMs seek to illustrate how an organization transforms inputs into outputs by introducing those resources available, and value added activities while identifying indispensable internal-(managers and employees) and external (customers, suppliers, and investors) parties. (Financial Times Lexicon 2013) Taking into consideration this definition; Osterwalder links all the dimensions, in section 3.1.1., in his business model canvas into nine building blocks (Customer Segments, Value Propositions, Channels, Customer Relationships, Revenue Streams, Key Resources, Key Activities, Key Partnerships, and Cost Structure) in an attempt to assemble an organization's four basic areas: customers, offering, infrastructure and financial viability. The canvas is, therefore, a concept for a shared language; a tool for facilitating the description of the BM and its manipulation in order to design strategic alternatives concerning structures, processes, and systems. (Osterwalder & Pigneur 2010, 15)

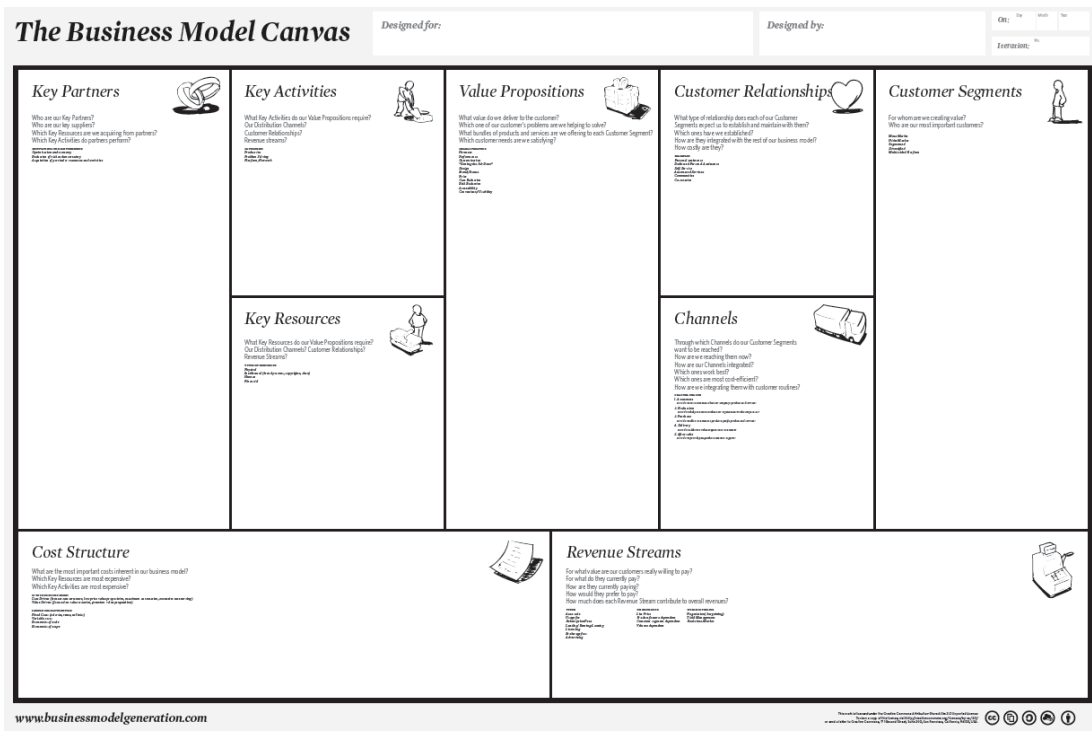


Illustration 1: Osterwalder's business model generation canvas (Osterwalder & Pigneur 2010, 44)

The nine building blocks are represented below within those four main areas of an organization: the offering, the customer side, the infrastructure and the finances.

2.1.4 The offering

Value Proposition

In this building block the offering is linked to a specific customer segment describing the fundamentals of its value creation. The value proposition answers to the needs, wants, and problems of a specific customer, presenting the aggregate of products and/or services, and therefore the accumulation of benefits. (Osterwalder & Pigneur 2010, 22)

2.1.5 The customer side

Customer Segments

This block delimits the customer segments, weather the business intends to serve groups of people or organizations. This block constitutes the principal of any BM since it is assumed that without customers no organization can survive. A business has to have a clear vision about their customers, recognizing common patterns involving behaviors, needs, and other attrib-

utes. Only after defining the customer segments a BM can be generated encompassing their needs and values. (Osterwalder & Pigneur 2010, 20)

Customer Relationships

Here, the relationships organizations aspire to establish with its specific customer segments are described. (Osterwalder & Pigneur 2010, 28)

Channels

The channel building block defines the means by how an organization reaches and communicates its value proposition to its customer segments. Through a variety of communication, distribution, and sales strategies the company seek to build a platform linking the value proposition with the different specific customer segments. It plays a fundamental role in a business image as it affects directly on customers' experiences. (Osterwalder & Pigneur 2010, 26-27)

2.1.6 The infrastructure

Key Resources

Key resources relate to those assets an organization control when creating an offering and constitute therefore the core capabilities. Depending on the line of business and the business model, an organization might need different key resources. These can be intellectual, physical, human, or physical. (Osterwalder & Pigneur 2010, 34-35)

Key Activities

Key activities describe and link the elements that create the value proposition and serve the customer segments. Regardless of the line of business or BM, key activities and processes have to be precisely described in order to operate successfully. (Osterwalder & Pigneur 2010, 36)

Key Partnerships

In many cases, delivering offerings to specific customer segments involves, in today's business environment, alliances with third parties and suppliers contributing with capabilities complementing those of other organizations'. Alliances are the natural channel for organizations in order to optimize own BMs, acquire resources and/or reduce risks. (Osterwalder & Pigneur 2010, 38)

2.1.7 The finances

Cost Structure

It is essential to include the organization's cost structure in order to determine if the business bring enough profit. In the Cost Structure block the costs incurring running the business are described. These are determined by the infrastructure side. (Osterwalder & Pigneur 2010, 40)

Revenue Streams

In this block the revenues an organization generates from each customer segment is described. (Osterwalder & Pigneur 2010, 30) Organizations can therefore have more than one revenue stream and each of these might have a different price mechanism.

2.2 Business plan

The BusinessDictionary (2013) defines a business plan as a set of documents including financial and operational objectives and how these will be accomplished. A business plan is continuously modified as conditions changes, adapting the company's strategy to emerging opportunities and threats. For external purposes, the plan includes past, present and future forecasts of the firm's performance, including income statement and cash flow statement in order to assess the firm's financial position and how it will be affected.

Investopedia (2013) defines business plan as a written document of how the firm intend to achieve its objectives. Marketing and operational activities are described, including financial positions. A business plan can serve both startups and established firms which are shifting towards a new direction.

2.2.1 Purpose and need of a business plan

There can be several purposes behind the need of writing a business plan. In this specific case, of Ekomero, the purpose is to build a strategy plan concerning a startup. A business plan does not differ considerably weather it is for a startup company or for an established business, even though some questions have to be addressed such as the characteristics of the value proposition, identification of potential customers, and assessment of competitive response. (Evans 2011, 13)

Raising debt equity or debt finance are the most common reasons for writing a business plan. If the backer is an investor who seeks return on investments the business plan will serve as a tool to raise debt equity. If the backer is a bank searching earnings from fees on transactions and interest on the loan, the business plan's purpose is to raise debt finance. The backer, in

this case, requires that firstly, the business generates cash enough to cover interest payments and secondly, security and guarantee for the return of the money at the end of the loan period. (Evans 2011, 13) Ekomero does not exclude the possibility to raise debt finance as a long-term strategy.

Another additional need of writing a business plan is for the sale of a business. Here, the plan is addressed, in most cases, to several parties, and especially those of private equity houses, the plan might be addressed to both the investment committee at the private equity house and the credit committee at the bank. (Evans 2011, 13)

A business plan can serve, as well, for board approval purposes, as a tool for describing the milestones and how to achieve its objectives. (Evans 2011, 13)

A well-defined business plan is vital for a joint venture initiative. The success of a joint venture will be determined by the terms agreed at the stipulated outcomes. By the exchange of business plans both parties will decrease the level of risk and failure. (Evans 2011, 13)

An additional purpose, and which constitutes the fundamentals of this paper, is to serve as a managerial tool supporting the evaluation of the new venture. The rationale, in this case study, is therefore to firstly serve as a warning tool, permitting the examination of strengths and weaknesses refining the viability of the enterprise. Secondly, it establishes milestones and assesses the accomplishment of objectives, permitting the streamlining based on emerging requisites improving the idea. Thirdly, improving the probability of success by describing the processes to achieve milestones and considers future impediments and obstacles with a strategy adjusted to changes, minimizing the risk of failure. Fourthly, a detail document of a future enterprise, allows anticipating barriers permitting managerial adaptation in order to maintain the correct path. (Sánchez-Ocaña 2011, 111-112)

2.2.2 Business plan components

Taking into consideration the uniqueness of each business, a business plan crafted and tailored to a venture has to be unique as well. There is not a common standard format for business plans even though, and in general terms, these follow conventional standard including similar elements. The business plan components are demonstrated in figure 2 according to different sources.

<p>(Abrams & Barrow 2008)</p> <ul style="list-style-type: none"> The Executive Summary Business Description Industry Analysis & Trends Target Market The Competition Strategic Position & Risk Assessment Marketing Plan & Sales Strategy Operations Technology Plan Management & Organization Community Involvement & Social Responsibility Development, Milestones, & Exit Plan The Financials The Plan's Appendix 	<p>(Balanko-Dickinson 2007)</p> <ul style="list-style-type: none"> Executive Summary Industrial Analysis Market Analysis Products and Services Business Description Marketing and Sales Strategy Operations and Management Pro Forma Financial Plan Implementation Plan Contingency and Emergency Plan
<p>(O'Hara 1998)</p> <ul style="list-style-type: none"> <u>Company organization and product/service description</u> Company Charter Organization Product/ Service Description (product plan) <u>Market Analysis</u> Product market overview Competition Product Pricing Product Market Potential <u>Revenue Distribution</u> Marketing Plan Departmental Budget Development Income and Cash Flow 	<p>(Barringer & Ireland 2008)</p> <ul style="list-style-type: none"> Executive Summary The Business Management Team Company Structure, Intellectual Property, and Ownership Industry Analysis Marketing Plan Operations Plan Financial Plan Critical Risk Factors The Plan's Appendix

Figure 2: Different business plan structures and their components

2.3 Integrating BM into business plan within a BMI environment

Joan Magretta explained, how “business models are, at heart, stories that explain how enterprises work.” Many practitioners utilize BM and strategy interchangeably and consequently erroneously. A BM describes how the components of a business are linked together as a system but do not incorporate any of the elements or factors relating to the most fundamentals of business activity: competition. It is a business’ strategy that has to answer to the competitive pressures. (Harvard Business Review on Business Model Innovation 2010, 2) As mentioned previously, a business plan should include the strategy of a business. It should address the question of how will the business make use of its BM to achieve desired goals.

BM and business strategy, are though interrelated. Focusing both on key customers and activities, a business’ competitive positioning depends on the market identification and how the

business performs activities in order to serve that market. (Sabatier, Mangematin, Rousselle 2010, 4) A BM becomes the architecture by how a business can reach desired goals, serving as a tool for business strategy. Osterwalder's Business Model Generation Canvas has therefore to be introduced into a larger component, a business plan, in order to not solely integrate a tool for describing the business infrastructure, but as a strategy building element to mitigate competitive pressure. Based on this theoretical background a different business plan has to be outlined, opposed to those traditional, if a BM will constitute its epicenter. In order to develop such business plan successfully, factors differentiating BM and Business Plan have to be narrowed. The following table 1 includes these major factors contrasting both.

Differentiating Factors	Business Model	Business Plan
<i>Raison d'être</i>	How the Business creates, delivers, and captures value	Document explaining the execution of the BM
Visual Representation	Visual representation	Non-visual
Order	Build your model first	Build your plan secondly
Purpose	It resumes the goal(s)	Execution to reach goals
Composition	Simple verbal or visual representation	Documenting in detail the business opportunity
Focus	How the business creates revenues	Focuses on the BM and builds upon it
Income Generators	Simplifies and focuses on the largest income generator process	Incorporates sub-processes and other income generators
Strategy	Excludes Strategy	Includes Strategy
Financials at a specific point in time	Overall revenue generation and cost structure of the business	Financial stability at a specific point in time
Forecasts	Non-forecasts	Forecasts
Other Inclusions/ Exclusions	Does not necessarily include equipment and staff	Includes equipment and staff
External Environment	Excludes	Includes
Roadmap	Excludes	Includes
Risk	Excludes	Includes
Competition	Excludes competition and how to mitigate the risks	Includes competitive pressures and how to mitigate the risks
Testing Hypotheses	Permits testing hypotheses	Not for testing business hypotheses
Dynamics	Agile	Static

Table 1: Differentiating business model and business plan

It is assumed that factors such as product, customer, and market characteristics already have been identified when writing a business plan, since its main purpose is to describe the execution strategy relating to these features. Startups, though, do initiate from a series of unknowns relating to product-, customer-, and market features. By building a BM first, an entrepreneur can test hypotheses surrounding each BM relating to solutions, competitors, pricing, marketing, financials, etc. Essentially, a BM only focuses on the major income generator activities and does not include every aspect of the capital flows. (Blank 2012)

BM is a dynamic system allowing startups to change rapidly in order to adapt to new circumstances found externally and during the whole process of the venture. It is therefore an agile system to adapt in order to better create, deliver and capture value. Since initial assumptions are changed continuously by new facts, to begin with a business plan justifying these assumptions would become arduous and irrelevant. (Blank 2012) Ekomero had, therefore, from a very beginning to work on their BM and not on their business plan, drawing hypotheses relating to those factors explained above. Subsequently, the initial idea was therefore changed considerably during the startup process.

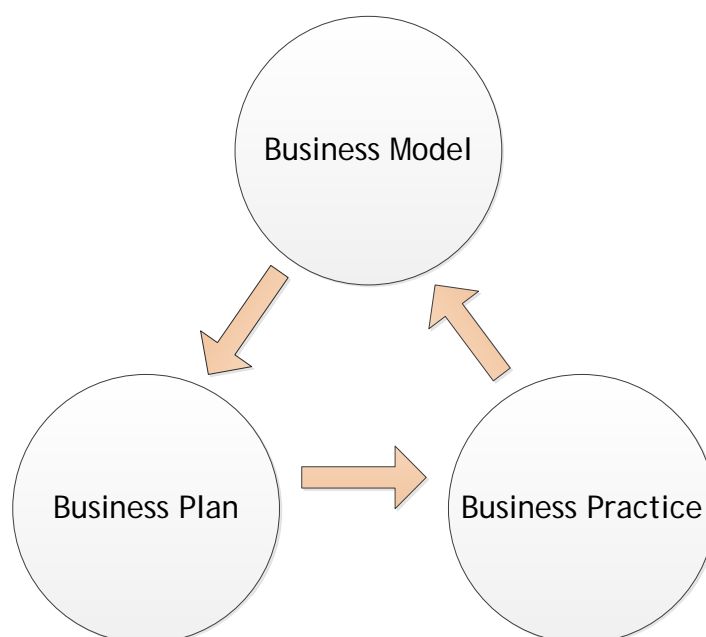


Figure 3: Business Model Cycle

A business plan becomes essential once features and characteristics become *knowns*. As introduced previously, a business plan forces to study the business' blocks in-depth, linking the sections, and within a financial framework model in order to assess the profitability of the venture. According to Blank (2012), "Unless you have tested the assumptions in your business model first, outside the building, your business plan is just creative writing."

If the BM is the architecture by how a business intends to create capital flow, the business plan describes the structure needed in order to achieve that capital flow. Therefore, a business plan is greatly dependent on the BM: If the BM is changed so should the business plan. (Smith No date)

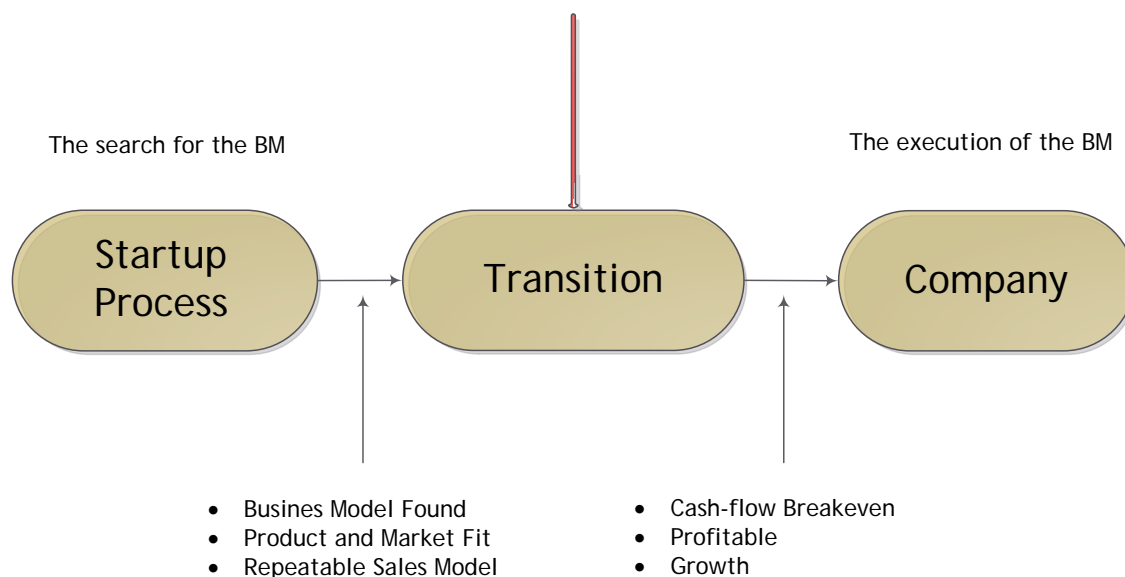


Figure 4: From business model to execution
(Blank 2010)

In practical terms it would be necessary to take into consideration the BM and the business plan, and business practice into a broader perspective. Introducing these elements into a BMI environment are the means by how the company can develop and continuously sustain profitability and business activity. As mentioned before (section 3.1.2) SME's tend to focus to fundamentally meet the demand and needs of their predefined customer groups. Ekomero has therefore to search for new opportunities and develop new models during the course of business activity. The following graph represents a business plan, being the BM its epicenter, while taking into consideration the 5 phases of BMI and consequently the long term-strategy.

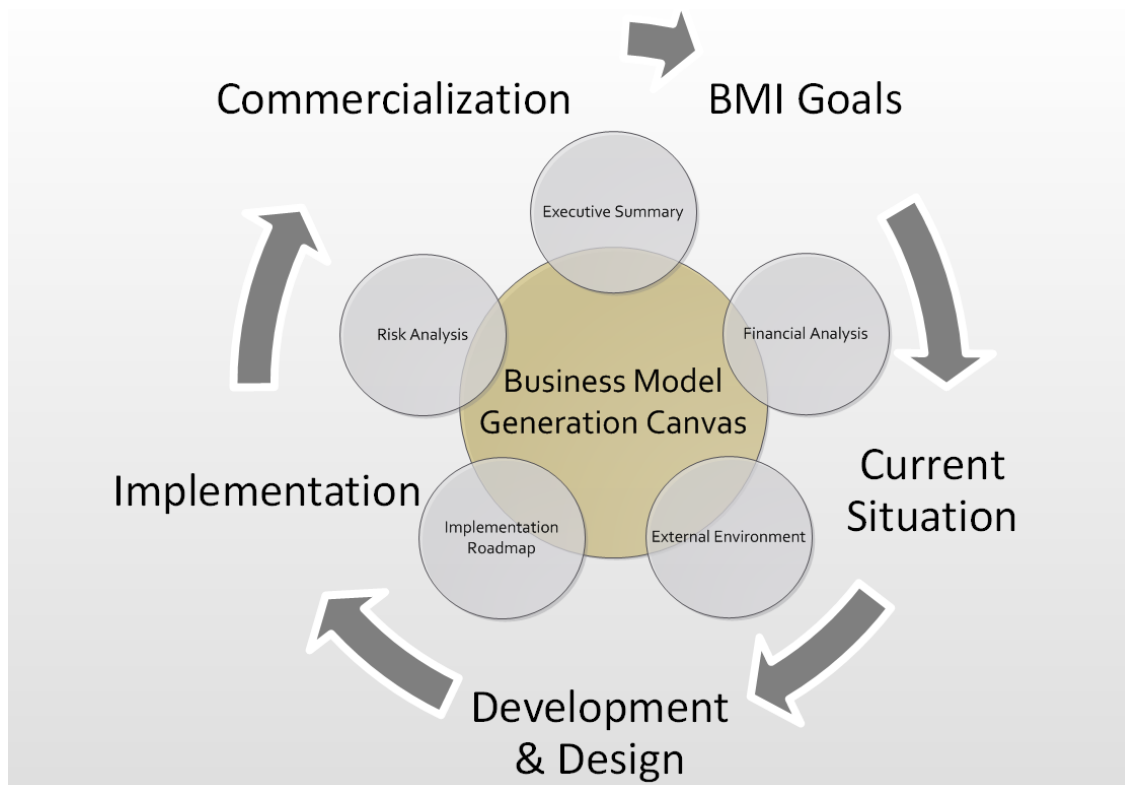


Figure 5: Business plan generated from a business model in a BMI environment

BMI constitutes, as mentioned, an essential element of the long-term strategy of the business. The innovation cycle can be synthesized on the following 5 phases. The first phase within BMI is to define its goals and key-drivers. The current BM has to be described in order to find a shared view between the associates of the venture. Osterwalder defines it as the shared language of a BM. The second phase corresponds to the current situation of the BM in relation to the market. It has to establish, and understand, the actual situation of the company and its customers; taking into consideration competitors and those trends affecting, or will impact, the business. Companies outside the industry are worth to study in order to scope BMI within other fields, which can be adhered to the business, and in this case Ekomero. It is vital, therefore in this context, to determine the key resources and capabilities of the company in order to determine how the company can develop innovation. Consequently, the second phase relates to the opportunities for innovation. The third phase relates to the processes of development and design. Based on the insight gained during the second phase, different alternatives for BMI are here developed in order to form an innovation portfolio. Through an evaluation and prioritization system, the best alternatives will be filtered and tested in the next phase. In the implementation phase the chosen alternative is implemented in the marketplace, but theoretically. Here it is determined whether customers accept the innovation and are willing to pay the right price. The idea can suffer considerably changes and be trans-

formed repeatedly. Finally, in the commercialization phase, the innovation that has been successfully tested is implemented in the marketplace. (Innovation 360 2012)

2.4 Summary of the theoretical discussion

Summarizing: Osterwalder's Business Model Generation Canvas has found its wide acceptance among practitioners, and well known global companies such as Eriksson and IBM, for being a useful and practical tool for representing the key business components and the interaction between these, representing a visual tool for building the businesses' architecture. The writer utilizes therefore the Canvas in order to establish a shared language for the associates of Ek-omero. The writer suggests addressing the fundamental questions supporting a BM to those 9 building blocks of Osterwalder's BM Canvas. (See figure 6)

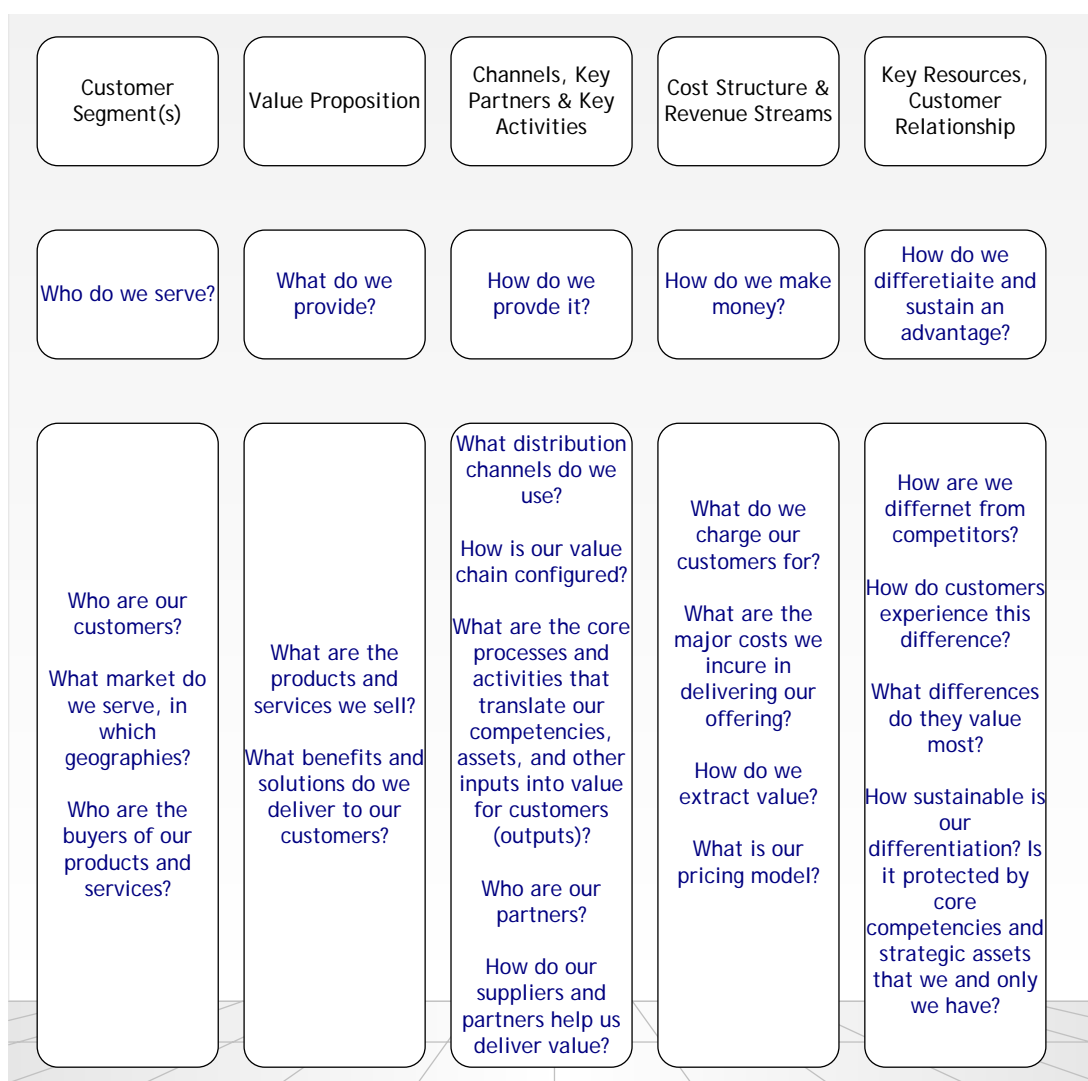


Figure 6: Connecting Strategos key questions addressing BM with Osterwalder's 9 blocks (Skarzynski & Gibson 2008, 113)

A new Business Plan structure has to be outlined since the Business Model Canvas oversteps some of the components of the business plan, and does not including a strategy minimizing competitive pressures. Osterwalder (2009) suggest that a business plan originated from his Canvas should include the following sections: Executive Summary, The Team, The Business Model, Financial Analysis, External Environment, Implementation Roadmap, Risk Analysis, Conclusion, and Annexes. Ekomero adopts essentially the same structure as Osterwalder commends, but with some modifications in order to better support Ekomero's business concept.

3 Definitions

This section has been reserved for the definition of terms, which significance the writer have found to be indispensable in order to better understand the context within these appear. The purpose is to facilitate and clarify the reader with less familiar terms concerning the labeling of their products and their significance.

3.1 Organic food

The Soil Association (2013) defines organic food as the "food which is produced using environmentally and animal friendly farming methods on organic farms. These methods are legally defined and any food sold as 'organic' must be strictly regulated."

3.2 Organic food labeling

The amount of ingredients deriving from organically produced plants and animals have to be at least of 95%, in order for the foods to be labeled as organic. Any food sold as organic within EU falls under the regulations 834/2007 and 889/2008. The production of these foods follows the regulations stipulated by the EU. Producers are inspected and certified by a registered certification body with the certification body's number and prefix. Only then the product certified as organic can be labeled with the EU's organic logo. (Soil Association 2013)



Illustration 2: EU's organic farming logo

Up to 5% of ingredients are allowed from a list of approved non-organic food ingredients because some of these are not available organically such as salt and water. In some cases additives and processing aids are allowed, and even legally required. Artificial colorings and sweeteners are absolutely prohibited in these foods. (Soil Association 2013)

3.3 Geographical indications and traditional specialties

Geographical indications and traditional specialties are under the EU agricultural product quality policy. According to the EU's department of agriculture and rural development (2013) "EU farmers must build on high quality reputation to sustain competitiveness and profitability." EU's requirements guarantees the standards of all products within the EU, identifying, through its quality schemes products and foods famed and produced according to the specifications. (Agriculture and Rural Development 2013)

3.3.1 Protected designation of origin (PDO)

PDO's covers and protects recognized know-how, within a geographical area, in producing, processing, and preparing agricultural products and foods. (Agriculture and Rural Development 2013)



Illustration 3: Protected Designation of Origin logo

3.3.2 Protected geographical indication (PGI)

The PGI logo protects and covers agricultural products and foods linked to a recognized geographical area. These products and foodstuffs must have been either produced, processed or prepared within this area. (Agriculture and Rural Development 2013)



Illustration 4: Protected Geographical Indication logo

3.3.3 Traditional specialty guaranteed (TSG)

The TSG emphasizes the traditional character of the products due to its composition or means of production. (Agriculture and Rural Development 2013)



Illustration 5: Traditional Specialty Guaranteed logo

3.4 Specialty food products

The Specialty Food Association (2013) defines Specialty Food Products as “foods and beverages that exemplify quality, innovation and style in their category. Their specialty nature derives from some or all of the following characteristics: their originality, authenticity, ethnic or cultural origin, specific processing, ingredients, limited supply, distinctive use, extraordinary packaging or specific channel of distribution or sale. By virtue of their differentiation in their categories, such products maintain a high perceived value and often command a premium price.”

4 Ekomero's business plan

The Business plan for Ekomero comprises seven sections: Executive Summary, Business Model, Financial Analysis, External Environment, Implementation Roadmap, Risk Analysis, and finally Conclusion. As mentioned previously, these are based on Osterwalder's suggestion addressing those components that a business plan should include building upon the BM. Here, the business plan has been restructured to better adopt Ekomero's business line.

4.1 Executive summary

This section comprises the key elements of the business plan introducing the company, the offering, the mission, vision and value statement and its current situation.

4.1.1 The company

We are a new born company that strives to become a serious importer and distributor of Spanish Organic, Natural and Specialty Foods in Finland. Our assortment is dedicated to cover our customers' needs at competitive prices without jeopardizing quality. Our product portfolio strives to meet our customers' needs at competitive prices while maintaining the highest quality standards. We constantly endeavor to serve our customers with a product portfolio adapted to satisfy our customers' needs with the ultimate goal of exceeding their expectations. Our goal is to offer environmentally produced foodstuffs at competitive prices with special care and attention to personalized service. Organic products, including foodstuffs, are among the fastest growing sectors within the retailing industry. Ekomero intends to capitalize on the opportunities in the sector recognizing the high possibilities for growth ahead.

4.1.2 Our mission, vision, and values

Our *mission* is oriented towards the realization and satisfaction of all our stakeholders, exceeding their expectations while providing the highest standards for quality, consistency, sustainability, and integrity.

Our *vision* is to become our clients' most attractive pantry of Spanish organic, natural, and specialty foods in Finland. We want to be a reliable source for our clients to achieve their overall objectives.

We believe that the food produced by environmentally responsible techniques and in accordance with sustainable principles provides greater benefits to consumers and the world in general. The health and wellness of our stakeholders constitutes Ekomero's core *values*.

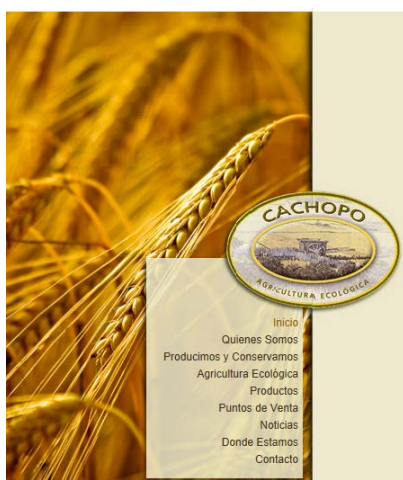
4.1.3 Products

Our product assortment is designed exclusively to fit our customer's personal needs and is carefully selected based on nutritional values and special dietary needs as well as on the integrity of their ingredients. Our products are labeled according to the EU's organic farming standards in order to ensure and guarantee our suppliers' commitment towards environmentally responsible techniques and the principles of sustainability, and integrity. Three of these labels correspond to their identification system: Protected Designation of Origin, Protected Geographical Indication, and Traditional Specialty Guaranteed. The organic foods include the EU's organic farming logo that is currently in use since 2010.

Ekomero's offering can be found in its webpage and consists (as to 24.4.2013) of four basic product categories. The associates intend to commercialize the following three brands:



Suralgae is specialized in fresh, salted, and dehydrated seaweed which is harvested and produced through traditional methods without altering the environment. Ekomero will solely commercialize the latter.



Cachopo is a family company founded in 1994 and dedicated to the cultivation of organic products. It is situated on the high plains of Colmenar de Oreja in Madrid, situated therefore in a strategic location ideal for transportation and logistics. All of their products carry the organic certification seal and certified by the Organic Agriculture Committee of Madrid (CAEM).



Añavieja is the first Spanish organic potato chips producer and has recently launched a new range of organic popcorn. It is a solid and renowned company in Spain and internationally.

- For further information and updates on Ekomero's products, visit www.ekomero.com
- A more detailed description on the products can be found in the appendices 1, 2 & 3.

4.1.4 Management and company profile

Company Profile

In order to reduce initial costs Ekomero will start functioning under another company, becoming in this particularly case an auxiliary company name under Kielioipas H&I (a company operated by Gonzalo Reyes Hernandez). The objective is to begin marketing activities without great initial investments. The decision was taken upon the following motives:

- Once the company manages to acquire a customer, Ekomero would start the process at the National Board of Patents and Registration of Finland to become a Limited Company (Osakeyhtiö).
- Ekomero can begin to legally enter texts into the website which will support a central activity during the process of acquiring contact with producers in Spain and customers in Finland.
- Permits Ekomero commence its selling activities without additional costs.
- Allows the company to reduce costs. The separate handling fee per auxiliary company name is of €95 when filing a notification to the Trade Register of Finland. (National Board of Patents and Registration of Finland 2013). By filing an auxiliary name Ekomero can operate under its own company name, without the need of mentioning the mother company.

Management Profile

Ekomero is a company established in Helsinki, Finland, and formed by two young entrepreneurs of Swedish and Spanish-Finnish nationalities. Our network of collaborators in both Spain

and Finland ensures the professionalism, commitment and seriousness towards the realization of this initiative.

Gonzalo Reyes Hernández and Emil Sigurd Tungstedt are the founders of Ekomero, each with holding 50% of shares. For contact information:

Ekomero

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4.2 Ekomero's business model

It becomes vital to understand, and recognize, that Ekomero's BM functions within one-tier distribution channel. Ekomero intends to position new food products within established channels, requiring brand positioning through a variety of brand building methods and strategies. These food products would gain immediate access to end consumers through the main retailers in Finland and through minor but highly specialized retailers within the health and natural product sector.

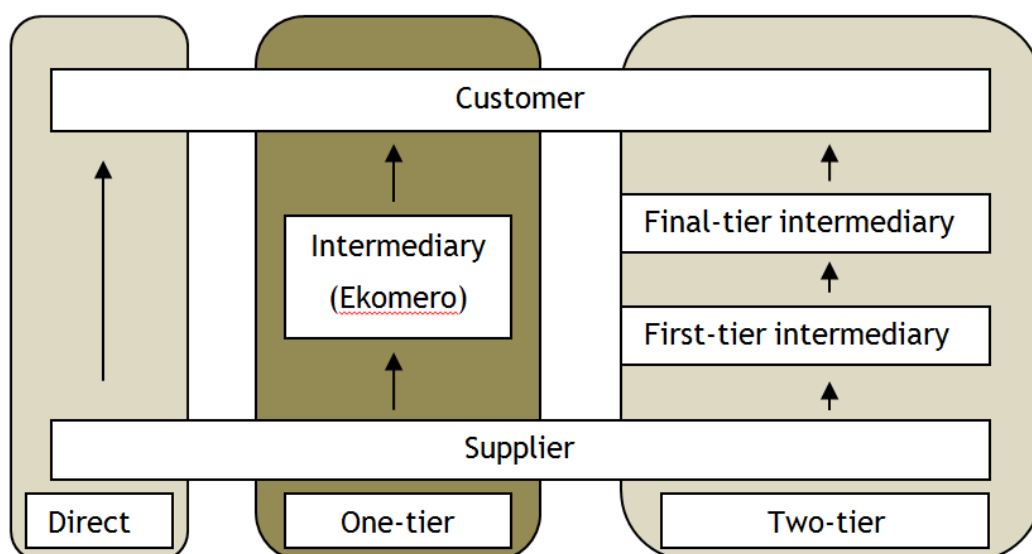


Figure 7: Ekomero's distribution structure
(Dent 2013)

Ekomero's BM will be illustrated and its different building blocks explained below. Due to the company's line of business, a holistic view and description concerning product-, information-,

and financial flow has been included in order to better understand the basic functions of importing.

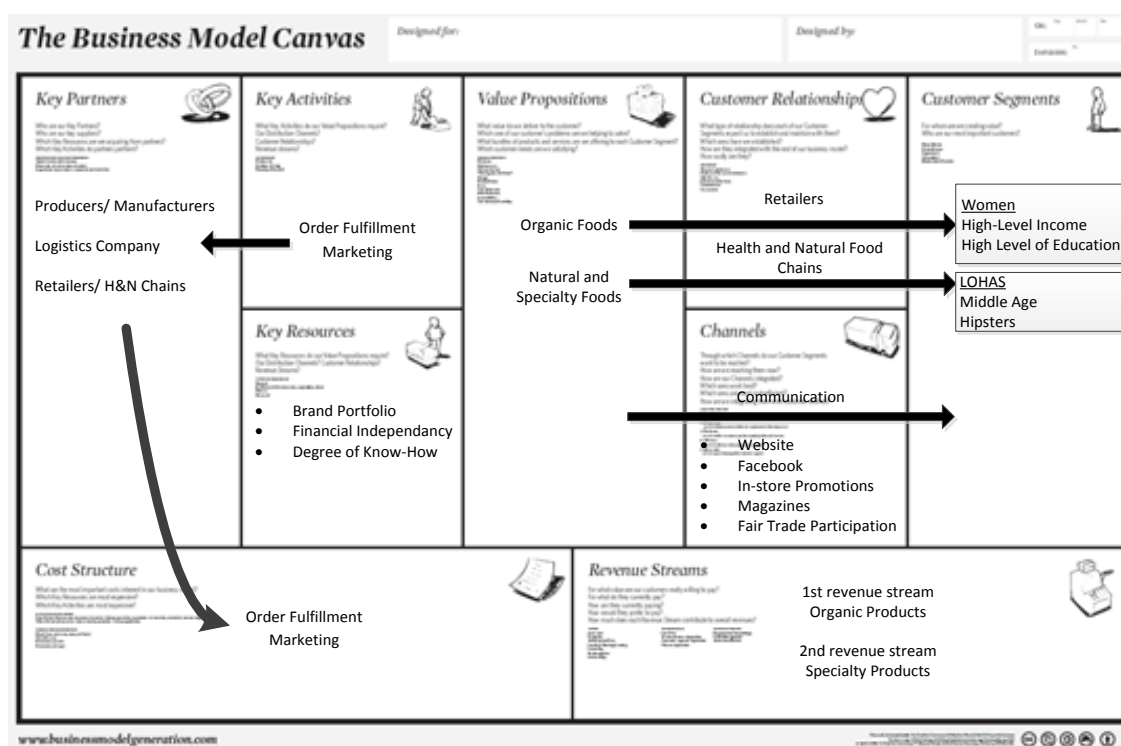


Figure 8: Ekomero's business model

4.2.1 Value proposition

Ekomero's *Value Proposition* is to offer Spanish organic-, natural-, and specialty food products of high quality standards to end consumers. Ekomero's main niche market is orientated towards the organic sector, constituting the company's most significant value proposition.

4.2.2 Customer segments

The primary customer segment is constituted by higher income households and characterized by consumers of higher educational level. It is assumed that lower income may restrain households' budget in purchasing organic products in comparison with non-organic foodstuffs since their prices are higher. Natural and specialty foods are related to the same customer group. Women have been identified in a wide range of studies, not solely in Finland but in most markets, as the major consumer group of organic products. They believe in higher degree than men in healthy and responsibly produced foodstuffs. Promotions are therefore concentrated more towards this customer segment. (Yrkeshögskolan Laurea 2013, 11) (USDA Foreign Agricultural Service 2011, 3)

LOHAS-consumers – a shortening of *lifestyle of health and sustainability* – which represents Ekomero’s secondary customer segment, are those who are interested in how their consumption decisions have an impact on the environment, social responsibility, income differences and child labor. About every third of Finnish consumers between the ages of 15-79 are LOHAS consumers. LOHAS-consumers, in Europe, represent between 15% and 25% of all consumers. In this customer segment is highly represented women, consumers of high-level of education, and living in metropolitan areas. In Finland the LOHAS-consumers can be categorized into two groups. The first are young urban consumers, so called hipster-LOHAS, who emphasizes on vegetarian food and strongly believe in ethics concerning consumption decisions. The second group is mostly represented by middle-age consumers that prioritize local and domestic food-stuffs and overall organic products. (Yrkeshögskolan Laurea 2013, 12)

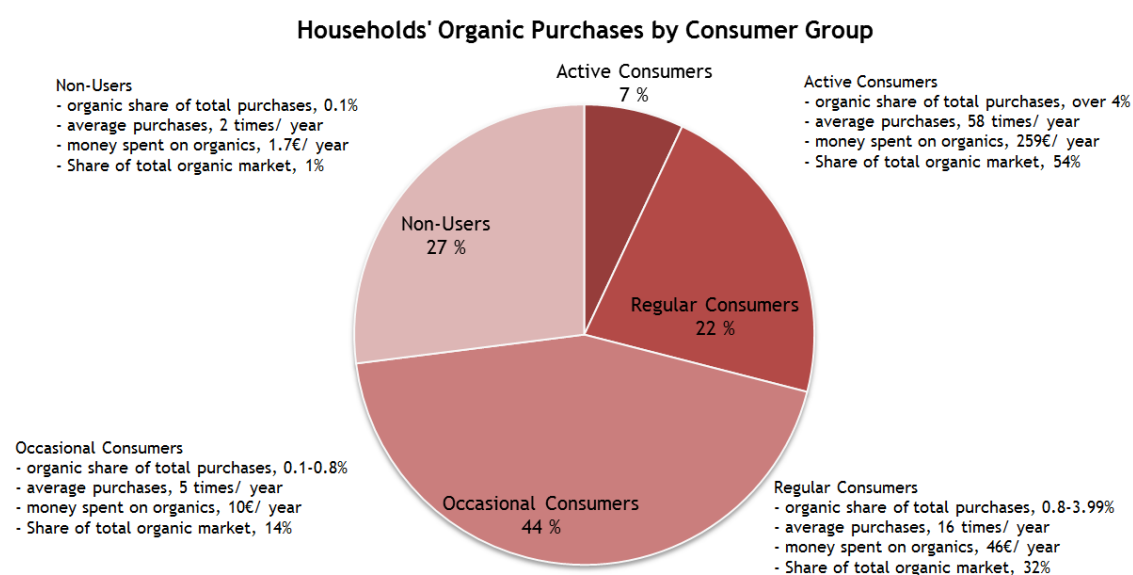


Figure 9: Households' organic purchases by consumer group
(Laurea Yrkeshögskola 2013, 12)

4.2.3 Customer relationships

Customer relationships (with end consumers) are established through retailers. Marketing activities are therefore linked, and occurs, mostly within B2B environment. Relationships are established through a variety of marketing activities conducted in collaboration with retailers. Promotions such as tasting events, in-store promotions and temporary price reductions sustain the relationship with Ekomero’s end customers (more on marketing plan, section 5.3.2).

A determinant factor, within the selling activities towards retailers, is the means by how the enterprise will promote the offering. It constitutes a value added activity for these customers who seek to establish relationships with suppliers who not only offers a product assortment, but promotes and supports the overall objective of the organization.

Distributors or sales agents are the only viable mechanism small firms have when engaging into exporting, and there is nothing these firms can do if the mentioned distributor does not push effectively the product(s). (Burns 2011, 213) The associates recognized these problems when researching the market and prospecting producers in Spain. Products, subject to specific brands and with high market potential, were already to be found in the Finnish market but very poorly marketed.

B2B relationships (Overview of the Finnish key retailers)

The main food retailers in Finland are S-Group, Kesko Oy and Suomen Lähikauppa Oy with an aggregate market of 90%. (USDA Foreign Agricultural Service 2012, 8) Ekomero aims to serve these players within the industry, firstly because of their concentration (relatively easy of locating potential buyers), secondly due to their size, and thirdly based on their efficient systems concerning supply chain management and distribution.

An additional target market, which Ekomero intends to capitalize on, is the well-being and Eco-trade sector. Two major chains are therefore included as potential customers, and subsequently distributor for the business' offering; Ruohonjuuri Oy and Life Finland Oy. These are integrated last since their BM is considerably different from those major food retailers.

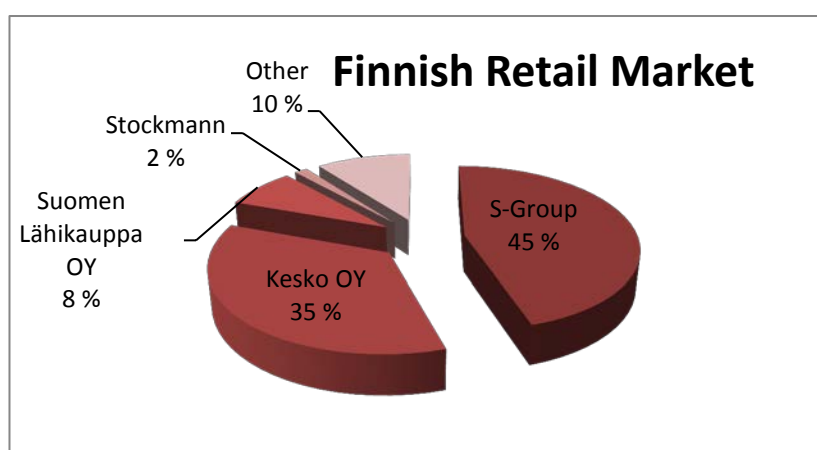


Figure 10: Main actors within the Finnish retail market

S-Group

S-Group is a consumer cooperative, and the biggest player within the industry, with a market share in 2011 of 45.2%. S-Group's logistic and buying company is Inex Partners. The Group includes supermarkets, hypermarkets, discount grocery stores, department stores, service stations, restaurants, hotels, hardware, agricultural stores and specialty stores. S-Group represents the most important of all customers segments due to their successful implementation of organic food products into their grocery stores and shelf space, being the largest seller for these items. (USDA Foreign Agricultural Service 2012,9)

In 2011 the Group's sales of organic products in Finland increased by 50% introducing to their assortment above 700 new products. (USDA Foreign Agricultural Service 2012, 9)

Kesko OY

Kesko and K-retailers constitutes the second biggest player with a market share, within the retail food sector in Finland, of 35.3%. Kesko OY is formed by Kesko Ltd. and its four subsidiaries, being Kesko Food Ltd. the largest of these. The privately owned K-food stores purchase from the Kesko wholesale organization, which creates and allows high competitive advantage through volume and synergy benefits. (USDA Foreign Agricultural Service 2012, 9)

The K-food stores include a vast selection of Fair Trade products (222 in 2011.) and organic products (1,073 in 2011) into their assortment. The assortment and its selections are continuously developed according to customers' preferences. (USDA Foreign Agricultural Service 2012, 9)

Suomen Lähikauppa OY

Suomen Lähikauppa OY is the result of several mergers and acquisitions, operating under the current business structure since 2009, when Tradeka Ltd. became Suomen Lähikauppa OY. They were the third largest within the Finnish food retail industry in 2011 with a market share of 7.8%. They are leaders in the neighborhood shop market. (USDA Foreign Agricultural Service 2012, 9)

Stockmann Group

In Finland's retail food sales, Stockmann's seven (7) department stores accounted for 1.4% of the total market share. Stockmann Delicatessen are the grocery departments within Stockmann stores. The company's purchasing channels, for food, occurs through own channels and Tuko Logistics OY. Stockmann withholds a relatively small market with a high degree of specialty foods within their assortment. They represent therefore an important customer segment as well for Ekomero. (USDA Foreign Agricultural Service 2012, 9-10)

Retailer / Type of outlet	Ownership	No. of Outlets	Market Share	Purchasing/ Agent Type
S-Group - hyper-markets - dept stores - supermarkets - self-service - small shops - discount stores	Finnish	987	45.2	Importer/ wholesaler (Inex)
Kesko (K-Group) - hyper-markets - dept stores - supermarkets - self-service - small shops - discount stores	Finnish	983	35.3	Importer/ wholesaler (Kesko Food)
Lähikauppa OY - hyper-markets - dept stores - supermarkets - self-service - small shops	Finnish	671	7.8	Importer/ wholesaler (Tuko Logistics)
Lidl - hard discount	German	140	6.2	Importer/ wholesaler
Stockmann Group -department stores	Finnish	7	1.4	Importer/ Wholesaler (Tuko Logistics)

Table 2: Major food retailers in Finland
(USDA Foreign Agricultural Service 2012, 10)

Note (Opportunities for small suppliers)

The basic assortment of these chains covers between 60% and 80% of the sales. Though, member retailers can select to their own specific assortment plenty of products. These member stores can purchase products from nearby suppliers, and in the case of imports from warehouse assortment offered by the central organization. This system of warehouse assortment opens the possibility for small suppliers who cannot serve the whole chain(s). Ekomero intends to serve these customer segments through this system. (Ministry for Foreign Affairs of Finland, Finnpartnership, Federation of Finnish Commerce, Fair Trade Finland 2008, 7)

Ruohonjuuri Oy

Ruohonjuuri is a pioneer company, since 1982, within the field of Eco-trade. It offers through their four stores, organic food products, cosmetics and ecofriendly cleaning products in Helsinki, Turku and Tampere. The products are available, as well in their web-shop. Ruohonjuuri constitutes a potential customer for Ekomero due to their policies of high quality, organic, eco, and fair trade products. Within their selection they offer over thousand organic food products including coffee, tea, beans, vegan meat, tofu, super foods, honey, vegetable oils, bread, fruit and vegetables, drinks, candy, canned food, baby food, flour, flakes, and spices. They incorporate a variety of gluten-, lactose-, and milk-free products. (Ruohonjuuri 2013)

Life Finland Oy

Life Finland Oy is a Life Europe AB's subsidiary. It operates approximately hundred stores in Finland, while the whole chain comprises over 440 stores within Nordic countries. They are specialized on well-being and include products such as herbal remedies, food supplements and self-care, cosmetics and organic foodstuffs. (Life 2013)

4.2.4 Channels

The channels constitute the means by how the company transmit and communicates its value proposition to the customers (end consumers). Ekomero has three differentiated methods in order to acquire, maintain, and develop customer relationships.

- In order to create brand awareness and loyalty Ekomero will communicate updates, new value propositions and events, through its *website* and *Facebook* account. This communication will incorporate value added through the introduction of recipes, which will be updated regularly. Ekomero's aim is to suggest new contexts on the utilization of those ingredients available on its product category and product lines. "El alambique" a direct competitor of Ekomero utilizes these means successfully to communicate with their customers. Studies have shown customers' preferences towards communication with businesses through social media, but recognize the majority's unsuccessful implementation of its social policy (Siemens Enterprise Communications GmbH & Co 2013). Ekomero strives to implement favorably the social media as an invaluable channel of communication with its customers.
- Ekomero intends to get free initial advertisement through Magazines such as Kauneus ja Terveys, Hyväterveys, and Anna. These magazines reach, to certain extent Ekomero's primary customer segment. These have a section for newly introduced healthy products in the market where the business intends to initiate its brand awareness strategy.

- Tasting events and Fair Trade participation constitutes the third channel. (more on marketing plan, section 5.3.2)

4.2.5 Key resources

Intellectual and human resources is the key for success.

Intellectual

Ekomero intends to import and distribute brands bounded to an exclusivity contract agreement. These are usually bounded to a certain geographical area and are time-limited, even though these agreements can be renegotiated. In general terms producers agree to these terms under the condition that a company does not carry within the same product portfolio competing products. The exclusivity contract agreement is therefore based on a bilateral agreement and only by a balance of power Ekomero can capitalize on successful partnerships based on mutual trust. (Burns 2011, 213-214)

Many producers of organic, natural, and specialty foodstuffs in Spain are families withholding a long tradition on their specialty. In many cases they do not have the sufficient know-how of marketing their products in foreign markets and consequently do not consider the opportunity. Ekomero can by these means import unique brands, not sold by competitors and reserve the exclusivity for marketing these products without the risk of losing its partners to competitors. An exclusivity contract agreement would mitigate as well the risk of losing partners to retailers who in general terms aims to reach high efficiency by skipping additional costs through the elimination of intermediaries. Ekomero's distribution exclusivity contract agreement is attached in the appendices but is solely available in Spanish since it is exclusively for Spanish producers as mentioned previously.

Human

The associates' different specialization areas, and those of collaborators, are the strongest assets of Ekomero. Withholding titles within the line of Business Management, Economics, and Law, the associates have the sufficient know-how required for this startup initiative.

4.2.6 Key activities

Ekomero's key activities can be resumed in marketing efforts and order fulfillment. In order to better understand the latter, a holistic perspective on the process flow related to product, information, and financials, has been designed since it constitutes at an operation level the key activities. Documentation requirements become vital as well when engaging into import/

export activities. The section will therefore include key information and requirements concerning these activities.

A whole section has been reserved to address the key marketing activities since they are linked to both the customer relationships and key activities building blocks.

Order Fulfillment

Ekomero intends to fulfill orders without the need of local warehousing. Only those products ordered will be loaded at producers' facilities in Spain by contracted transport company. The average time of door-to-door delivery is of 4-5 days. This occurs through partial loading, known as groupage transportation where trucks are loaded combining diverse cargoes into single shipments. The cargo arrives at Finland and will be delivered at the organization's warehouse facility. It will be from here furthered transported through the own organizations logistic systems to the member stores.

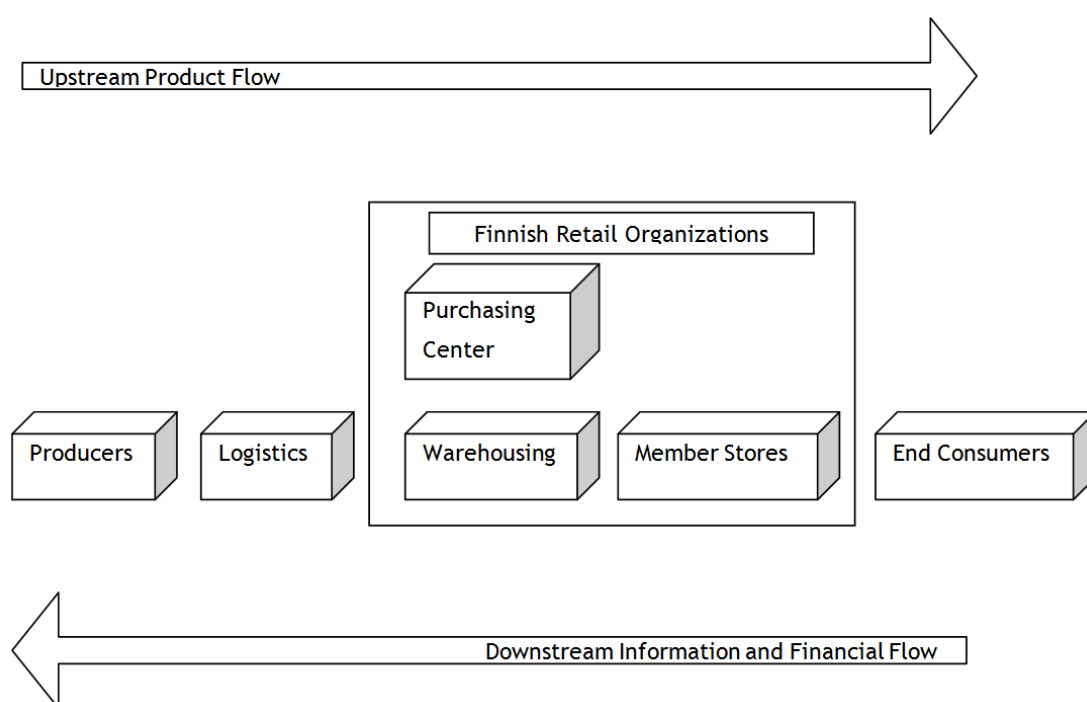


Figure 11: Overview of business flows

The information and financial aspects are downstream as represented in the figure above. Financially, the company has to fulfill payments (product purchase and transport) before any product is shipped. Ekomero estimates to receive payments into its account receivable next month after sales.

4.2.7 Key information and requirements for intra-EU operations

Shipments or entries of goods between custom areas within the EU are considered as intra-Community supplies. These movements of goods are excluded from any commercial restriction or customs rights. Therefore, the imports to Finland from Member States are considered as internal trade. Custom formalities are not necessary if the goods are transferred from one country to another and are originated in the EU, or if the goods are under considerations of free practice. There are some exceptions, but do not concern Ekomero. (Camara Oficial de Comercio, Industria y Navegacion de Castellon 2011,15; Evira 2011)

Intrastat

As a source for commercial statistics, transferred goods within the EU have to be declared through INTRASTAT-system. Every VAT-registered business (having a fiscal identification code) has to declare information of the value of their Arrivals (purchases/ imports) or Dispatches (sales/ exports), and is dependent directly on the threshold that is set annually. Those businesses that do not exceed the threshold are exempted. The Intrastat thresholds are set differently in every Member State. For Finland the threshold is currently set on €275000 for arrivals per annum and €500000 for Dispatches per annum. (VATLive 2013)(Government of United Kingdom 2013)

VAT concerning Intra-EU operations

The Value Added Tax and the special taxes related to tobacco, alcohol, and fuels, are applied in every country under their own jurisdiction, but do not concern currently Ekomero.

An intra-Community supply is only taxable in the Member State of arrival but is exempt in the Member State of dispatch. The receiver or purchaser has to declare the VAT solely in the Member State of arrival. Through *inter alia* tax administrations in each Member State maintain a database of all its traders and their VAT registration, including VAT identification number, date of issue, name of trader and its address, where applicable, and date of cessation of validity of VAT number. (Deloitte 2012) (European Commission 2013)

V.I.E.S is a computerized VAT Information Exchange System that enables the flow of data across Member States and which has two basic functions (European Commission 2013):

- Companies can access quickly confirmation of the trading partner's VAT numbers.
- VAT administrations to monitor and control the flow of trade within the EU.

VIES VAT number validation can be verified in the following link:

http://ec.europa.eu/taxation_customs/vies/vieshome.do?locale=en

Documentation requirements for Intra-EU operations

A commercial invoice has to include, as a minimum requirement, the following information (Itella 2013):

- VAT numbers of both the seller and the buyer and the seller's Business ID.
- Tax-exemption regarding sales (Intra EU-supply)
- T2L or T2F document has to be presented in certain occasions with the transport document or the invoice in order to indicate the goods' status as an Intra EU-supply operation.

The following instructions which are mandatory in Extra Community supplies are applicable as well in trade within EU Member States (Itella 2013):

- The seller's complete name, postal address, telephone and fax number and bank information of the seller.
- Invoice date and number.
- Seller's reference, business ID, foreign trade reference (FTR).
- Buyer's reference, order number and date.
- Buyer's (and addressee's, if not the same) full name and address.
- The name and postal address of the recipient of the goods.
- Country of origin for the goods.
- Country of destination.
- Transport information, e.g. method, route.
- Terms of delivery (e.g. CIF New York, Incoterms 2000).
- Time of delivery for goods, date of services. Rendered or the date of advance payment.
- Delivery method.
- Terms and method of payment.
- Markings, codes, numbers and types of parcels.
- Exact definition of goods.
- Customs tariff designation in accordance with the designations of the destination country, in most cases a six-digit HS designation. The CN designation (EU Combined Nomenclature) is not given.
- Quantity and nature of goods and the extent and nature of the services. The quantity can be given in units according to the trade practice, gross and net weight, and other units required by the customs tariff of the purchasing country.
- Price information of goods in agreed currency, unit and total prices by types of goods.

- Designation of tax-free sales. Export sales are designated with the marking “VAT 0%, Tax-exempt sale outside the EU”.
- Discounts and/or any additional charges with their criteria.
- Exporter’s signature if the purchasing country’s authorities so require.
- If necessary, the names and addresses of forwarding agents used by the buyer and seller.

Incoterms

The Incoterms are a set of International rules, and established by the International Chamber of Commerce (ICC), which main objective is to reduce confusion concerning interpretations of shipping terms and determine the different parties’ obligations. The Incoterms should be specified and referenced in the commercial contract. (Export.gov 2012)

INCOTERMS

Services	EXW EXWORKS	FCA FREE CARRIER	FAS FREE ALONGSIDE SHIP	FOB FREE ON BOARD	CFR COST & FREIGHT	CIF COST INSURANCE & FREIGHT	CPT CARRIAGE PAID TO	CIP CARRIAGE INSURANCE PAID TO	DAF DELIVERY AT FRONTIER	DES DELIVERED EX SHIP	DEO DELIVERED EX QUAI DUTY PAID	DDU DELIVERED EX QUAI DUTY PAID	DDP DELIVERY DUTY PAID
WAREHOUSE STORAGE AT POINT OF ORIGIN	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
WAREHOUSE LABOR CHARGE AT POINT OF ORIGIN	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
EXPORT PACKING	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
LOADING AT POINT OF ORIGIN	BUYER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
INLAND FREIGHT	BUYER	BUYER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
PORT RECEIVING CHARGES	BUYER	BUYER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
FORWARDERS FEE	BUYER	BUYER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
LOADING ON OCEAN CARRIER	BUYER	BUYER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
OCEAN/AIR FREIGHT	BUYER	BUYER	BUYER	BUYER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
CHARGES IN FOREIGN PORT / AIRPORT	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
CUSTOMS DUTIES AND TAXES ABROAD	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	SELLER
DELIVERY CHARGES TO FINAL DESTINATION	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	SELLER(2)	SELLER(2)

(1) Customs clearance by seller's account. (2) Excluding unload, except mutual agreement.

Table 3: Incoterms 2012

The Incoterms establishes:

- the scope or range of price
- when and where the transfer of risk concerning goods occurs from the seller to the buyer
- place of delivery
- who contracts and pays the transportation
- who contracts and pays the insurance
- which documents processes each party and their costs

4.2.8 Key partnerships

Our main partners are:

- producers and manufacturers in Spain
- logistics firms
- and retailers

These key partners are those involved in making the foodstuffs available to the end consumers and customers.

4.2.9 Revenue streams

Revenue Streams can be summarized in two different flows. Since Ekomero's main value proposition is organic products; the company expects to capitalize mostly on these foodstuffs, constituting therefore the 1st revenue stream. Specialty and naturally foodstuffs will be the 2nd revenue stream. Ekomero strongly believe on the current trend for organic products and intends to capitalize mainly on this unmet demand.

Revenues are highly influenced by the profit margins. Margins in Finland for foodstuffs and other daily consumer goods are about 20-30%, even though in some cases, like organic produced products, the retail margin can be significantly higher. (Ministry for Foreign Affairs of Finland, Finnpartnership, Federation of Finnish Commerce, Fair Trade Finland 2008, 21) The pricing strategy which has direct implications on revenues can be summarized as demonstrated in the following example In table 5:

Ekomero's export price (FOB) + insurance, freight, etc.	1000 150
CIF price at the border + Ekomero's margin 10% + Retail group's margin 25% of retail price	1150 115 316,25
Retail price (excl. VAT) + VAT (14% for foodstuffs)	1581,25 221,38
Selling price	1802,63

Table 4: Pricing example

4.2.10 Cost structure

The cost structure is a key aspect for Ekomero and can be divided between those of marketing activities and order fulfillment. Variable costs incurred in running the business are of major concern for the associates and are mostly related to order fulfillment.

Marketing Activities

The main costs incurring on the marketing activities are Fair Trade participation and in-store tastings. The initial capital reserved for these costs are totally estimated to be 1370€ + costs of product offering.

Order Fulfillment

- Product purchasing. As seen on the above key activities section, Ekomero has to have the sufficient capital to fulfill the order. One of the basic requirements for becoming suppliers to retailers is to have a solid financial situation. (more on section 5.2.4, sales requirements)
- Logistics. The company has to have the capital to confront logistics costs.

4.3 Marketing plan

The marketing plan covers three essential activities for Ekomero; sales, customer service, and relationship management. These comprehend basic daily operations for the company and are summarized below.

4.3.1 Sales

Organization's purchasing center

Locating potential buyers are relatively easy for Ekomero due to their concentration. However it limits considerably the entry to the market. The success will therefore depend greatly on establishing initial contacts with these customers' purchasing centers. Marketing matters have to be discussed concerning funding for advertising, testing events, and in-store promotions. The basis for how Ekomero intends to increase brand awareness will influence, and support, the organizations' purchasing center decision. Trade fair participation as well as free promotion on magazines has therefore been strongly considered.

Before establishing initial personal contacts, Ekomero has firstly to comply with the general minimum requirements for food products suppliers. These comprehend in general terms the following (Inex Partners 2013):

- Suppliers are required to enter into a written supply agreement with appendices.
- Suppliers must supply product details electronically on a schedule according to assortment cycles.
- Production must fulfill the requirements of EU and/or national environmental legislation.
- In terms of social responsibility, suppliers of countries specified in the BSCI import trade initiative are committed to adhere to the principles of the Code of Conduct and to submit to auditing.
- Suppliers should be in a solid financial situation.
- Suppliers must adhere to operating practices according to HACCP principles in food-stuffs and to GMP or HACCP/FMEA principles in daily non-food products.
- Fruit and vegetable suppliers must comply with GAP or IP principles.
- Suppliers must have a traceability system and an own check programme.
- Inex or a third party has the right to audit suppliers.

It is Ekomero's duty, once relationships and operations have been established, to present product-mix updates periodically (twice a year). Due to these organizations preference towards electronic order processing, which reduces time and costs, sales strategies will be orientated mostly towards member retailers.

Member retailers (specific assortment)

As mentioned above, member retailers can select to their own specific assortment plenty of products. Ekomero has therefore to acquire, develop, and maintain good customer relationships with member retailers. These activities have to be conducted more periodically than those with the organization's purchasing center. Ekomero recognizes the difficulties of acquiring, maintaining, and increasing shelf space and understands the high density of competition (more on risk analysis, section 5.7).

4.3.2 Promotion

Tasting events (end consumers)

An integrated element within the marketing plan is to enhance the final customer into decision-making for those products Ekomero offers. As research has revealed in-store sampling influences the customers' buying decision. Tastings have therefore to be conducted periodically in order to create and increase brand awareness. This constitutes the means, as well, for improving and developing customer relationships, with member retailers, demonstrating commitment and support to their business. It serves, therefore two purposes; to stimulate end consumer's decision making and to build stronger ties with retail stores.

In-store promotions

- **In-store display:** Through special racks Ekomero intends to manipulate and increase product exposure. The high competition between distributors to get shelf space has made Ekomero to consider this option. Through offering special racks to the retailers company can ensure product visibility and bring attention to the promoted product. This has shown to have a more direct impact than exposure on shelf space along the retail aisles.
- **TPR (temporary price reduction):** Ekomero intends to offer direct temporary price reduction as a strategy to enhance brand awareness. The plan is to offer retailers a price reduction in order to promote the products without diminishing their benefit margin. Bonus pack promotions have not been considered since Ekomero does not have enough resources to sustain such initiatives. Consumers though can benefit from lower prices while our B2B customers do not face reduction on income level.

Fair Trade Participation

It is Ekomero's desire to participate in the yearly local and organic food fair held in Messukeskus (Helsinki). It is still not established yet the cost for this activity since the venture is still under construction where other elements have still to be tied before considering this participation.

4.3.3 Advertising

Ekomero does not have enough resources to carry out heavy investments on advertisement. There are though a few specialized magazines that publish on regular basis new products in the market. Most of the advertising will be channeled through the webpage and Facebook account, and through trade fair participation, with special attention on the Local and Organic Food Fair.

4.3.4 Customer service

Customer service is essential and even more important when the product concerns food items. Ekomero has therefore planned to have customer service in both official languages, Finnish and Swedish, as well as in English and Spanish. Any questions or doubts about the food products offered could be answered and solved. Good customer service is therefore an integral element for Ekomero in order to establish strong bonds and relationships, both with end customers and member retailers.

Relationship management

Key Partnerships

Ekomero has to continuously be aware of the current market in the Finnish organic food sector and conduct periodical research to seek new opportunities. The company has to build strong relationships with Spanish partners in order to answer to possible needs and wants in the Finnish market. Product selection, packaging, and labeling seem therefore indispensable and constitute the pillars for development.

Final customers

Ekomero's website and Facebook site are tools for relationship management, as well, in order to build strong bonds with end customers/ consumers. Surveys have identified LOHAS-consumers to be interested in new products and willing to try new things. These consumers disseminate through word-of-mouth recommendations and rumors about good bargains and products. These consumers have shown to be an interesting segment for those who reach to market organic foodstuffs. (Yrkeshögskolan Laurea 2013, 11)

4.4 Financial analysis

The financial analysis comprises the funding requirements of the business, a glossary of prices and costs for each brand's products incurring on Ekomero, an explanation of why a breakeven analysis is not necessary in this specific case and a 12-month cash flow for the first year.

It is vital to receive the following information for a better understanding before introducing the tables:

1. The only initial costs incurring on the associates before the activity would be the website, business cards and product trials reserved for our B2B customers supporting the sales activities. These would be the losses for the associates if the business would not find its customers. The risk is therefore considered as low.
2. The Incoterm within the transportation prices is DAP which includes here the insurances. The insurances are therefore not included into the data entered in the tables.
3. Some data is not included since the business is still under construction. Other additional costs are estimated to be insignificant and would consequently not change the result greatly.

4. The funding could be increased by the associates if the volumes would be greater than expected. The estimation is though far from this scenario.
5. Some fixed costs would incur solely if Ekomero manage to sell its VP.

4.4.1 Funding requirements and startup costs

Ekomero	Business Startup Costs	
FUNDING		Euros (€)
Investor Funding		
	Emil Sigurd Tungstedt	10 000
	Gonzalo Reyes Hernandez	10 000
	Total Investment	20 000
Loans		
	Bank Loan 1	-
	Bank Loan 2	-
	Non Bank Loan 1	-
	Total Loans	-
Total FUNDING		20 000
COSTS		Estimated
Fixed Costs		
	Advertising for Opening	-
	Basic Website	543
	Business Cards/Stationery	35
	Business Entity	350
	Legal/Professional Fees	650
	Operating Cash (Working Capital)	500
	Reserve for Contingencies	-
	Trials Suralgae	42,20
	Trials Cachopo	-
	Trials Anavieja	-
	Tools & Supplies	50
	Total Fixed Costs	2 170
Average Monthly Costs		
	Advertising	20
	Business Insurance	-
	Legal/Accounting Fees	-
	Website Hosting/Maintenance	15
	Total Average Monthly Costs	35
	x Number of Months	12
	Total Monthly Costs	420
Total COSTS		2 590
SURPLUS/(DEFICIT)		17 410

Table 5: Funding requirements and startup costs

The surplus is the amount in euros available for incurring costs, mainly purchasing and transportation.

4.4.2 Product glossary of prices and costs

The product glossary can be found on the appendices 5, 6 & 7. These relates to Cachopo, A ñavieja and Suralgae's products. On these tables can be found: the unit price, price per pallet and the total price once transportation costs have been added. It is vital to know the units per box and number of boxes per pallet in order to establish the definitive cost per unit. Flowingly a 20-30% is added to the total cost per unit which relates to Ekomero's profit margin. This represents the selling price for Ekomero's customers from where they would add their own profit margin and establish the ultimate selling price for end consumers.

4.4.3 Breakeven analysis

The associates are not considering currently seeking loans. It is therefore indispensable that the associates can affront payments rapidly and easily without overdrafts taking place. If the volumes would be too great to handle the company would then, but only then seek for a loan. The estimations and projections are though far from those numbers.

Since the startup costs are low, and the most incurring costs are those from purchasing, to establish a breakeven analysis would be unnecessary. If Ekomero would manage to sell its offering, the initial costs would be immediately covered.

4.4.4 Sales scenarios and projections

Important information regarding the sales scenarios and projections found on appendix 8:

1. Ekomero will most likely receive its payments next month after sales. The income will be therefore reflected on next month's accounts receivable.
2. Accounts payable is zero for Ekomero. The producers stress the importance of making the payments before any shipment being sent. Spain's bad economic situation and the amount of companies' bad debt accounts have led to this situation. The surplus in the table above is reserved for this purpose and constitutes the amount necessary to confront operational costs.

3. The solvency and liquidity of the major chains in Finland is satisfactory leading to the associates' belief to not include any bad debt.
4. The estimation of the amount of products the customers would purchase is difficult to establish. Which products the customers would be ready to include into their assortment and in which quantity for each product category and product line is very difficult to estimate. The writer has therefore included two pallets for Cachopo and Añavieja incorporating 10 boxes of each product. These are ordered every two months. Suralgae's products and due to its specific product category has been introduced within the field of sales every four months and comprises only one pallet of mixed products.
5. Transportation costs differ depending on the location of the producers's facilities. The costs are lower as closer these facilities are located to strategic cities regarding logistics and transportation. For Cachopo the cost for one pallet is 115€ since it is located in Madrid, for Añavieja 265€ and for Suralgae 275€ being located in southern Spain.

4.5 External environment

This section comprises the market analysis and key trends, the competitive environment and the competition.

4.5.1 Market analysis and key trends

For the past three years, the organic market in Finland has experienced a rapid increase. Despite a growth of nearly 40% annually, the demand exceeds the supply. Its market share (less than 2%) is remarkably lower than neighboring countries such as, Sweden (3%), Denmark (7%) and lower than the European average (2.5%). There is room for further growth, and the trend is estimated to continue. The overall demand for organic food products boosted sales in 2010. From 2008 to 2010, the regularly consumers of these products grew from 17% to 22%. This meant a reduction of those consumers who had never tried organic products from 32% to 27%. (USDA Foreign Agricultural Service 2011, 2)

S-Group, K-Group, and Suomen Lähikauppa OY dominates the food industry in Finland, with a network of retail shops, department stores and supermarket accounting for an aggregate of nearly 90 % of market share. These chains have centralized their systems that make distribution viable and economical taking into consideration the small market Finland represents. These few and concentrated players have been the major obstacle for organic food consump-

tion by limiting the supply. Despite the efforts of increasing shelf space in stores the demand is not yet met. (USDA Foreign Agricultural Service 2011, 2)

Despite the promotional efforts by organizations such as Luomuliitto Ry (Finnish Association for Organic Farming) and Organic Food Finland, and subsidies from the Finnish Government to organic producers in Finland, the country is in need of heavy imports in order to reach demand. Most of the products which are not produced domestically are supplied from EU Member States due to the advantages of free trade and proximity. (USDA Foreign Agricultural Service 2011, 2)

Ekomero aims, therefore, to contribute in meeting the above mentioned unmet demand. 84% of the organic food products are marketed through these retailers constituting a high concentration of customers for Ekomero.

4.5.2 Competitive environment

As mentioned in the section of limitations there is no accurate data regarding importers (Intra-EU supplies) in the Finnish Food Safety Authority Evira. There were 487 companies between food product manufacturers and importers in 2011. About 250 of these were estimated to be producers and only ten had sales of organic products exceeding one million euro per annum. The share of organic products in general constituted a fraction of their total volume. Evira registered about 600 operators in 2013 for control of organic production, but additional information is not currently available. (Evira 2013) (Yrkeshögskolan Laurea 2013, 9)

4.5.3 Competitive advantages of model

The main competitive advantages of the model can be synthesized throughout four levels.

1. The selection of the products is done through price considerations. It permits Ekomero to add its 30% profit margin while still being capable of offering the product at competitive prices to its retail customers.
2. Within Ekomero's offering, niche market products such as organic popcorn (not yet available in the Finnish market) and seaweed (at very competitive prices, better packaging features than those in the market, and suitable quantities per unit) are available.

3. Ekomero intends as mentioned previously, to capitalize mostly through cooperation with Finland's main food retailers. It would allow the business to diminish logistics through a system of delivery by order, and subsequently eliminating the need of stock levels. This cooperation would as well guarantee payments due to their good solvency.
4. The associates aim is firstly to learn the requirements for importing and secondly to foster this initiative without tremendous capital risks.

4.6 Implementation roadmap

This section is reserved to illustrate the projects, milestones and schedules, as well as it includes the roadmap and its implementation. The implementation roadmap has been divided into four different projects to achieve and is determined by the integration maturity timeline.

4.6.1 Roadmap

The implementation roadmap and its diverse projects are illustrated and described below. These different projects are divided according to the business' maturity timeline which have a direct implication on the startup process and development of the overall initiative.

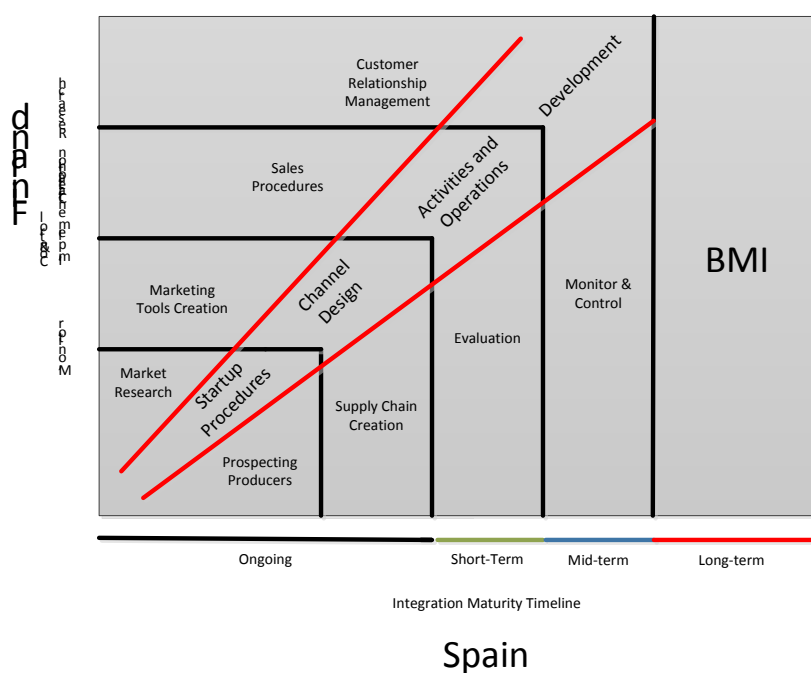


Figure 12: Ekomero's roadmap

4.6.2 Projects

Ongoing Projects

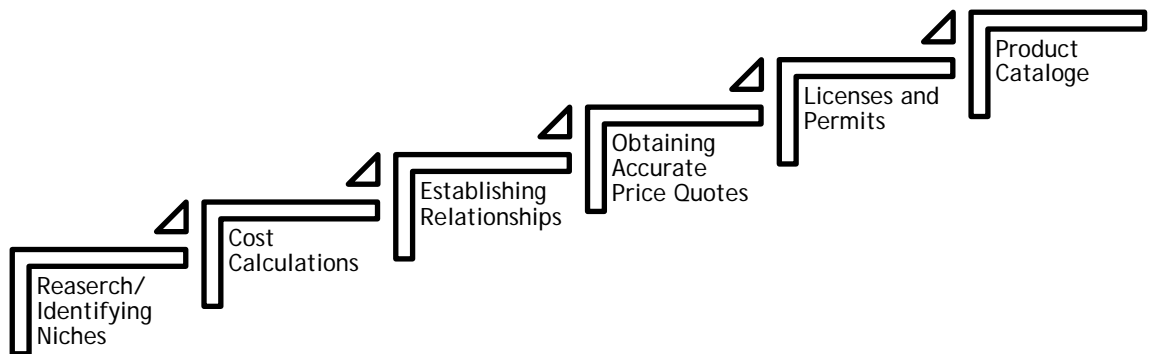


Figure 13: Ekomero's ongoing startup procedures

1. Research/ Identify / prospect product potential and market niches. To identify niches in the existing market and understand its drivers. The associates are constantly analyzing opportunities and gaps within the market.
2. Cost Calculations. Calculations are constantly made; registration for the Startup, freight and logistics, marketing, etc.
3. Establishing relationships is a critical stage for the associates. Ekomero has to firstly identify Spanish producers and reach common agreements. The best alternative for freight and Logistics has to be selected based on costs, terms and conditions, and delivery times and duration of freight.
4. Obtaining Accurate Price Quotes from Manufacturers in Spain and freight and logistics.
5. Licenses, permits and prerequisites for import activities.

6. A product catalog has to be compound before starting sales activities. This catalog has to include, in addition to pictures and general information, the following data:

- Code
- Product description
- Product composition
- Package capacity
- Package format
- Units case
- Cases pallet
- Case weight
- Price EXW, FCA

Short-term

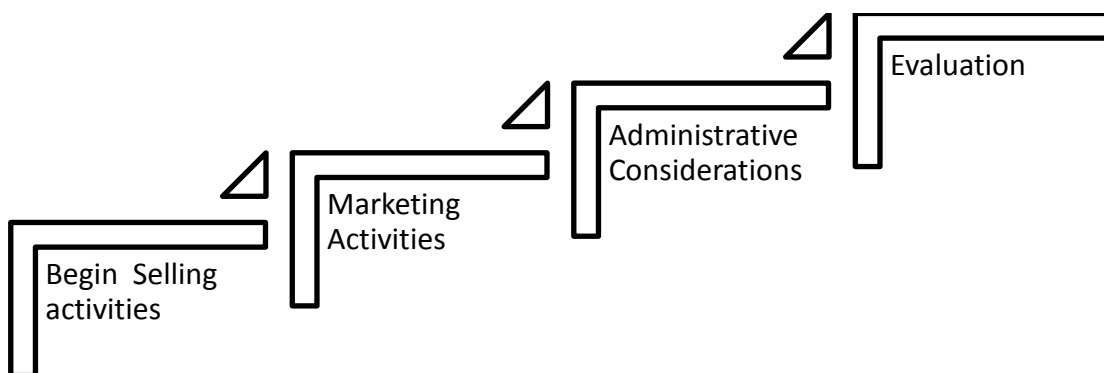


Figure 14: Ekomero's short-term procedures

1. Begin selling activities by contacting the main actors within the food retailing in Finland (The contact information for the different organizations' purchasing centers are attached in the Appendixes). The high concentration, and few numbers of customers, eases this stage. It is though, the most critical phase of all for the company. Ekomero has therefore to link and tie all previous activities in order to be able to support and sustain the selling efforts.

- The company has to have the capacity to rapidly confront orders.
- To present information and enquiries to the customer.
- Be supportive and clear in any arising doubts and questions from the customer's side.
- Be prepared to quickly register the company as Osakeyhtiö.

2. Marketing activities has fundamentally two purposes. Firstly, it supports the selling strategy since Ekomero's marketing activities are a promise of carrying successfully the food products. It is therefore vital to present the potential customers (retailers) with our marketing strategy. Secondly, it builds the internal selling strategy, being its main objective to acquire and maintain end customers.

Mid-term and Long-term

Mid- term and long-term projects will depend mostly on the previous stages and maturity of the business. Mainly the responsibilities might continue to be monitoring and controlling business operations and involving highly on CRM as well as dedicating efforts towards new opportunities; from introducing new products to marketing activities comprising new areas of importing.

4.7 Risk analysis

By combining an analysis of strengths, weaknesses, opportunities and threats (SWOT) into the BM Canvas; Ekomero can assess the business' overall integrity and evaluate Ekomero's building blocks and BM. The business can therefore assess, to certain degree, the internal and external forces and its consequences for the overall business. By addressing certain questions the strengths and weaknesses can be assessed internally, and the opportunities and threats externally.

The associates of Ekomero, and its collaborators, rated from 1 to 5 the threats and opportunities in order to assess whether the business have significant constraints and to establish if the business do have opportunities to capitalize on. These questions with their respective rates are found in the appendixes and are extracted from Osterwalder's Business Model Generation book.

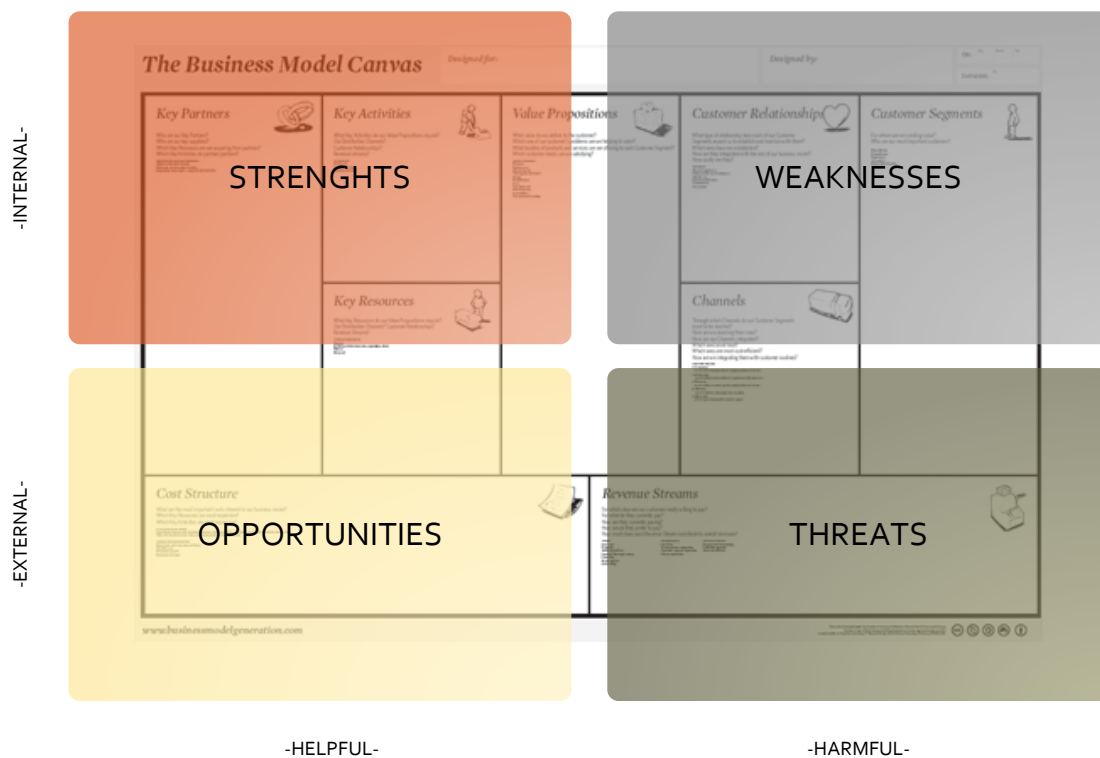


Figure 15: Ekomero's SWOT analysis
(Osterwalder & Pigneur 2010, 216)

4.7.1 Assessing threats and opportunities

The greatest threats and opportunities incurring on value proposition, cost/revenue, infrastructure and customer interface are here assessed and resumed.

Value proposition

- Threats

As to the value proposition threats, Ekomero strive to import few products not available in the Finnish market. Though, some are products already available in the market but not under the EU's organic label. There are therefore substitutes for some of Ekomero's product offering but not within the organic selection. Ekomero endeavor to primarily attract consumers of organic foodstuffs. If substitute products are seen indistinguishably from those wearing the organic logo, competitors can offer better prices for customer-retailers. Some of these competitors do have long trajectory, experience and know-how, as well as they manage important volumes. The risk is therefore, according to the associates, medium-high.

- Opportunities

The associates' rating on opportunities ahead is between medium and high. There are considerable value proposition opportunities and therefore room for business extension. Ekomero strongly believes on the possibilities and opportunities ahead on recurring revenues by converting products into services. A few SME's in Europe have begun to what the writer would refer as harvest-by-order delivery. Companies harvest only those fruits ordered by the final consumer and deliver these internationally within 3-4 days. These new channels to reach final consumers of organic products are, though, not widely implemented. Ekomero believes that new initiatives can be successfully carried into effect across new markets, being though its current assignment to primarily introduce itself into the Finnish market. Initiatives can be, therefore, carried out towards BMI bringing new value added for the consumer market and consequently opportunities for Ekomero.

Cost/revenue

- Threats

Ekomero's margins will be, and are affected by competitors, even though the high concentration of intermediaries will be the primary reason for lowering these. It is vital to remember, though, that the initiative is not solely lucrative, but experimental as well. The associates are therefore not depending on high expectations as to high revenue streams. This will permit Ekomero to offer competitive prices at low margin levels and will constitute a decisive factor for penetrating the market. The most incurring threat as to the business' revenue stream is the high dependency on the product offering and the low level of business diversification.

- Opportunities

The opportunities concerning revenue streams are embedded in the BMI explained previously. Currently, the venture stresses the importance of reducing costs for its startup. The costs should incur within the capital capabilities of the associates without representing tremendous capital losses. If the venture would acquire a customer the business would firstly maintain a focus on reducing costs, with a special attention on logistics. The associates believe in the possibility of reducing future costs and create new revenue streams, but are highly dependent on the business maturity.

Infrastructure

- Threats

The infrastructure threats are affected by two main factors. Firstly, Ekomero depends on the high concentration of power within the retail industry. Losing a key partner, a cus-

tomers, could have serious consequences for the overall integrity of the venture. The Finnish retail market is characterized by buyer power, according to Jyrki Niemi and Liu Xing, which demonstrates the absence of perfect competition. (Niemi & Xing 2011, 15) Secondly, an interruption or delay on delivery, as well as product damage during transportation, could jeopardize the whole business. Ekomero is therefore dependent on reliable partners within transportation and logistics.

- Opportunities

The infrastructure opportunities are according to the associates wide and diverse. By creating an electronic order processing platform, operations could be implemented much more efficiently, reducing costs for all partners. Partner channels can therefore contribute positively to Ekomero to reach customers and complement the ventures value proposition, both within the startup process and along the maturity phase and innovation of the business.

Customer interface

- Threats

As recognized by other institutions, the market for organic and specialty foodstuffs have nevertheless room where to grow despite the concentration of competitors. Relating to customer interface threats, the most considerable constraints are competitors adapting and adopting our product offering into theirs. Competition is currently intense but will be, according to the associates, furthered increased; not by their number, but through product diversification.

- Opportunities

As seen in the market analysis and key trends section (5.5.1), the organic sector for foodstuff is increasing steadily. Ekomero aims to benefit from this growing market by offering niche products. These are the fundamental means by which the business will acquire and develop initial relationships with Finnish retailers, adapting its offering to the overall strategy of its B2B customers.

Through business diversification the business could deliver additional VP to new customer segments such as hotels and restaurants. Currently, the initial investments cannot support such initiatives.

Other

- Threats

Spanish reputation in the market has to certain degree been affected by various factors. The crisis of the "cucumber" due to the outbreak of E.coli in 2011, the generalization of Spanish corruption prior and during the current financial crisis, and the exploitations of thousands of migrants within the farming industry has affected severely the Spanish image. The Finnish consumer prefers as well to primarily consume local and domestic produced foodstuffs.

- Opportunities

Spanish food is internationally well known for its quality and its gastronomy is pioneer worldwide, withholding many Michelin stars. Spanish foodstuffs are therefore the best ambassador representing Spain regarding quality and pioneering opening many opportunities for companies to export.

Threats
Few and concentrated number of customers (B2B)
Bad reputation after the "Spanish Cucumber" crisis
Bad reputation due to the financial crisis
Consumption of domestically produced organic foodstuffs (lähikauppa)
The rise of collaborative consumption
High concentration of competitors
Substitutes and competitors adaptability
High dependency on partnerships
Threat of not delivering on time
Threat of product damage in transportation

Table 6: Threats

Opportunities
Some product categories are not yet available under "organics"
Increasing organic consumption
Unmet demand within organic sector
Room for new entrants
Can offer better prices than domestic production can
Business diversification

Table 7: Opportunities

4.7.2 Assessing strengths and weaknesses

Ekomero's associates have a long trajectory living and working in Spain and Finland, which provides valuable experience and knowledge of both countries' working cultures. These are the means by how the associates intend to eliminate intermediaries and concentrate the final selling efforts towards the Finnish retailers. Working as an intra-EU supplier allows the business to offer unique products of high quality at better prices than those competitors importing from outside the EU or exporting from third countries. Ekomero's strengths are summarized on the following table.

Strengths
Knowledge of the Finnish market
Knowledge of the Spanish working culture
Presence in both Spain and Finland
No need of intermediaries
Intra-EU supplier
Unique product portfolio
High quality products
Pricing

Table 8: Strengths

The weaknesses of Ekomero and the most constraining factors relates to the limited resources of the business as well as the low brand awareness of its offering. These factors added to the strong dependency on the bargaining power of buyers within the food retailing industry represent high risks for the venture. The weaknesses are summarized on the following table.

Weaknesses
Limited resources
Low brand awareness
Strong dependency on retailers - no direct sales to end consumers
Few suppliers
New entrant - weak relationship bondage
Narrow pricing range

Table 9: Weaknesses

4.7.3 Limiting factors and obstacles (mitigating risks)

A concise analysis based on Porter's 5 forces is here presented with its level of risk for Ekomero as well as it includes possible mitigating factors.

	Level of Risk	Mitigating Factors (worse scenario)
Bargaining Power of Suppliers		
High Concentration	Medium-Low	Niche products/ Product diversification
Size and market share of suppliers	Medium-Low	
Bargaining Power of Buyers (Customers)		
Customization requirements	Low-Medium	Collaboration with producers/ packaging and labeling Work through Spanish centralized resellers Work through Spanish centralized resellers
Price sensitivity	High	
Dependency of intermediaries (Distributors)	High	
Importance of product differentiation	High	
Intensity of Existing Rivalry		
Competitors already in the market	Medium	Product diversification/ New BM and customer segments
Threats of Substitutes		
Lower price of substitutes (non-organic)	Medium	Lowering profit margin
Substitutes in most product categories (non-organic)	Medium	
Substitutes under organic labeled foodstuffs	Medium	
Lower quality of substitute foodstuffs (non-organic)	Medium	
Product differentiation	Medium	
Threat of New Competitors (Entrants)		
Brand loyalty	High	Branding Strategies New BM/ New customer segments New BM/ New customer segments
High entry barriers (distribution network)	High	
High capital investments	Medium	

Table 10: Porter's 5 forces analysis

As seen above on Ekomero's weaknesses, the high concentration of power within the food retailing industry in Finland jeopardizes the ventures success. If Ekomero would not find its acceptance among retailers, the business could transform its BM.

The associates believe in uncertainties characterizing, in general, business environment, and even though the risks are many and of diverse magnitude the venture would find customer recognition by a good pricing strategy and good customer service.

5 Conclusions

The writer found Osterwalder's Business Generation Canvas a determinant tool for describing the business' architecture as well as it facilitated the means for sharing thoughts and finding ultimately a shared language for the associates. The canvas provided the visual means and structure needed for the business plan and without the necessity of adaptation to this particular line of business. The integration of a business model into a business plan was therefore

successfully implemented as to this specific purpose. The venture's feasibility is not dependent directly on the business model used for this purpose but will be revised in the long term.

According to the ventures current situation Ekomero has acquired the rights of distribution of three brands (Suralgae, Cachopo and Añavieja) even though the company is planning to introduce other brands into the offering side. Labeling will be in these three cases customized into the Finnish language without extra costs. Transportation has as well been arranged and comprises the Incoterms DAP which includes, in this specific case, insurances. Ekomero can therefore already establish a price strategy for the selling activities towards the Finnish customers.

Ekomero covers within its assortment half of the products with good sales potential recognized by USDA Foreign Agricultural Service (2012) as well as it introduces a new product category under organics: popcorn in grain or microwaveable.

The high concentration of few retailers is according to the associates the main barriers for entering the market. This high concentration of retailers is characterized as well for their high price sensitivity which will result a determinant factor for the entrance of Ekomero. Pricing constitutes therefore an imperative factor for the success of the venture. Prices have to be competitive enough finding shelf-space between, or even replacing, substitute products being these organic or standard.

It cannot be yet determined whether Ekomero is feasible or not until the final moment of "truth"; the selling activities. Ekomero's success is highly dependent on the willingness of Finnish retailers of pushing the products forward. Controlling over 90% of the market, retailers seem to be the only feasible way for marketing the company's offering. Though, the associates believe on the possibilities ahead.

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Table of illustrations

Illustration 1: Osterwalder's business model generation canvas.....	14
Illustration 2: EU's organic farming logo	24
Illustration 3: Protected Designation of Origin logo	25
Illustration 4: Protected Geographical Indication logo.....	26
Illustration 5: Traditional Specialty Guaranteed logo	26

Table of figures

Figure 1: The elements of a successful business model	12
Figure 2: Different business plan structures and their components	18
Figure 3: Business Model Cycle	20
Figure 4: From business model to execution	21
Figure 5: Business plan generated from a business model in a BMI environment	22
Figure 6: Connecting Strategos key questions addressing BM with Osterwalder's 9 blocks	23
Figure 7: Ekomero's distribution structure	30
Figure 8: Ekomero's business model	31
Figure 9: Households' organic purchases by consumer group	32
Figure 10: Main actors within the Finnish retail market	33
Figure 11: Overview of business flows	38
Figure 12: Ekomero's roadmap	51
Figure 13: Ekomero's ongoing startup procedures	52
Figure 14: Ekomero's short-term procedures	53
Figure 15: Ekomero's SWOT analysis	55

Table of tables

Table 1: Differentiating business model and business plan	19
Table 2: Major food retailers in Finland	35
Table 3: Incoterms 2012	41
Table 4: Pricing example	42
Table 5: Funding requirements and startup costs.....	47
Table 6: Threats.....	58
Table 7: Opportunities	58
Table 8: Strengths	59
Table 9: Weaknesses	59
Table 10: Porter's 5 forces analysis	60

Appendices

Appendix 1: Products: Suralgae



Sea Lettuce

- Soups and salads
- Experiment by cutting the whole dry leaves into any dish.
- Rich in calcium, iron, potassium and magnesium
- Vitamins A, B3, and C



Ogonori

- Salads and vegetables
- Side dish, combining perfectly with fish
- Rich in protein, vitamins, fibers, and minerals
- Low-fat diets



Aonori

- Soups, salads, fish
- Rich in minerals: calcium, phosphorus, sodium, potassium and magnesium.
- Higher calcium values than cow's fresh milk



Seaweed powder

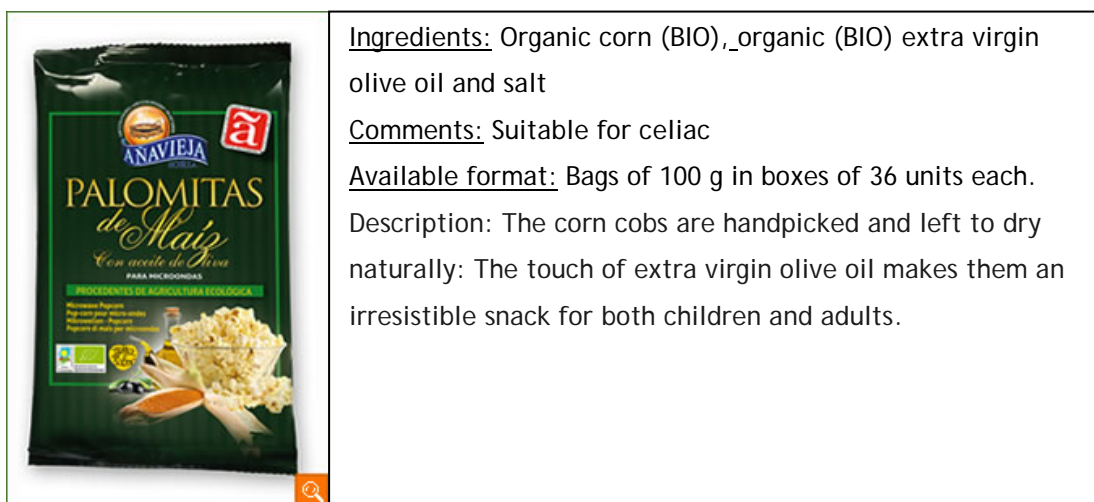
- Expiring life: 3 years
- Availability: Annual
- Composition: Sea lettuce, Ogonori, and Aonori
- Is used as a dye and thickener
- Fish, shellfish or fresh pastas, risottos, pudding, bread dough or flaky



Seaweed spices

- Expiring life: 3 years
- Availability: Annual
- Composition: Sea lettuce, Ogonori, and Aonori
- Condiment or seasoning recipes, to add color, fragrance and flavor of pure sea
- High in fiber, minerals and protein / Low fat

Appendix 2: Products: Añavieja

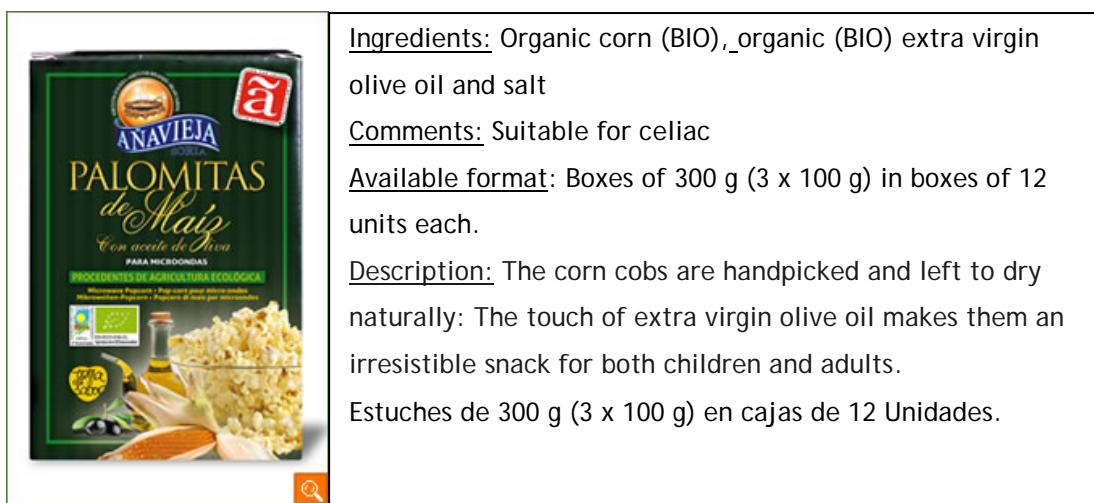


Ingredients: Organic corn (BIO),_organic (BIO) extra virgin olive oil and salt

Comments: Suitable for celiac

Available format: Bags of 100 g in boxes of 36 units each.

Description: The corn cobs are handpicked and left to dry naturally: The touch of extra virgin olive oil makes them an irresistible snack for both children and adults.



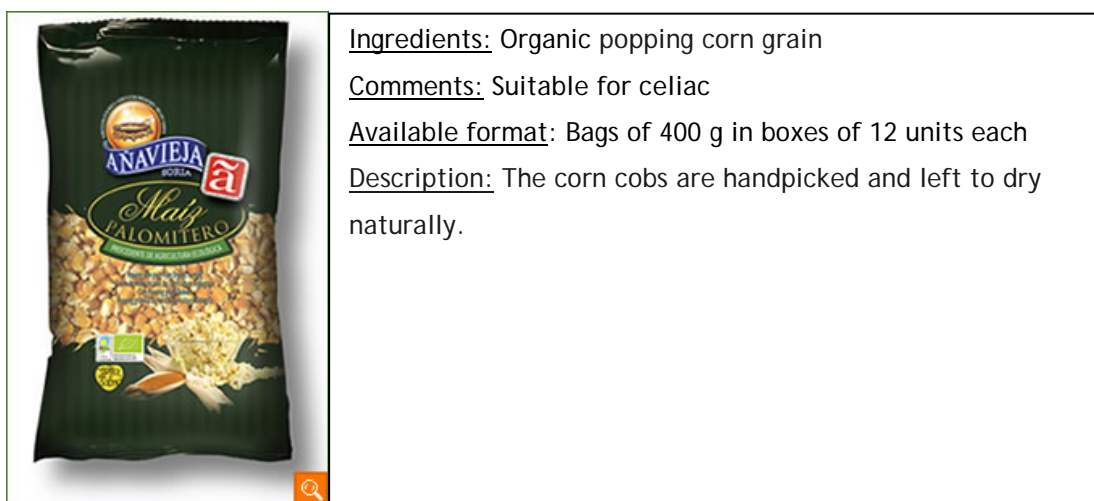
Ingredients: Organic corn (BIO),_organic (BIO) extra virgin olive oil and salt

Comments: Suitable for celiac

Available format: Boxes of 300 g (3 x 100 g) in boxes of 12 units each.

Description: The corn cobs are handpicked and left to dry naturally: The touch of extra virgin olive oil makes them an irresistible snack for both children and adults.

Estuches de 300 g (3 x 100 g) en cajas de 12 Unidades.



Ingredients: Organic popping corn grain

Comments: Suitable for celiac

Available format: Bags of 400 g in boxes of 12 units each

Description: The corn cobs are handpicked and left to dry naturally.



Ingredients: Organic corn (BIO), organic (BIO) extra virgin olive oil and sea salt.

Comments: Suitable for celiac

Available format: Bags of 60 g in boxes of 12 units each.

Description: The popcorn of Añavieja has its peculiarity in proceeding from organic agriculture, what offers an exceptional taste. The corn is collected by hand to avoid any hits and it is naturally dried in its own cob until it reaches the exact point for its frying in organic (BIO) extra virgin olive oil. With the exact amount of salt this gives us a high quality product and a delicious taste.



Ingredients: Organic potatoes (BIO), organic (BIO) sunflower oil and Sea Salt. *Also available without salt

Comments: Suitable for celiac

Available format: Bags of 125 g in boxes of 12 units each.

Description:
The organic potatoes (BIO) are cultivated in the Spanish province of Soria, 1000 meters above the sea level. The potatoes are picked by hand, selected and fried using the same process like our grandfathers used to do. Añavieja use organic (BIO) sunflower oil and the products also undergo a strict quality control.



Ingredients: Organic potatoes (BIO), organic (BIO) sunflower oil (100%) and mix of spices (spices, dried tomato, cane sugar, sea salt and yeast extract; all coming from organic farming).

Comments: Suitable for celiac

Available format: Bags of 125 g in boxes of 12 units each.



Ingredients: Organic potatoes (BIO), organic (BIO) sunflower oil (100%) and mix of spices (spices, dried tomato, cane sugar, sea salt and yeast extract; all coming from organic farming. There can be traces of celery.

Comments: Suitable for celiac

Available format: Bags of 125 g in boxes of 12 units each.



Ingredients: Potatoes, Extra Virgin Olive Oil and Sea Salt.
Organic (BIO)

Comments: Suitable for celiac

Available format:

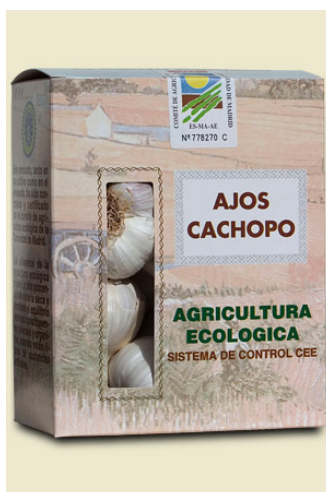
Bags of 125 g in boxes of 12 units each.

Bags of 40 g in boxes of 25 units each.

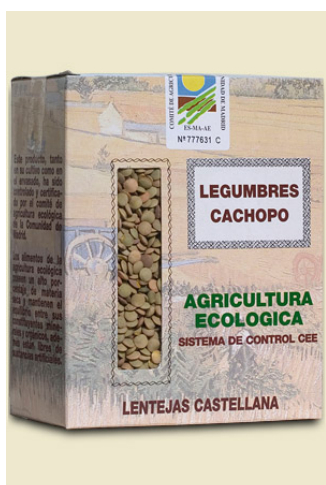
Appendix 3: Products: Cachopo



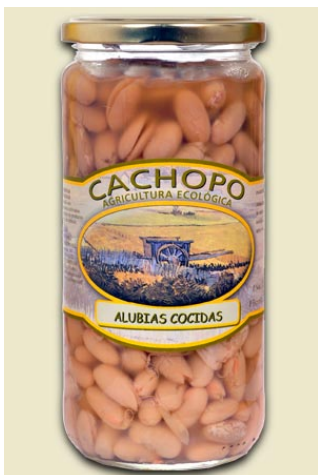
Organic chick-peas
Package of 1 Kg



Organic purple Spanish garlic
Package of 1/2 Kg



Organic lentils from Colmenar de Oreja
Package of 1 Kg



Preserved white beans

- Cooked with water and salt
- In salads and or other preparations.
- Ingredients: organic white beans, water and salt.
- Crystal Jar of 720 cc



White beans stew

- Heat-up and serve
- For low-fat diets
- Ingredients: white beans, potatoes, extra virgin olive oil, onion, sweet paprika, garlic (all organic) and salt.
- Crystal Jar of 720 cc and 445 cc



Chick-pea stew

- Heat-up and serve
- Combine with other ingredients
- Ingredients: chick-peas, tomato, extra virgin olive oil, sweet paprika (all organic) water and salt.
- Suggestions: You can add a cooked egg, small pieces of ham, bacon, cooked vegetables, etc.
- Crystal Jar of 720 cc and 445 cc



Chick-peas

- Preserved just with water, boiled and salt
- Perfect for vegetable salads
- Ingredients: organic chick-peas, water and salt.
- Crystal Jar of 720 cc



Pisto (tomato and zucchini stew)

- Mild and digestive
- Perfect as a first course or as a side dish.
- Ingredients: tomatoes, zucchini, onion, extra virgin olive oil, sugar (all organic) and salt.
- Crystal Jar of 370 cc



Preserved vegetable stew

- Perfect as a side dish for many meals.
- Ingredients: tomatoes, green pepper, courgette, aubergine, onion, extra virgin olive oil, sugar (all organic) and salt.
- Crystal Jar of 370 cc

Appendix 4: Best Product Prospects (USDA Foreign Agricultural Service. 2012. Retail Food Sector Report for Sweden and Finland. Accessed 14 Mar 2013).

Products Present in the Markets Which Have Good Sales Potential

- Processed Fruits & Vegetables
- Tree Nuts
- Dried Fruit
- Wine
- Beer
- Fish and Seafood
- Fruit Juice
- Sauces/Seasonings
- Pancake/Cake Mixes
- Rice
- Confectionery

Products Not Present in Significant Quantities but Which Have Good Sales Potential

- Fresh Fruits and Vegetables
- Organic Food*
- Ethnic Food*
- Snack Food*
- Niche Market/Specialty Food Products*
- Frozen Food
- Rice Mixes
- Vegetarian Food*
- Ready-Made/Convenience Meals
- Pet Food
- Non-Hormone Beef
- Baby Food
- Organic ready-prepared meals*

**Ekomero can, and is, currently covering within its selection all these food segments.*

Appendix 5: Añavieja Product glossary

AÑAVIEJA													
Ecological Products													
Product	UNIT PRICE	UNIT WEIGHT (grams)	UNITS PER BOX	WEIGHT BOX(grams)	BOXES PER PALLET		UNITS PER PALLET	TRANSPORT PRICE PER PALLET	PRICE OF THE UNITS OF THE PALLET	TOTAL PRICE OF THE PALLET	PRICE PER UNIT TO COVER COST	MARGIN 20%	MARGIN 30%
ORGANIC POTATO CHIPS FRIED IN ORGANIC EXTRA VIRGIN OLIVE OIL "GRAN GOURMET"	1,09	125	12	1530	64	8x8	768	265	837,12	1102,12	1,44	1,72	1,8656
POTATO CHIPS FRIED IN SUNFLOWER OIL	0,38	40	25	1273	64	8x8	1600	265	608	873	0,55	0,65	0,7093
SUNFLOWER OIL POTATO CHIPS - PAPRIKA FLAVOUR	0,89	125	12	1530	64	8x8	768	265	683,52	948,52	1,24	1,48	1,6056
SUNFLOWER OIL POTATO CHIPS - HERBS DE PROVENCE FLAVOUR	0,89	125	12	1530	64	8x8	768	265	683,52	948,52	1,24	1,48	1,6056
POTATO CHIPS FRIED IN SUNFLOWER OIL	0,87	125	12	1530	64	8x8	768	265	668,16	933,16	1,22	1,46	1,5796
SUNFLOWER OIL POTATO CHIPS WITHOUT SALT	0,87	125	12	1530	64	8x8	768	265	668,16	933,16	1,22	1,46	1,5796
OLIVE OIL POPCORN	0,63	60	12	1006	64	8x8	768	265	483,84	748,84	0,98	1,17	1,2676
ORGANIC MICROWAVE POPOCORN WITH OLIVE OIL - 1 UNIT	0,43	100	36	4380	60	10x6	2160	265	928,8	1193,8	0,55	0,66	0,7185
ORGANIC MICROWAVE POPOCORN WITH OLIVE OIL - 3 UNITS	1,26	300	12	4740	60	10x6	720	265	907,2	1172,2	1,63	1,95	2,1165
ORGANIC POPPING CORN GRAIN	1,45	400	12	4900	60	10x6	720	265	1044	1309	1,82	2,18	2,3635

Appendix 6: Cachopo Product glossary

CACHOPO													
Ecological Products													
Product	UNIT PRICE	UNIT WEIGHT (grams)	UNITS PER BOX	WEIGHT BOX(grams)	BOXES PER PALLET		UNITS PER PALLET	TRANSPORT PRICE PER PALLET	PRICE OF THE UNITS OF THE PALLET	TOTAL PRICE OF THE PALLET	PRICE PER UNIT TO COVER COST	MARGIN 20%	MARGIN 30%
ORGANIC PURPLE SPANISH GARLIC	2,5	500,03	8	4200	70	10x7	560	215	1400	1615	2,88	3,46	3,75
CHICK-PEAS	2,5	1000,04	8	8200	70	10x7	560	215	1400	1615	2,88	3,46	3,75
LENTILS	2,5	1000,04	8	8200	70	10x7	560	215	1400	1615	2,88	3,46	3,75
WHITE BEANS, WATER AND SALT	2,65	985	12	12160	70	10x7	840	215	2226	2441	2,91	3,49	3,78
BEAN STEW 445cc	2,42	675	12	8400	100	10x10	1200	215	2904	3119	2,60	3,12	3,38
BEAN STEW 720cc	3,4	1000	12	12340	70	10x7	840	215	2856	3071	3,66	4,39	4,75
CHICK-PEA STEW 445cc	1,58	695	12	8640	100	10x10	1200	215	1896	2111	1,76	2,11	2,29
CHICK-PEA STEW 710cc	1,58	1005	12	12400	70	10x7	840	215	1327,2	1542,2	1,84	2,20	2,39
PRESERVED CHICK-PEAS IN WATER AND SALT	1,9	1025	12	12640	70	10x7	840	215	1596	1811	2,16	2,59	2,80
VEGETABLE STEW	2,45	515	12	6430	130	13x10	1560	215	3822	4037	2,59	3,11	3,36
PISTO (TOMATO AND ZUCCHINI STEW)	2,45	505	12	6310	130	13x10	1560	215	3822	4037	2,59	3,11	3,36

Appendix 7: Suralgae Product glossary

Suralgae													
Natural Seaweed Products													
Product	UNIT PRICE	UNIT WEIGHT (grams)	UNITS PER BOX	WEIGHT BOX(grams)	BOXES PER PALLET		UNITS PER PALLET	TRANSPORT PRICE PER PALLET	PRICE OF THE UNITS OF THE PALLET	TOTAL PRICE OF THE PALLET	PRICE PER UNIT TO COVER COST	MARGIN 20%	MARGIN 30%
SEA LETTUCE	2,50	35	15	535	80	10x8	1200	275	3000	3275	2,73	3,28	3,5479
OGONORI	2,50	35	15	535	80	10x8	1200	275	3000	3275	2,73	3,28	3,5479
AONORI	3,50	35	15	535	80	10x8	1200	275	4200	4475	3,73	4,48	4,8479
SEAWEED POWDER	8,00	110	20	2210	64	8x8	1280	275	10240	10515	8,21	9,86	10,6793
SEAWEED SPICES	2,50	30	30	910	64	8x8	1920	275	4800	5075	2,64	3,17	3,4362

Appendix 9: Exclusivity contract agreement

CONTRATO DE DISTRIBUCIÓN EN EXCLUSIVA

En _____, a ____ de _____ de _____ .

De una parte, la empresa XXXXXXXXXX, con domicilio en XXXXXXXXXX , con NIF XXXXXXXXXX, representada por XXXXXXXXXXXX con DNI XXXXXXXXXXXX

y de otra parte, EKOMERO xx con domicilio en Leikosaarentie 7 A 16, 00980 Helsinki, Finlandia, con NIF XXXXXXXXXXXX representada por XXXXXXXXXXXX, con DNI XXXXXXXXXXXX

firman el siguiente contrato de exclusividad para regular de forma contractual la distribución de los productos del primero en Finlandia en el que acuerdan lo siguiente:

Punto Uno. Entrada en vigor del contrato de exclusividad y duración del mismo

Este contrato aquí firmado entrará en vigor a partir de la fecha de XX de XXXXXXXX de XXXX y concluirá en la fecha de XX de XXXXXXXX de XXXX.

Punto dos. Territorio

La aplicación de este contrato se limita al país de Finlandia, por lo que Ekomero XX se compromete a no distribuir ninguno de los productos de la otra empresa firmante fuera de dicho país.

Punto tres. Productos

La extensión de este contrato cubre los productos que aparecen en el anexo 1.

Punto cuarto. Función del distribuidor

Ekomero revenderá los productos adquiridos a la empresa XXXX XXX en Finlandia en nombre de Ekomero en su propio nombre y por su cuenta y riesgo.

Ekomero se compromete a no realizar ningún tipo de transformación de los productos que distribuya.

Ekomero fijará, en virtud de distribuidor independiente, libremente los precios de los productos adquiridos y se compromete a esforzarse para aumentar el volumen de ventas.

Punto quinto. Exclusiva, pacto de no competencia y secretos de negocio

La empresa XXXXXXXXXXXX se compromete a vender sus productos en Finlandia únicamente a través de Ekomero y no podrá hacerlo ni directamente ni por medio de otro distribuidor diferente.

Ekomero, por su parte, se compromete a no distribuir productos similares de la competencia y a no difundir de ninguna manera ningún secreto de negocio obtenido gracias a la distribución de los productos.

Punto sexto. Cantidades

La empresa XXXXXXXXXXXX se compromete a hacer llegar el número de unidades de producto indicado por Ekomero al lugar y fecha indicados siempre que haya unidades disponibles. El rechazo reiterado de los pedidos de Ekomero podrá ser motivo de ruptura de esta relación contractual.

Punto séptimo. Condiciones generales

Con respecto a la entrega de los productos, la empresa XXXXXXXXXXXX libraré el suministro de sus productos bajo las condiciones XXXXXXXX.

Ekomero realizará los pedidos por medio de correo electrónico donde ratificará los productos y las cantidades requeridas. La empresa XXXXXXXX se compromete a responder siempre en el menor plazo posible a este correo para ratificar la recepción del mismo.

Los precios de los productos vendrán siempre indicados en euros. Los precios de comienzo del contrato, que vienen indicados en el anexo, podrán sufrir modificaciones por parte del productor siempre que se dichos cambios sean avisados a Ekomero con 60 días de antelación.

Punto octavo. Plazos de entrega

La empresa XXXXXXXXXXXX se compromete a poner a disposición de la empresa transportista la mercancía acordada en un plazo máximo de XX días. Transcurridos tres días de esta fecha límite, Ekomero tendrá derecho a reducir el importe de la factura un 10%.

Punto nueve. Pago

Ekomero se compromete a efectuar el pago de los suministros recibidos vía transferencia SWIFT en un plazo máximo de 60 días a partir de la recepción del pedido. Transcurrido este periodo de tiempo la empresa XXXXXXXXXXXX podrá exigir a Ekomero un sobreprecio del 10% del importe total de la factura.

Punto diez. Información

Ekomero se compromete a informar a la empresa XXXXXXXXXXXX trimestralmente sobre cualquier información que pudiera ser relevante sobre la marcha de la distribución de sus productos.

Punto once. Intransferibilidad del contrato y causas de extinción del contrato

La distribución de los productos es personal y es intransferible, por lo que el distribuidor no podrá en ningún caso ceder los derechos y obligaciones de este contrato de exclusividad a ningún otro distribuidor.

Serán causas de extinción inmediata de este contrato:

La disolución de la sociedad del distribuidor o del productor.

El traspaso del negocio del distribuidor.

Punto doce. Rescisión del contrato por parte del productor sin que haya habido incumplimiento por parte del distribuidor

La empresa XXXXXXXX podrá rescindir el contrato con Ekomero en cualquier momento con un previo aviso de tres meses. En dicho caso, la empresa XXXXXXXX deberá cumplir con los pedidos efectuados antes de la petición de rescisión del contrato.

Punto trece. Rescisión del contrato por parte del distribuidor por incumplimiento del productor

Ekomero podrá rescindir el contrato en caso de incumplimiento por parte del productor mediante comunicación escrita (correo electrónico y carta) que surtirá efecto inmediato.

Entre las causas de incumplimiento podrían considerarse la existencia de retrasos en los suministros por parte del productor.

Punto catorce. Rescisión del contrato por parte del productor por incumplimiento del distribuidor

El productor podrá rescindir el contrato en caso de incumplimiento por parte de Ekomero mediante comunicación escrita (correo electrónico y carta) que surtirá efecto inmediato.

A partir de ese momento Ekomero se compromete a satisfacer las deudas que haya pendientes, a no volver a utilizar la marca o marcas del productor, así como a responder a todos los daños y perjuicios que pueda Ekomero haber producido.

Punto quince. Leyes en vigor

El contrato se someterá a las leyes en vigor de España.

La empresa XXXXXXXXX

Representado por XXXXXXXXXX

Ekomero XX

Representado por XXXXXXXXXX

AQUÍ ABAJO VAN LOS PRODUCTOS Y LOS PRECIOS EN EL ANEXO

Appendix 10: Contact Details

Major Food Retailers

Retail Chain	Companies Responsible for Purchasing and Logistics
S-Group: Suomen Osuuskauppojen Keskuskunta SOK P.O. Box 1 FIN-00088 S-GROUP Tel: +358 10 768 011 Fax +358 10 768 2390 www.s-kanava.fi	S-Group: Inex Partners Oy P.O. Box 230 FIN-02631 ESPOO Tel: +358 10 76 87 000 Fax: +358 10 76 87 190 www.inex.fi
K-Group: Kesko Food Satamakatu 3 FIN-00016 KESKO Tel: +358 10 5303 Fax: +358 10 532 3467 www.kesko.fi	K-Group: Kesko Food Satamakatu 3 FIN-00016 KESKO Tel: +358 10 5303 Fax: +358 10 532 3467 www.kesko.fi
Suomen Lähikauppa OY P.O. Box 115 FIN-00581 HELSINKI Tel: +358 20 700 300 www.lahikauppa.fi	Tuko Logistics P.O. Box 115 FIN-04201 KERAVA Tel: +358 20 771 11 Fax: +358 20 771 2060 www.tuko.fi
Stockmann Group P.O. Box 147 FIN-00381 HELSINKI Tel: +358 9 121 51 Fax: +358 9 121 3153 www.stockmann.com	Stockmann Group (+ Tuko Logistics) Purchasing Division Tel: +358 9 121 5915 Fax: +358 9 121 5671 www.stockmann.com
Life Finland OY 00100 Helsinki Yliopistonkatu 10, 6krs Tel: +358 20 722 9110 Fax: +358 20 722 9119 www.life.fi	

Ruohonjuuri OY
00100 Helsinki Salomonkatu 5 info(at)ruohonjuuri.fi http://kauppa.ruohonjuuri.fi/

Regulatory Agencies

Finnish Food Safety Authority (Evira)
Mustialankatu 3 FIN-0790 HELSINKI Tel: +358 20 690 999 Fax: +358 20 772 4350 Email: info@evira.fi www.evira.fi

Finnish Customs Office
P.O. Box 512 FIN-00101 HELSINKI Tel: +358 20 690 600 Fax: +358 20 492 1812 http://www.tulli.fi/en/

Appendix 11: Assessing threats and opportunities

Assessing threats	Negative (1-5)
Value proposition threats	
Are substitute products and services available?	3,5
Are competitors threatening to offer better price or value?	3,5
Cost/Revenue threats	
Are our margins threatened by competitors?	4,5
Which revenue streams are likely to disappear in the future?	2,25
Do we depend excessively on one or more Revenue Streams?	4,75
Which costs threaten to become unpredictable?	1,25
Which costs threaten to grow more quickly than the revenues they support?	2,5
Infrastructure threats	
Could we face disruption in the supply of certain resources?	1,75
Is the quality of our resources threatened in any way?	1,25
What key activities might be disrupted?	4,25
Is the quality of our activities threatened in any way?	3
Are we in danger of losing any partners?	3,25
Might our partners collaborate with competitors?	2,75
Are we too dependent on certain partners?	4,5
Customer Interface threats	
Could our market be saturated soon?	3,25
Are competitors threatening our market share?	4,75
How likely are customers to defect?	2,75
How quickly will competition in our market intensify?	4,75
Do competitors threaten our Channels	1,5
Are our Channels in danger of becoming irrelevant to customers?	5
Are any of our Customer Relationships in danger of deteriorating?	1,75
Average threat rate	3,16

Assessing opportunities	Positive (1-5)
Value proposition opportunities	
Could we generate recurring revenues by converting products into services?	4,25
Could we better integrate our products or services?	5
Which additional customer needs could we satisfy?	4
What complements to or extensions of our value proposition are possible?	2,75
What other jobs could we do on behalf of the customers?	3
Cost/Revenue opportunities	

What other elements would customers be willing to pay for?	1,5
What other revenue streams could we add or create?	4
Can we increase prices?	1,25
Where can we reduce costs?	4
Infrastructure opportunities	
Could we use less costly resources to achieve same result?	1,75
Which key resources could be better sourced from partners?	5
How could we improve efficiency in general?	4,5
Would IT support boost efficiency?	5
Could partner Channels help us better reach customers?	4,75
Could partners complement our value proposition?	4,25
Customer interface opportunities	
How can we benefit from a growing market?	4,5
Could we serve new customer segments?	2,5
Could we better serve our customers through finer segmentation?	1,75
How could we improve channel efficiency or effectiveness?	4
Could we find new complementary partner channels?	3,75
Could we integrate our channels better?	4,5
Could we increase margins by directly serving customers?	2
Could we better align Channels with customer segments?	1,75
How could we tighten our relationships with customers?	4,5
Could we improve personalization?	2,75
Have we identified unprofitable customers?	4,25
Do we need to automate some relationships?	4,75
Average opportunity rate	
	3,56