

Business plan for a wholesaler: a case study of DENIOS Finland

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Business plan for a wholesaler: a case study of DENIOS Finland

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A business plan for a wholesaler: a case study of DENIOS Finland

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The business plan is an essential tool for companies to evaluate and understand the many aspects of their business. The objective of this thesis is to create a business plan for DENIOS Finland to support the decision making process for a successful establishment of the company in Finland. DENIOS operates in the field of hazardous material storage, environmental protection and work safety products. The primary objective of their business is to sell products to companies that handle oils, chemicals and other hazardous materials.

This document presents the business plan of DENIOS Finland and explains the key elements of a comprehensive business plan in theory.

The study has been conducted as qualitative research in the form of case study. The sources used to build the knowledge base include literature, internet sources and authors' own knowledge. The thesis focuses mainly on the sales and marketing perspective, as DENIOS Finland will be a sales office.

As a conclusion, the business plan provides valuable information for DENIOS to help them position themselves within the market and to consider the best approach to penetrate the market. The study also confirms that DENIOS will be a competitive entrant, has a high potential to operate successfully and gain a substantial market share in Finland.

Keywords: Business Plan, Liiketoimintasuunnitelma, Case study

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Liiketoimintasuunnitelma tukkukauppiaille: Tutkimusotteena DENIOS Finland

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Liiketoimintasuunnitelma on olennainen työkalu yrityksen perustamisvaiheessa jonka avulla voidaan arvioida ja ymmärtää liiketoiminnalle olennaiset asiat. Tämä opinnäytetyö esittelee DENIOS Finland:in liiketoimintasuunnitelman sekä esittää suunnitelman taustalla olevan teorian avainkohdat.

Opinnäytetyön tavoitteena on luoda DENIOS Finland:ille liiketoimintasuunnitelma jonka avulla Suomen liiketoiminta voidaan käynnistää. DENIOKSEN toimialana on vaarallisten aineiden varastointiin, ympäristön suojeluun ja työturvallisuustuotteiden maahantuonti. Yrityksen pääta-voite on myydä tuotteita yrityksille jotka käsittelevät öljyjä, kemikaaleja tai muita vaarallisia aineita.

Opinnäytetyön pohjana on käytetty case study -tyyppistä kvalitatiivista tutkimusmenetelmää. Lähteinä on käytetty alan kirjallisuutta, internet lähteitä sekä kirjoittajien henkilökohtaista osaamista. Opinnäytetyö keskittyy pääasiassa myyntiin ja markkinointiin sillä DENIOS Finland tulee olemaan myyntikonttori.

Tämä liiketoimintasuunnitelma antaa arvokasta tietoa DENIOKSELLE kuinka asemoida tarjontansa markkinoille sekä kuinka parhaiten penetroida kyseiset markkinat. Suunnitelman pohjalta voidaan todeta että DENIOS tulee olemaan kilpailukykyinen uusi toimija jolla on erinomaiset edellytykset menestyä ja saavuttaa merkittävä osa Suomen markkinaosuudesta.

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1. Introduction

This chapter outlines the principles of the thesis and gives background to the baseline. First the purpose is clarified and the research approach defined. Theoretical approach and the structure of the study are also introduced.

1.1. Purpose of the thesis

The goal of this document is to produce valuable information for the case company to support their decision making process. It will help the case company to evaluate their operation as the study compiles information from different aspects of the business. As the study aims to understand the market situation and to define whether opening a local sales office in Finland is a viable option, great emphasis was placed upon competitor analysis and other areas relevant. Evaluating the potential for an establishing company is extremely important and that is what the thesis aims for.

1.2. Research approach

The research method chosen for this study was case study. It is a quantitative research method that analyzes, in this case, an existing company called DENIOS Finland. The case study was conducted mainly using secondary sources such as literature, articles, online sources and case company's own files. Also the authors' own knowledge on the subject were utilized.

The approach for the research was determined by the nature of the business as well as the case company's own request. The study focuses more on the sales and marketing functions and less on financial information. This approach was chosen due to two main reasons: DENIOS Finland will be financed by DENIOS AG and thus the ROI timeframe is confidential information. In addition, as DENIOS Finland will be a sales office, only sales and marketing functions are relevant to the success of the business in Finland.

1.3. Theoretical approach

The theory part explains what a business plan is and what are the key parts to include in a business plan. The theory also contains supporting theories to be included in a business plan such as SWOT and Business Model Canvas. The theory base has been compiled from various sources of literature and articles. The content is chosen based on the usability in a business plan for this type of companies.

1.4. Framework of the thesis

The document begins with introduction chapter which outlines the starting point for the study and gives preliminary information about the approach for the research. The second chapter covers the theory utilized in the thesis, mainly topics that appear commonly in business plans and tools that were used in this study. Next chapter introduces the fundamentals of the methods used in the research as well as explains how the study was carried out. After methodology begins the empirical part, the actual business plan for DENIOS. This chapter follows a typical business plan structure introduced in the theory part. Conclusions and theoretical linkage are the last two chapters before references and list of figures.

2. Theoretical background

2.1. Business plan

Business plan is a written document that describes a business and its prospects as a whole. It is a set of management decisions addressing what a company will do and how in order to be successful. A business plan provides an overall sense of direction for the company as well as a framework for guiding and evaluating performance. (O'Hara 1994.)

2.2. Purpose of a business plan

Before writing a business plan it is very important to clarify the purpose of the plan. Besides the general purpose, a business plan may have different objectives depending on the intended uses of the business plan. The different uses of the plan are divided into two main types: internal and external uses. Internal uses aim to guide and improve the performance of a firm. External uses focus on relations with other significant stakeholders. (O'Hara 1994.)

A business plan can be a very useful management tool for a company from an internal point of view. It can improve the overall performance by identifying the strengths and weaknesses and revealing the potential problem areas. Developing strategies to benefit from the strengths and improving the weaknesses of a company will also result in improved performance. Business plans are also used to measure the performance in the implementation of the plan. Carefully elaborated and regularly updated business plan that has in depth insight into all business matters, serves as a guide to the everyday decision-making process inside a company. A company with various divisions and units can effectively coordinate and build consistency within the whole company through a business plan. By a joint understanding of the business plan in a company, the overall commitment towards the set goals and objectives is ensured. Realization of the business especially in the management team is extremely important for a success-

ful implementation of the plan. As the business environment develops and opportunities arise, a business plan is also a great tool to evaluate the impact of the changes in the field and the opportunities on the overall performance of a company. (O'Hara 1994.)

External uses of a business plan are typically securing relations with significant parties outside the company. Business plan can be used to educate different stakeholders regarding the company's planned operation and estimated performance. This use becomes very important if the success of the company depends on the engagement of the outside parties. Business plan can be considered as the main financing tool for companies that require funding from outside parties. Whether the financial support comes from venture-capital financing or by bank credits, both parties base their decisions on the potential of the company which is presented in the business plan. Private investors are interested in good arguments promising business growth and return on investment. Bankers are mainly interested in the ability to repay the loan which of course reflects to the performance of the company stated in the business plan. (Schwetje & Vaseghi 2007.)

There are also non-financial parties that are interested in a business plan. For example if a company is forming strategic alliances or is planning to merge with another company, a business plan is needed to evaluate and analyze the risks and impacts of the actions. In situations where convincing big companies as a rather small and unknown company to start negotiations for example, a good business plan may be the key to clear doubts and build confidence to open the negotiations. (Schwetje & Vaseghi 2007.)

2.3. Contents of a business plan

As a comprehensive business coverage, a business plan has a lot of content. Business plans begin with an executive summary outlining the principles of the business.

2.3.1. Executive summary

Many authors state executive summary as the most important part of a business plan. (Lloyd 2007; Schwetje & Vaseghi 2007; Zacharakis, Spinelli & Timmons 2011). The statement is argued by executive summary being the first part of the business plan to be read. A carefully planned and convincing executive summary guarantees the business plan to stand out against the many other business plans and encourages the reader to find out more about the business idea. To gain reader's interest and to ensure that the reader will continue going through the whole business plan, the executive summary has to be presented in an attractive manner. (Lloyd 2007, 36)

Executive summary is 1-3 pages long independently understandable and explicit chapter. It is a précis of the total business plan. It briefly introduces the main topics of the business plan and provides an overview of the business. The structure of executive summary varies depending on the business and the purpose of the business plan. Designing the executive summary is one of the most challenging tasks when writing a business plan. It is recommended by many to write the executive summary after the rest of the plan is finished. (Lloyd 2007; Schwetje & Vaseghi 2007; Zacharakis et al 2011).

As business plans are often used to gain investors' confidence, the executive summary should focus on matters the investors are interested in. By reading only the executive summary, an investor should be able to understand the business idea and decide whether to get acquainted further with the business plan. Generally investors are interested in business ideas that have high potential in bringing return on investment. To adduce the potential in the executive summary, it should begin with explaining the business idea and key elements of the business strategy with emphasis on the success factors. After outlining the business in general begins the breakdown of the elements. (Schwetje & Vaseghi 2007.)

The management team behind the planning and the coming implementation of the strategy is relevant information to the investor. The structure and qualifications of the key individuals should be introduced in a truthful and positive way (Lloyd 2007). A concise market description and a comment on how the business will be situated on the market with an explanation of the competitive advantages are given to clarify the market prospects. The operative strategies should be covered in a few sentences followed by a short description of products and services. The description declares the essential features and unique selling propositions. The development process and cost structure are also briefly explained in this section. A short presentation of marketing strategy and communication methods supports the overall image of the operation. The last part of executive summary focuses on the financial aspects of the business. An insight to the key financial data covering relevant information to the business such as turnover, annual revenue or sales volume is placed in this section. The financial requirements on the resources needed to execute the planned actions should be stated here. A clear explanation on how the financial resources would be used as well as how and when the repayment to the investors will take place. (Schwetje & Vaseghi 2007.)

2.3.2. Business description

After the executive summary, the total business plan is presented with every detail. It begins with a business description.

Business description's function is to give the reader an outlook of the business to understand further content in the right context. It usually begins with a brief explanation of the industry and continues with a description of the business model. According to Wirtz (2011, 205), a business plan creates a reflection of the business model and aims at explaining the key elements of the business in a structured and detailed manner. This statement rationalizes the introduction of the business model being in the beginning of a business plan.

The industry overview should include the current situation and future prospects of the industry. Various markets within the industry should be provided as well as current trends regarding new products or developments. After introducing the market, the description of the business begins. The type of operation (wholesale, manufacturing, retail, service-oriented) should be given as well as the legal form of the company. (Entrepreneur media 2015)

After the general information about the market and the company, the business model should be described. Alexander Osterwalder in his book "business model generation" (2010, 14) defines business model as follows: "A business model describes the rationale of how an organization creates, delivers, and captures value." He is the creator of the well-known business model developing tool, the business model canvas. To explain what a business model consists of, the business model canvas will be reviewed in chapter 2.4.

2.3.3. Strategic goals

The strategic goals set the directions for a business. Developing an idea of the future company outline is often done by composing vision and mission statements and setting company goals. (Schwetje & Vaseghi 2007)

Vision statement is a future picture of the company in a long-term perspective, meaning 5 to 10 years for instance. It answers to the question, "where the business is going to?" Vision statement lays out company's primary goals for near future in an exciting tone. A good vision statement works as a fundamental guideline to unify employees and other stakeholders to share the same conception of a company. (Arlene 2014)

As vision statements are future-based, mission statements base to the present. According to Fallon (2015), mission statement is a declaration of the purpose of a company and it defines the reason for the existence of the company. It is typically 1-2 sentences long and it speaks to subjects such as offered products and services, clientele, areas of specialization and nature of the business. Mission statement's aim is very similar to vision statement's; to enable the members of the organization to share the company's philosophy and goals. (O'hara 1994)

Strategic goals are targets a company wants to reach within the next few years. These are precise goals and should be understandable for a third party. In order to be understandable, the specific objectives should be measurable. Consequently, the goals are commonly set in quantities of units to ensure the measurability. Such measurable goals could be for example: profit, revenue, growth, market shares and production.

2.3.4. Management and organization

The people running a business are a major factor to the success of the business. It is important to have descriptions of key personnel's backgrounds to give the reader understanding of what kind of expertise and skills are available in the company. The area of responsibility should be stated as well as all previous comparable positions mentioned. The educational and professional background helps to create a profile for each employee. Emphasis should be put on the factors that are beneficial for the company. To create a more individual profile of each worker, their names, age and marital status may be added. (Schwetje & Vaseghi 2007) Resumes of the workers can be included in the appendixes (O'hara 1994).

To fully understand the positioning of each key employee, the organizational structure is presented. The organizational structure helps to perceive the relation between different departments and managers inside the organization. (O'hara 1994)

2.3.5. Products and services

The essential features and characteristics of the products/services should be emphasized in the beginning as the unique selling propositions are what makes a company stand out in the market. After introducing the unique selling propositions, the products and service concepts are described throughoutly. Possible product portfolio and future product plan are presented here as well. (Schwetje & Vaseghi 2007)

2.3.6. Market and competition

The market segments the product offering will be serving to are the company's relevant markets. These target markets should be defined and described by explaining for example targeted customers and their profiles, market size and location. (O'hara 1994) To estimate the future prospects for the business, the growth potential and other market developments should be investigated. Market growth can be influenced by trends from different fields such as economical, technological, social, demographical or environmental. Revenue and sales volume should be quantified within different market segments for the coming years. (Schwetje & Vaseghi 2007)

After describing the nature of the market, the competitive situation of the market will be clarified. First, the competitors have to be determined and their tactics and market behavior and roles analyzed. Also the possibility of new competition penetrating the market, thus affecting the market conditions, should be assessed. Once the market and competition is clear, the business should be benchmarked to the competitors to demonstrate the market position of the business. (Schwetje & Vaseghi 2007)

2.3.7. Marketing and sales

In this section the marketing and sales strategies of how the company will penetrate the market and meet the strategic goals through commerce, are presented. The marketing strategy determines the market objectives for upcoming years such as targeted market share, product portfolio, pricing policies and marketing and advertising costs. Sales strategy explains how the customers will be reached, how frequently, who are the key customers, how the customer relationships will be handled and retained, etc. (Schwetje & Vaseghi 2007)

2.3.8. Finance

The financial section formulates comprehensive projections mirroring the expected financial performance. It is the section for the calculations of the financial data. Old companies have financial history, where they find supporting data for the estimates, but new companies need reliable sources for the data to convince the reader. Typically the financial section includes information such as; the assumptions on what the estimates are based on, estimated income statements for the next 3-5 years, detailed cash flow statements for the next years, current and estimated balance sheets and a break-even analysis. (O'hara 1994)

2.3.9. History

The company history is presented in business plans to give the reader perspective to understand the background. This part will vary as more developed businesses usually have longer history than younger companies, but nevertheless, every company has a history (Richards 2015). Basically it will be a general overview of the company background explaining the origin of the business idea as well as the accomplishments so far. (Scheid 2011)

2.4. Business model canvas

The business model canvas (BMC) provides a solid base for developing and presenting a business model effectively. Osterwalder's model has nine building blocks which together constitute a complete business model.

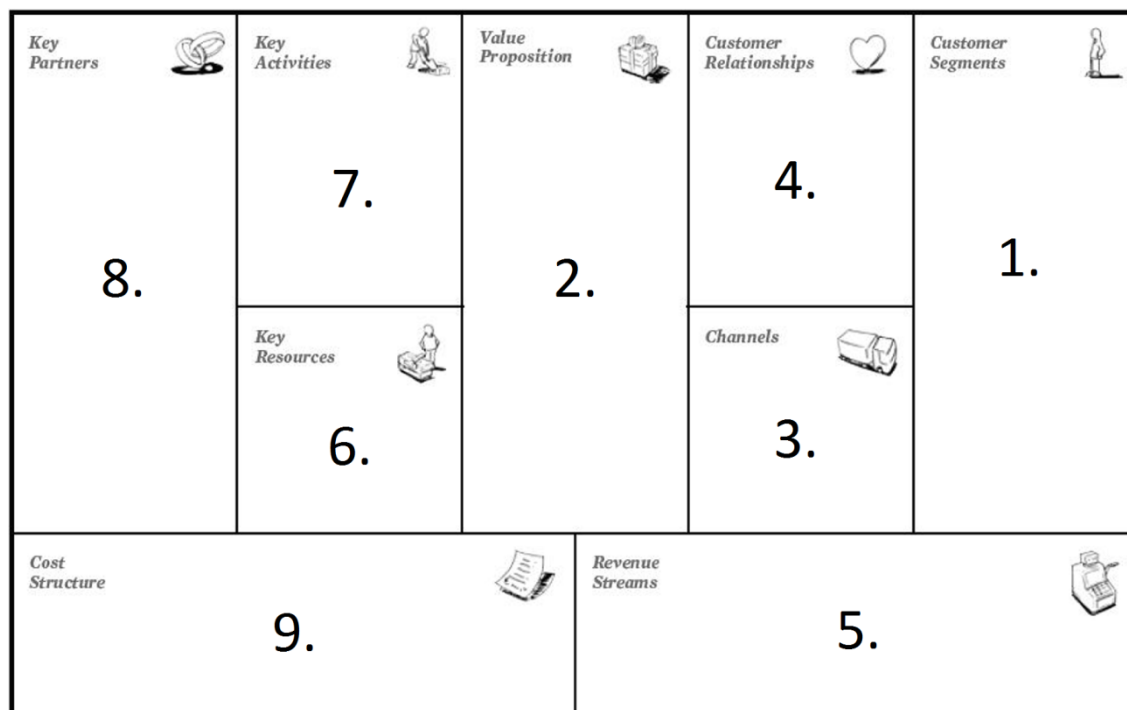


Figure 1: Business Model Canvas

Customer segments define the different groups of people a company aims to serve. No company can survive without profitable customers, therefore customers can be considered as the heart of a business model. Customer may be grouped into distinct segments with similar needs, behaviors or other attributes in order to better satisfy different customers. A company must make the decision which customers groups to cater and which to ignore. It is important to define the customer segments first to be able to have a strong understanding of the customer needs when designing the business model further.

Value proposition is a set of benefits offered by a company to the clientele. It is the reason why a company is chosen over a competitor by its customers. Value proposition solves customer's problem or satisfies a need, thus creates value to the customer. Products and services that satisfy the specific needs of a customer group create the value propositions.

Channels are the touch points where customers interact with the company or its partner. Channels have an important role in creating the customer experience by forming the company's interface with the customers. A company must choose which channels are used to reach the customers, whether they are the company's own channels or channels provided by a business partner. There are many types of channels in various phases of the customers buying

process. Company's own channels can be for example in-house sales, a website or own stores. Partner channels expand the reach of an organization and such channels are for example retailers, partner's web site or wholesaler distribution.

Customer relationships state the types of relationships a company wants to create with its customers. The types can vary from automated to personal relationships. Different types may have different objectives such as acquiring customers, boosting sales or retaining customers for example.

Revenue streams describe the cash flow to the company; how each customer segment generates income to the company. In this phase a company should consider the value customers are willing to pay for the product/service.

Key resources are the required assets a company needs to successfully establish the business model. The type of the needed resources (financial, human, intellectual or physical) varies depending on the type of business. They can be owned by the company or bought from a supplier or partner.

Key activities are the main actions a company must do to get the business model working successfully. They also vary depending on the type of business.

Key partnerships represent the suppliers and partners involved in the business. A company forms partnerships because it's not always profitable for a company to do everything by itself. Outsourcing parts of the operation may reduce risks, optimize the operation or be essential to acquire specific resources.

Cost structure compiles the most significant costs the different parts of the business model generate. To evaluate the profitability and potential earnings of the company, the costs should be subtracted from the revenues. (Osterwalder 2010)

2.5. SWOT Analysis

SWOT analysis a tool that is often used in a company's strategic planning process as a part of situation analysis. The acronym SWOT stands for the four elements of the analysis; strengths, weaknesses, opportunities and threats. It lists all the features of a company relating to critical success factors and is commonly presented in a SWOT analysis chart with each element placed in a separate quadrant (Kotler, Armstrong, Wong, Saunders, 2008, 139). It is used to assess the internal (strengths & weaknesses) and external (opportunities & threats) factors affecting the company.

Strengths represent the company's competitive advantages in the market, whereas weaknesses provide an analysis of the disadvantage compared to competition. Identifying the strengths and weaknesses helps a company to understand the core competences of their business and sets the focal point to the areas where the company is strong and adduces the areas of improvement through weaknesses. Opportunities are a list of possibilities providing a framework for business development and growth. Realizing opportunities build new competitive strengths to a company. Opportunities are for example smaller improvements in the operation of a company or new market areas to conquer. They all contribute to the overall performance of the company. Threats are factors in the business environment that could have a negative impact on the company. Outlining the threats builds understanding of the market and is essential for assessing future business decisions. Examples of threats could be new entrants to the market (competition), changing regulation or slow market growth. (Kokemuller 2013.)



Figure 2: SWOT analysis chart

3. Research approach

3.1. Introducing various methods with requirements

3.1.1. Quantitative research

Quantitative research is used to generate useable statistics from gathered data. The data can be numerical or in any other form where it can be transformed into statistics. Defined variables such as opinions, behaviors or attitudes are quantified to form the data for the research. It is used for larger samples for reliability in generalization. Quantitative research is mainly conducted in the form of surveys or systematic observation. (Wyse 2011)

3.1.2. Qualitative research

Qualitative research covers a wide range of different research methods. Qualitative research methods are used to provide further understanding for reasons, motivations and opinions of the research topic. The approach is concerned in the meanings that people have behind their decisions, beliefs, values, actions and other matters in their social environment. The data for qualitative researches are usually generated through interviews, observation and different kind of documents relating to the subject. (Sauro 2015)

3.2. Chosen method

3.2.1. Case study research

Case study is a qualitative research strategy that is used in various researches to gain knowledge on organizational, political, social, individual, group, and related phenomena. It has been a common research method in different fields such as business, sociology, psychology, political science, community planning and social work. (Yin 2003)

Wilbur Schramm (1971) defines case study as following: “The essence of case study, the central tendency among all types of case study, is that it tries to illuminate a decision or set of decisions: why they were taken, how they were implemented, and with what result.”

3.2.2. Desk research (secondary research)

Desk research (secondary research) is a basic technique of data collection from existing resources. In desk research, the researcher explores resources related to the research topic generating an overall understanding. The sources for the research are typically either literature or internet sources. As there is an incredible amount of accessible information available, desk research is considered as a very effective method. (Management study guide 2016)

3.3. Methodology

The study was executed as a case study which utilized both desk research as well the personal experience and knowledge of one of the authors. In addition, financial information available to the public was used as a basis for the competitor analysis and to define market potential. The structure and content for the study was adapted from various sources combined in the theory section. SWOT analysis and a business model canvas were generated to produce a clear vision of the company's situation.

4. Empirical study

4.1. Introducing case company DENIOS

DENIOS offers a wide range of products relating to all areas of hazardous materials storage, handling and use as well as environmental protection and health & safety at work.

DENIOS innovations, products and services as well as knowledgeable employees have made DENIOS the world's leading company in environmental protection and work safety.

The key to success is the ability for DENIOS to produce standard solutions which can be adapted to specific customer needs or create tailored solutions to specific requirements whilst respecting country-specific regulations.

DENIOS has over 17 locations and over 650 employees across Germany, Europe, China and the USA with a total turnover of roughly 155 MEUR.

4.2. DENIOS Finland - Executive summary

The environmental protection industry segment in Finland is valued at approximately 3-4 meur annually. With regulations and quality standards demanding more of a focus on environmental protection and work safety, the industry is expected to grow in the future.

The general price level of environmental protection and work safety products on the Finnish market is above the price level compared to the rest of the Nordics. This is due to limited competition and choice of vendors on the market. Denios is well positioned to take considerable market share with aggressive pricing, product support and fast delivery times which are enabled by in-house production and product support, streamlined logistics and the largest product portfolio on the market.

The office of Denios Finland will be located in Espoo, Finland and will initially employ 2 people.

Antti Makkonen - General Manager - Sales, marketing, ICT

Juha Porraskorpi - Key Account Manager - New business development

The keys to success is the personnels' product know-how, experience and contacts in the environmental protection and work safety industry gained by working for Denios' main competitor Ikaros Finland.

The keys to success for Denios Finland are:

- A competitive and scalable business model with in-house production, streamlined logistics and industry-leading support.
- Personnel possess extensive product knowledge, experience and contacts in the environmental protection and work safety industry. In addition, management possesses a high level of competence in sales, marketing and finance.
- Denios AG is able to offer support in various forms such as technology (CRM, e-commerce), logistics and product support.

4.3. DENIOS Finland - Business description

Denios Finland will be a wholesaler of environmental protection and work safety products on the Finnish market. The primary focus of the business will be to sell products to the public and private sector companies that handle and store oils, chemicals and other hazardous substances. Clientele will consist of paper- and pulp factories, shipyards, wood processing factories, powerplants, repair- and machine shops, oil refineries and the military.

As Finland is a country with a substantial amount of manufacturing industries, there is a high potential for the sales of environmental protection and work safety equipment.

4.3.1. Denios Business Model Canvas



Figure 3: DENIOS BMC

4.3.2. Legal form

The legal form of the company will be a branch of DENIOS Sweden. The chosen form enables the personnel of DENIOS Finland to focus solely on sales and marketing with the administrative tasks such as invoicing and bookkeeping being handled by the parent company DENIOS Ab in Sweden. With small sales offices, administrative work will take a substantial amount of time which in turn is time away from value adding work such as sales and marketing.

4.3.3. SWOT

Strengths

- ICT, processes and support from Denios Ag
- high level of knowledge and contacts in the environmental protection and work safety industry

- high level of experience and knowledge in sales, marketing and finance
- highly motivated staff

Weaknesses

- Denios an unknown brand on the Finnish market

Opportunities

- unsaturated market
- vast potential in e-commerce
- vast potential in contact base

Threats

- future of Finnish metal, paper and shipyard industries very uncertain
- competition from direct competitor Ikaros Finland
- trend of outsourcing entire maintenance function to full-service vendors

Based on the SWOT analysis, the strengths and opportunities outweigh the weaknesses and threats and therefore the business idea seems viable.

4.3.4. Customers

The customers will mainly consist of public and private sector companies that handle and store oils, chemicals and other hazardous substances. The customer base will consist of paper- and pulp factories, shipyards, wood processing factories, powerplants, repair- and machine shops, oil refineries and the military.

Currently, the customers are being serviced by main competitor Ikaros Finland as well as many indirect competitors from small one-man companies to large multinational companies operating in various different fields.

Based on knowledge gained by working for Ikaros Finland, the majority of the customers do not have a binding contract with their supplier for environmental protection and work safety products. Key accounts usually have frame contracts which essentially are non-binding price agreements. Some of the bigger companies have binding contracts that basically outsource the entire maintenance operations to a sub-contractor eg. Würth or Tools. The only way to be

able to sell to the afore mentioned companies is to sell to them by supplying the sub-contracting companies with our products.

The reason the customers would switch their current supplier to Denios are a combination of the following key elements: selection of products, product support, price and delivery time.

4.3.5. Customer segments

The customer segments are the following:

Customer segment A - Key accounts

This is the most potential customer segment. Key accounts purchase the most and they possess the possibility of growth in non-active product groups.

Key accounts are named to an individual key account manager and are actively developed to achieve maximum potential.

Examples: UPM, The Finnish Military, Outokumpu, Sandvik

The expected percentage of total revenue from this customer segment is 30%.

Customer segment B - Resellers

This is a potential customer segment, especially upon the first few years of operation. What is lost in margin in this segment will be gained in active field sales which in turn promote the Denios brand.

Resellers are named to an individual account manager to ensure justified pricing models and that no conflict of interest arises between resellers or between resellers and Denios.

Examples: Ahlsell, Wurth, Tools, Ekokem, ETRA

The expected percentage of total revenue from this customer segment is 30%.

Customer segment C - SME accounts

Small to medium accounts are mainly the result of inbound sales derived from active marketing. Each account is assessed upon the first quotation / order phase to define future poten-

tial. If a level of potential exists, the account is named to an individual account manager for development to maximum potential.

Examples: Valio, Ruukki Metals, Sako

The expected percentage of total revenue from this customer segment is 40%.

4.4. DENIOS Finland - Strategic goals

The main objectives for the first year of operation for Denios Finland are as follows:

- Make the Denios brand well-known on the Finnish market.
- Gain a 10-15% market share.

4.4.1. Mission

Denios is the world's market leader in storing hazardous materials, industrial environmental protection and work safety. A highly motivated and efficient team of experts are constantly exploring new and fresh ideas, to change and shape the future for the better.

Denios offers excellent customer benefits - the highest product quality, a fast delivery service and competent support. Denios is a reliable partner for its clients and a competent provider of working solutions in all areas of hazmat technology.

4.4.2. Vision

All technical equipment aims to minimize man's negative impact upon the environment. Denios passionately advocates this within Europe and across the world.

4.5. DENIOS Finland - Management and organization

Antti Makkonen - Sales, marketing, ICT - General Manager

Antti will be in charge of sales, marketing and ICT. Antti possesses a solid track record in generating organic growth in all the industries he's worked in. Sales, digital marketing and general management are Antti's forté, accompanied by a vast knowledge in modern information technology solutions. Antti has worked for Ikaros Finland as a sales and marketing manager, country manager and key account manager for a total of 4 years.

Juha Porraskorpi - New business development - Key Account Manager

Juha will be in charge of new business development. Juha has worked for Ikaros Finland as an account manager and product manager for lubricants for 5 years.

With personnel's extensive market knowledge and expertise in the field of environmental protection and work safety, Denios is well positioned to fulfill the key elements (selection of products, product support, price and delivery time) which would influence the customer to change their current vendor to Denios.

4.6. DENIOS Finland - Products and services

Denios develops and manufactures revolutionary products for hazardous materials storage, operational environmental protection and work safety equipment. Modern production facilities in England, across Europe and in the USA guarantee fast, high quality production near the premises of the customer. With over 10,000 products and more than 200,000 clients across all industries in Europe make Denios the market leader.

The customers of Denios can be sure that they meet all the regulations and standards. Denios can advise, plan and manufacture in accordance with country-specific legal regulations. In the international marketplace, environmental protection and legal requirements go hand in hand.

Whether it's oil or chemicals, flammable or water polluting substances, indoors or outside: hazardous materials storage is different in every company. The specialist advisors at Denios are able to look at the customer's actual situation when analyzing their needs. At the end of the advisory discussion the perfect, cost-efficient solution will have been found from the unique portfolio of over 10,000 products. A team of experienced engineers are also able to offer advice if individually tailored turnkey projects are needed.

The product portfolio will consist of the following 16 product groups:

1. Indoor storage of hazardous materials
2. Spill pallets, drum, pallet and hazmat shelving, safety cabinets
3. Outdoor storage of hazardous materials
4. Drum storage, fire rated and hazmat containers
5. Heating, melting, cooling - Thermo technology
6. Drum/IBC heaters and temperature controlled containers
7. Handling and using hazardous materials safely
8. Drum handling, dispensing and storing, absorbents and leakage management
9. Storing and handling gas cylinders
10. Gas cylinder stores, cabinets and handling

11. Workplace safety / PPE - Personal protection
12. Eye showers and safe workspace flooring
13. Cleaning and disposing of waste
14. Safety cans, cleaning equipment and chemicals, waste collection and recycling
15. Production and operation equipment
16. Tipping skips and stacking containers, lifting tech, impact protection, barriers

4.7. DENIOS Finland - Market and competition

Competition in Finland is very dispersed. The needs are catered to mainly by main competitor Ikaros Finland and in addition, by many indirect competitors from small one-man companies to large multinational companies operating in various different fields. Many of the large indirect competition companies (ETRA, Ahlsell, Würth, Tools, Ekokem) will also be potential re-sellers of Denios Finland. Large indirect competition companies are not included in the competitor analysis due to the fact that the environmental protection and work safety make up only a marginal part of their total business. On a general level, Denios Finland will be very well positioned on the niche market that is environmental protection and work safety.

Direct competition

- Ikaros Finland (2,25 MEUR in 2012)

Indirect competition

(industrial & office furniture, storage systems & warehouse solutions etc.)

- Intolog - 8 different companies* (total of 28,1 MEUR in 2012)
- Sovella*** (16,8 MEUR in 2011)
- Hexaplan (7,2 MEUR in 2012)
- AJ Tuotteet (7 MEUR in 2012)
- Ojega (3,2 MEUR in 2012)
- Gerdmans (2,6 MEUR in 2011)
- Witre (2,4 MEUR in 2011)
- Gigant (2,3 MEUR in 2012)
- Treston** (1,7 MEUR in 2011)

- **Competitor analysis**

Main competitor - Ikaros Finland (2,25 MEUR in 2012)

Originally founded in Finland by Ari Makkonen and Veikko Huhtala under the name Splintex Trading Oy in 1994, Ikaros Finland has been a pioneer on the Finnish market in the field of environmental protection and work safety. CEO Ari Makkonen sold his share of Ikaros Finland to co-owner Veikko Huhtala in 2004 and in the beginning of 2008, Veikko Huhtala sold the company to parent company Ikaros Cleantech Ab.

After Ikaros Cleantech Ab purchased Ikaros Finland, the company has been growing organically at a steady rate between 15-44% annually for the past 4 years (2009-2012). In 2013, Ikaros did not manage to grow but instead had a drop in turnover of 5% from 2012, but reached an EBITDA of 6.3%. Although Ikaros Finland has grown rapidly in all investment products and Shell-lubricants, the two main challenges remain unchanged; to attain a far stronger growth in key consumable products (rags, sorbents, non-wovens & industrial cleaning chemicals) and to grow existing accounts to purchase from 3-5 product groups instead of the current 1-2. Without these changes, the company will continue to be prone to strong fluctuation in turnover.

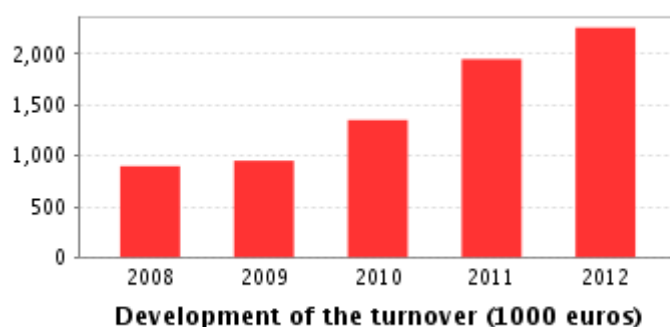
Financial ratio summary

Ikaros Finland Oy	2008/12	2009/12	2010/12	2011/12	2012/12
Company's turnover (1000 EUR)	898	951	1351	1949	2258
Turnover change %		-2.90	42.00	44.30	15.80
Result of the financial period (1000 EUR)	-32	-15	60	116	62
Operating profit %	-3.40	-1.40	5.00	8.10	3.80
Company personnel headcount	6	4	5	6	8

Source: Suomen Asiakastieto

Figure 4: Ikaros data

Turnover of company



Source: Suomen Asiakastieto

Figure 5: Ikaros data 2

Ikaros Finland vs. Ikaros Sweden

Ikaros Finland & Sweden both have solid customer bases with very little customer turnover. The main challenge for Ikaros Finland has been to grow the accounts from purchasing only from one product group to purchasing from 3-4 product groups. Ikaros Sweden has succeeded far better in this than Ikaros Finland and this is one of the key factors to why Ikaros Sweden has grown to five times the size of Ikaros Finland. The main reason to why Ikaros Sweden is five times larger than Ikaros Finland is the purchase of competing companies including Kem Team, Kombi Kemi and Ecovation. In addition, Ikaros Sweden has had a strong presence on the field with active customer visits, accumulating to successful sales of key consumable products. Finally, the lack of an e-commerce solution makes order automation and SEO impossible as well as acquiring new, marketing-based inbound customers difficult.

Successes

Ikaros Finland has a good customer base with satisfied customers. Staff is professional and experienced and facilities are great. Marketing has been the major factor to success in the past years along with competitive pricing and broad product lineup.

Successes in detail:

- Good and up-to-date CRM “Pyramid” with a solid customer base and satisfied customers.
- Professional and experienced staff.
- Excellent product lineup and competitive purchasing prices.
- Great warehouse (1000m², fully shelved with 3 loading docs) and office facilities (300m², 6 rooms, one conference room) with significant space to grow.
- All ICT-solutions (computers, server, telephones, internet connection) are state-of-the-art.
- Good marketing:
 - professional catalog that is translated, printed and mailed to customers annually
 - online catalog with built-in order form
 - active newsletters
 - successful AdWords campaigns and professional analytics
 - decent website with content marketing and customer service chat
 - on display at a trade fair that is held once in two years.

Challenges

In a nutshell, Ikaros Finland has to have more active field sales executives (one with experience in chemicals), focus more on key consumables and in growing the customer purchases from one product group to 3-5 product groups and implement an e-commerce solution.

Challenges in detail:

- Lack of a proper, responsive website and an e-commerce solution.
- Lack of active, outbound sales (both tele and field)
- Lack of Finnish labels for chemicals and knowledge to sell them.
- Lack of content marketing.

Website & e-commerce: 5

Marketing: 9

Catalog & online catalog: 9

Total: 23 (2.)

Hexaplan (7,2 MEUR in 2012)

Hexaplan is an old-fashioned catalog company with very limited digital marketing presence. They are also focused on the Russian market with their entire website and e-commerce available in Russian but not their catalogs. Hexaplan also has Russian-speaking salespersonnel.

Hexaplan doesn't utilize social media at all but rely heavily on a large main catalog (300 pages) and smaller bi-annual catalogs (100 pages) that they mail to their customers. In addition, Hexaplan utilizes a simple online catalog solution and a decent e-commerce solution. Their site isn't mobile-optimized.

Financial ratio summary

Hexaplan Oy	2008/12	2009/12	2010/12	2011/12	2012/12
Company's turnover (1000 EUR)	7978	5519	6496	7651	7287
Turnover change %	5.80	-30.80	17.70	17.80	-4.80
Result of the financial period (1000 EUR)	1035	-168	699	805	578
Operating profit %	14.60	7.50	13.70	14.60	10.60
Company personnel headcount	N/A	N/A	N/A	N/A	N/A

Source: Suomen Asiakastieto

Figure 6: Hexaplan data

Website & e-commerce: 7

Marketing: 7

Catalog & online catalog: 8

Total: 23 (2.)

AJ-Tuotteet (7 MEUR in 2012)

AJ Tuotteet have invested heavily in traditional advertising (TV- and radiospots, celebrity endorsements ect.) in Finland and they are also relatively strong in digital marketing. Their website and e-commerce solution are both brand new and they are clearly aware of the omni-channel approach. AJ Tuotteet publishes 4 large catalogs (444 pages) annually and in addition, several smaller offer catalogs which are all mailed to the customers. They also utilize a simple online catalog solution but a big surprise is that they don't have any content marketing and their site isn't mobile-optimized.

Financial ratio summary

AJ Tuotteet Oy	2008/12	2009/12	2010/12	2011/12	2012/12
Company's turnover (1000 EUR)	7963	5151	5556	6657	7068
Turnover change %	5.00	-35.30	7.90	19.80	6.20
Result of the financial period (1000 EUR)	56	15	73	318	92
Operating profit %	0.60	0.30	1.40	1.40	1.60
Company personnel headcount	7	6	6	7	N/A

Source: Suomen Asiakastieto

Figure 7: AJ Tuotteet data

Website & e-commerce: 9

Marketing: 8

Catalog & online catalog: 8

Total: 25 (1.)

Ojega (3,2 MEUR in 2012)

Ojega is clearly limited in manpower as translations aren't properly made and online presence is lacking. Ojega publishes one large catalog (200 pages) annually and in addition, several smaller topical catalogs which are all mailed to the customers. Their website and e-commerce solution is fairly new and they also utilize a simple online catalog solution. Their site isn't mobile-optimized.

Financial ratio summary

Ojega	2008/12	2009/12	2010/12	2011/12	2012/12
Company's turnover (1000 EUR)	4215	2626	2721	3102	3251
Turnover change %	15.40	-37.70	3.60	14.00	4.80
Result of the financial period (1000 EUR)	13	2	3	2	2
Operating profit %	0.30	0.00	0.10	0.10	0.10
Company personnel headcount	5	N/A	3	2	N/A

Source: Suomen Asiakastieto

Figure 8: Ojega Data

Website & e-commerce: 8

Marketing: 6

Catalog & online catalog: 7

Total: 22 (3.)

Gerdmans (2,6 MEUR in 2011)

Gerdmans is a small player on the Finnish market. They lack manpower, their online presence is poor and their website & e-commerce solution is poor. Gerdmans publishes one large catalog (600 pages) annually but it isn't available online. Their site isn't mobile-optimized.

Financial ratio summary

Gerdmans Oy	2007/12	2008/12	2009/12	2010/12	2011/12
Company's turnover (1000 EUR)	3277	3469	2297	2407	2666
Turnover change %	26.30	5.90	-33.80	4.80	10.80
Result of the financial period (1000 EUR)	385	440	160	163	228
Operating profit %	15.40	16.40	9.20	9.30	11.60
Company personnel headcount	4	4	4	N/A	N/A

Source: Suomen Asiakastieto

Figure 9: Gerdmans Oy data

Website & e-commerce: 6

Marketing: 6

Catalog & online catalog: 8

Total: 20 (4.)

Gigant (2,3 MEUR in 2012)

Gigant is a small player on the Finnish market. They focus on outbound sales, their online presence is poor, their website is very poor and they don't have an e-commerce solution. Gigant publishes one large catalog (600 pages) annually and they utilize a simple online catalog solution. Their site isn't mobile-optimized.

Financial ratio summary

Gigant Työpisteet Oy	2009/03	2010/03	2011/03	2012/03	2013/03
Company's turnover (1000 EUR)	3666	1891	2346	2329	1807
Turnover change %	26.70	-48.40	24.10	-0.70	-22.40
Result of the financial period (1000 EUR)	288	50	103	122	1
Operating profit %	10.20	3.30	5.90	6.80	-17.70
Company personnel headcount	8	6	6	6	6

Source: Creditsafe ja Suomen Asiakastieto

Figure 10: Gigant Työpisteet Oy data

Website & e-commerce: 4

Marketing: 4

Catalog & online catalog: 8

Total: 16 (7.)

Intolog (18,26 MEUR in 2012)

Intolog is a big player in industrial furniture, storage systems & warehouse solutions on the Finnish market. They focus on both inbound & outbound sales, they offer a service in which they plan and install all their solutions. Their online presence is decent, their website is ok but they don't have an e-commerce solution. Intolog publishes one large catalog (200 pages) annually and they utilize a simple online catalog solution. Their site isn't mobile-optimized.

Website & e-commerce: 6

Marketing: 6

Catalog & online catalog: 7

Total: 19 (5.)

Treston (1,7 MEUR in 2011)

Treston is focused on manufacturing industrial furniture and storage systems but it appears that a major portion of their sales are exports. In Finland, they mainly sell through a reseller network (Intolog). Their online presence is poor, their website is poor and they don't have an

e-commerce solution. Treston publishes various, industry-specific catalogs annually and they available online as pdf:s. Their site isn't mobile-optimized.

Financial ratio summary

Treston Oy	2011/12	2012/12
Company's turnover (1000 EUR)	1711	14048
Turnover change %		721.30
Result of the financial period (1000 EUR)	-61	419
Operating profit %	0.80	8.40
Company personnel headcount	110	110

Source: Creditsafe ja Suomen Asiakastieto

Figure 11: Treston Data

Website & e-commerce: 5

Marketing: 5

Catalog & online catalog: 5

Total: 15 (8.)

Sovella (16,8 MEUR in 2011)

Sovella, owned by Treston, is focused on manufacturing industrial furniture and storage systems and a major portion of their sales are exports. In Finland, they mainly sell through a reseller network (Intolog). Their online presence is decent, their website is decent and they don't have an e-commerce solution. Sovella publishes various, industry-specific catalogs annually and they utilize a simple online catalog solution. Their site isn't mobile-optimized.

Financial ratio summary

Sovella Oy	2008/12	2009/12	2010/12	2011/12	2012/12
Company's turnover (1000 EUR)	21552	14081	16370	16801	-
Turnover change %	7.80	-34.70	16.30	2.60	-
Result of the financial period (1000 EUR)	1118	287	1296	1036	-
Operating profit %	8.80	3.70	10.70	8.40	-
Company personnel headcount	145	120	109	108	-

Source: Creditsafe ja Suomen Asiakastieto

Figure 12: Sovella Oy data

Website & e-commerce: 6

Marketing: 6

Catalog & online catalog: 6

Total: 18 (6.)

Witre Finland (2,4 MEUR in 2011)

Witre has established a relatively small but firm foothold on the Finnish market. Witre's website is decent although the translations lack quality. The e-commerce solution is very good but the site isn't mobile-optimized. Lack of printing and mailing the Witre catalog in Finnish is a big setback as is the lack of an online catalog solution. Although email campaigns are frequent, Witre lacks social media presence, engaging competitions & campaigns for the customers, content marketing eg. how to -guides and the possibility to make key account visits.

Witre's main challenge in Finland seems to be the lack of active, local presence on the market.

Challenges in detail:

- Lack of printing and mailing the Witre catalog in Finnish
- Lack of an online catalog solution
- Lack of marketing & social media presence
- Lack of engaging competitions & campaigns
- Lack of content marketing
- Lack of the possibility to make visits to big projects & key accounts

Financial ratio summary

Witre Oy	2007/09	2008/09	2009/09	2010/09	2011/09
Company's turnover (1000 EUR)	1590	2383	2294	2309	2434
Turnover change %	34.20	49.90	-3.70	0.70	5.40
Result of the financial period (1000 EUR)	18	182	213	75	-32
Operating profit %	1.00	7.50	9.20	3.30	-1.30
Company personnel headcount	N/A	N/A	N/A	N/A	N/A

Source: Suomen Asiakastieto

Figure 13: Witre Oy data

Website & e-commerce: 8

Marketing: 6

Catalog & online catalog: 0

Total: 14 (9.)

	AJ	Ikaros	Hexaplan	Ojega	Germans	Intolog	Sovella	Gigant	Treston	Witre
Website & e-commerce	9	5	7	8	6	6	6	4	5	8
Marketing	8	9	7	6	6	6	6	4	5	6
Catalog & online catalog	8	9	8	7	8	7	6	8	5	0
TOTAL	25	23	23	22	20	19	18	16	15	14

Figure 14: Competitor analysis chart

As visible in the table above, Ikaros is mainly lacking in the area of website and e-commerce. With improvements to their current infrastructure, they will strengthen their position as the main competitor of Denios.

The other competitors will continue to take one-off sales but on a general level, they do not pose a threat to Denios for two main reasons. First, their focus is not on environmental protection and work safety equipment. Second, their level of expertise makes them unable to bring value, other than competitive pricing, to the customers.

4.8. DENIOS Finland - Marketing and sales

The main source of sales upon start-up is reactive sales gained through active marketing (eg. mailing catalog, webshop, online catalog, newsletters, adwords).

Secondary form of sales is through key resellers which will help gain market share, visibility and sales revenue. On the downside, lower profit margin and lack of contact with the end customer should be considered as well.

In phase 1, the customers will be mainly acquired by active marketing. In phase 2, outbound sales will be implemented alongside active marketing.

The following steps are suggested, in their respective order.

Phase 1

1. Rent 50-75m2 of office space in Espoo.
2. Set-up and translate CRM, website and e-commerce site.
3. Utilize eKomi / Trustpilot to ensure customers of a premium online shopping experience.
4. Implement online chat Zopim and Snoobi for web analytics.
5. Define pricing and translate, print and mail the Denios catalog.
6. Place Denios catalog online and integrate it with the e-commerce site -> New Pig
7. Implement thorough SEO, Google & Bing Adwords and ad retargeting.
8. Begin engaging customers & prospects with newsletter campaigns and competitions.
9. Start active customer visits to boost the sales of key consumable products and raise brand awareness.
10. Translate content marketing material eg. testimonials, how-to guides, buying guides, local legislation guides, downloadable checklists for safe warehousing etc.
11. Begin cooperation with environmental protection NGOs such as WWF and John Nurmisen foundation.

Phase 2 (12 months after start-up)

12. Hire new sales executive to actively visit accounts and prospects to boost the sales of key consumables.

Phase 3 (24 months after start-up)

13. Hire an additional sales executive.

In phase 2 and 3, new market share will be gained by proactively contacting and visiting medium to large customers. For these phases, an important aspect is the ability for DENIOS Finland to sell consumable products, such as wipers and sorbents, to generate a steady source of revenue.

4.9. DENIOS Finland - History

DENIOS recognized early on the importance of global environmental and water protection. Founded by Mr. Helmut Dennig in 1986, DENIOS (Dennig Industrial Operational Safety) has grown into the leading company in global environmental protection and has been developing products to protect the environment for the past 30 years.

5. Conclusion

The objective of this study was to build a business plan for DENIOS AG to set-up a sales office in Finland. The products and services of Denios Finland would be aimed mainly at public and private sector companies that handle and store oils, chemicals and other hazardous substances. As the majority of the customers does not have a binding contract with their supplier for environmental protection and work safety products, a fast market entry with immediate cash flow is possible. The environmental protection industry segment, which is the main target segment in the beginning, in Finland is valued at approximately 3-4 meur annually. In addition, with legislation, quality standards and insurance companies demanding more of a focus on environmental protection and work safety and above average market prices, opening a sales office in Finland would be a viable option both in the short- and long-term.

From a SWOT point of view, the key opportunities (high level of market knowledge, contacts, employee motivation) and strengths (unsaturated market and vast potential in e-commerce) outweigh the threats and weaknesses thus enforcing this argument. Denios Finland employees will have a good mix of sales and marketing expertise, market knowledge and contacts as well as motivation to successfully implement the business plan.

Competitive pricing, product support and fast delivery times, which are enabled by in-house production and product support, streamlined logistics and the largest product portfolio on the market, will ensure that Denios Finland would be a very competitive company.

Although current market leader Ikaros Finland will pose a challenge, the other non-direct competitors should be seen both as possible resellers as well as partners which promote the necessity of environmental protection and work safety products.

The study has provided essential tools, information and methods for Denios Finland to be successful on the Finnish market. In result, the authors' findings lead them to believe that by executing this plan, Denios Finland has the opportunity to take a substantial part of the market share while providing a relatively quick return on investment timeframe.

6. Theoretical Linkage

The structure of the empirical part of the study follows the structure introduced in the theory part with a few exceptions due to the nature of the case company. In the theory chapter all main parts of a comprehensive business plan are introduced, whereas the empirical part is tweaked to serve the requirements of the business plan of this specific company. The theory part has been composed in the same order a typical business plan is presented. This linkage

helped the authors to perceive the logical structure from the theory and include it in the business plan. The research made for gathering a solid knowledge base for a business plan supported the writing of the business plan.

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