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STARTING A FOOD FRANCHISE IN FINLAND
Case: Koti Pizza

Thesis
CENTRIA UNIVERSITY OF APPLIED SCIENCES
Business Management
June 2016

ABSTRACT

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ABSTRACT

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Degree programme Business Management		
Name of thesis Starting a food franchise in Finland, case: Koti Pizza		
Instructor Birgitta Niemi	Pages 26+1	
Supervisor Birgitta Niemi		
<p>Food industry is the fastest growing business sector around the world. Consequently, the demand of different kinds of food is growing rapidly. Food franchisors companies are taking advantages of this demand and they are doing very well. As food franchising industry is developing day by day, it can be a great choice for entrepreneurs for their next business idea. This thesis is a concise idea of franchise business forms, its advantages and disadvantages, entrepreneurial qualities and requirements. The research also includes a Finnish pizza chain restaurant called Koti Pizza which is market leader pizza franchisor in Finland. This thesis is based on an interview of Mr Marko Fonsen who is head of sales and marketing of Koti Pizza, research of different literature about franchising. A practical searching part, the author had experience of a discussion with a present franchisee of Koti Pizza. A report about starting procedure of food franchise business in Finland is presented.</p> <p>Overall the reader will have a clear idea about franchising system, good and bad sides, procedure of getting involved with the system and steps to establish an own franchise outlet.</p>		

<p>Key words Business Idea, business plan, Entrepreneurship, business in Finland, Franchising, Food Franchise, Pizza Restaurants, Koti Pizza.</p>
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1 INTRODUCTION

Food is an essential need for a human being and this industry is growing rapidly around the world. Nobody wants to miss having food at least once a day for leading life and fulfilling the human body's requirements. One cannot think well, love well and sleep well, if one has not dined well. (A room of one's own by Virginia Woolf, first published in 1929.)

The purpose of the thesis is to get better understanding about food franchising and developing a business idea. Besides that, it also includes to become familiar with the procedure of starting a business in Finland. Food business industry is a rapidly growing business sector and we can see many restaurants around us. Some of them running as their own brand and some of them are franchise. Obviously a food franchise such as Mc Donald's, Hesburger, Koti Pizza, Hamburger etc's doing very well in this sector and Finns have a soft corner about their own brand for choosing meal. According to international Franchising Association, franchising businesses continue to grow faster than rest of the economy of The United States. This business concept is the bases for the research and findings.

In general, the market of fast food is increasing and most Finns like to have fast foods as their meal regularly. Considering this, the writer decided to establish a restaurant business in Seinäjoki and the business form is to be a franchisee of Koti Pizza, which is one of the market leading pizza restaurants in Finland. This thesis is about franchise business form, procedure of becoming an entrepreneur in Finland and how to be a Koti Pizza franchisee. Moreover it will help to get better understanding of the franchise business format. The author also tried to figure out the challenges of food franchisee and invisible obstacles of this sector.

In the first part of the thesis is, the idea of franchise business form, advantages and disadvantages, second part is about entrepreneurial qualities and third part is about description of Koti Pizza company and details about setting up an own Koti Pizza restaurant. All of these

also include two interviews of Koti Pizza regional managers and one Koti Pizza Franchisee where is discussed the policy of Koti Pizza and experience of a present franchisee. According to the business plan, a selected business position in Seinajoki centre area is planned where food will be served to the customers even in late night and that could be different from other Franchisee in this area.

As a business student, the thesis writer considers the thesis topic to be related to studied subject. The findings of the thesis will help the author to establish a Koti Pizza business and the reader will be benefit from this work to developing a franchise restaurant in Finland.

2 THEORY ON FRANCHISING

Franchising is not a new business concept. Some individuals believe that, it is a wholly American concept established in the mid-1800 to help American businesses to establish an efficient distributor network. However, its origins are a matter of much debate and discussion. There have been many and varied definition of franchising through the ages and throughout the world. Generally we understand, a franchisor is a person or a company that has created a commercial business and wishes to allow other persons or companies to operate a business under their brand.

Generally, the main industry categories centre on the big six which are retailing, property services, personal services, business and communication services, hotel and catering, transport and vehicle services. Business format franchising is the type most identifiable to the average person. In this format, the franchisor provides to the franchisee not just its trade name or products but whole system of operating the business. A franchisee gets support of site selection and development support, training, operating manuals, marketing strategy, quality control, business and advisory support from the franchisor. Currently, more than 120 different industries use franchising to expand their business. (Webber, 2012, pages 48,52,53)

2.1 The European Definition of Franchising

Business format franchising is the most common of all and possible to apply to all business categories. Most importantly in this model franchisee receive whole business management method. A good example of a definition that has been written by lawyers trying to meet the needs and requirements of many interested parties is that which has been issued by European Franchise Federation (EFF) and subsequently adopted by The British Franchise Association (BFA).

Franchise is a system of marketing goods which is based upon a close and ongoing collaboration between legally and financially separate and independent undertakings, the Franchisor and its individual Franchisees, whereby the Franchisor grants its Individual Franchisees the right, and imposes the obligation, to conduct a business in accordance with the Franchisor concept. (European code of ethics for Franchising by European Franchise Federation, Part 2, section 4, Para 1, 12/2003)

2.2 The British Franchise Association

Business format Franchising is the granting of a licence by one person to another, which entitles the Franchisee to trade under the trademark name of the franchisor and to make use the entire package, comprising all the elements necessary to establish a previously untrained person in the business and to run it with continual assistance on a predetermined basis.

(www.thebfa.org)

2.3 The American Definition

International franchise association (IFA) described franchising definition on their website as like, A franchise operation is a contractual relationship between Franchisor and franchisee in which the Franchisor offers or obliged to maintain a continuing interest in the business of the franchisee in such areas as know-how and training, wherein the franchisee operates under a common trade name, format or procedure owned or controlled by the Franchisor and in which the Franchisee has or will have a substantial capital investment in his business from his own resources. (Webber, 2012, page 57).

2.4 Entrepreneurial Understanding

As an entrepreneur point of view, the concrete understanding about Franchising is a contractual agreement by and between two parties, whereby one party (the Franchisor) extend to the right to the other party (The Franchisee) to carry on an independent business under the trade mark or trade name or brand of the franchisor and to receive sufficient privileged know-how, derived through the franchisor experience in operating such a business, throughout the term of agreement, consisting of all components as to enable a previously experienced person to establish a successful business under the Franchisor's brand. In consideration for the initial and ongoing assistance from the Franchisor, the Franchisee commits to substantially invest in his own business and a scheme of payments in the form of initial and ongoing fees. The Franchisee further undertakes to use his best endeavours to ensure the success of the Franchisor's brand and to adhere to the Franchise system, following the guidance of the franchisor mutual benefit.

Webber describes Franchisee Skill Acronym in his book called introduction to Franchising in following way:

F Flexibility

R Responsible and Positive attitude

A Ability to manage multiple priorities

N Need to Succeed

C Creative problem solving

H High energy levels

I in no doubt about personal abilities

S Strong people skills

E Eager to learn.

(Robert Webber, 2012, page29)

2.5 Franchising and Relationships

Franchisor and franchisee relationship is not like a friendship, a courtship or even an engagement. It is more like a marriage- the forging of a contract under which two partners with mutual interests agree to work in harmony toward a common objective. And, like a marriage, it is something that should be entered into lightly. Because if the partners are not compatible, the ensuing divorce can be traumatic and costly. So, if you are unwilling to give up your total business freedom, franchising might not be for you. On the other hand, when both partners work together, the franchise method of doing business can produce a win-win-win scenario for all concerned.

When someone thinks about franchising, they look in to the law while law is not main issue even it is important matter. At its core, franchising is about brand values, support from the franchisor, how the franchisee meets its obligation to deliver the products and most importantly- relationship that the franchisor has with its franchisees. Moreover, a business always build with exist with trust and honesty. In franchising system it's very important too. A survey in 2014 by franchise business review on franchisees relationship with their franchisor shows that 90% enjoy operating their business and franchisees enjoy to being part of their organisation and they respect their franchisor as well. (O.Hayes, November 2013, page 38)

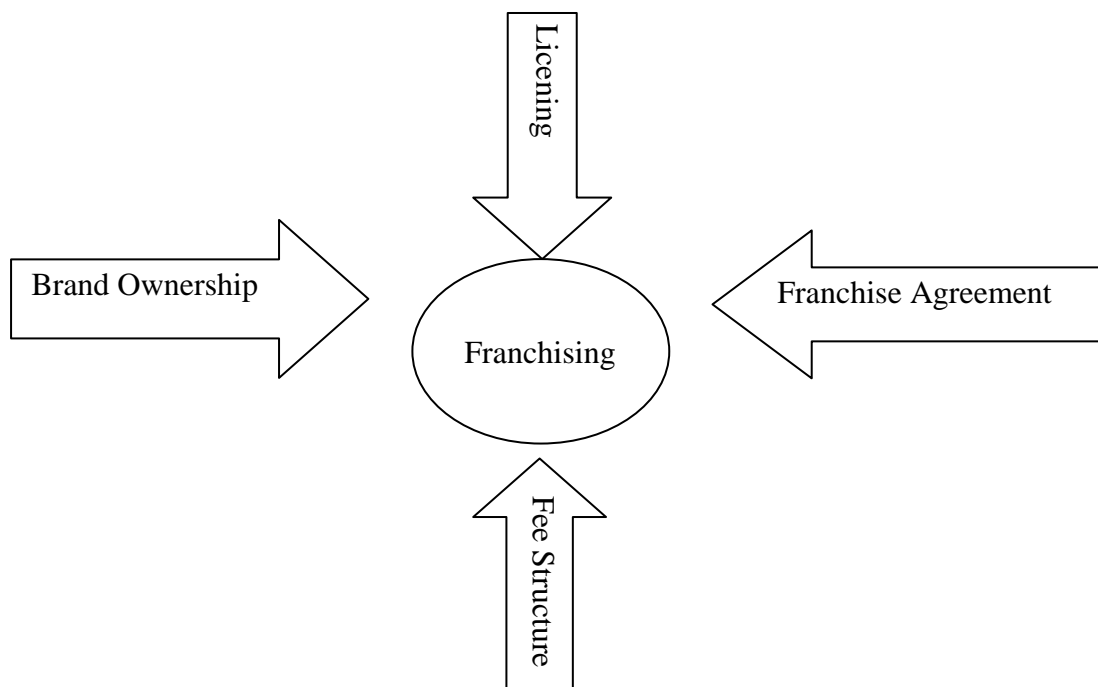
2.6 Brand and Support

Brand is the most valuable asset for the franchisor. Customers really do not think about ownership when their brand expectation is met. As a franchisee you are certainly developing a relationship with your customers to maintain their loyalty and most certainly customers will choose to buy from you because of your quality of service and the relationship you made with them. But first and foremost they have trust in the brand to meet their expectation. Good franchisors always provide system, tools and support to their franchisee so that they have the ability to live up to the system brand standard and to ensure the customer satisfac-

tion. An investor when decide to invest, always consider what kind of supports he will be provided from the franchisor and how well the franchisor managing evolution the products and services so that it keeps up with changing customers expectation. A recognize brand name, training for entrepreneur and workers, research and development of new products and services, initial and continuing marketing and advertising supports are the most common services that franchisor provide to the franchisees.(www.franchiselawsolution.com)

2.7 Contractual relationship

Serving to the customers is solely responsibility of franchisees and brand owner (franchisor) does not manage and operate the locations that serve customers on day to day basis. Franchising is a contractual relationship between the brand owner (Franchisor) and the licensee (Franchisee) that allow the business owner to use the brand and method of doing business to serve the products or services to the customers. So, support from the franchisor is important in every parts of franchise business format in order to keeps their brand name and to maintaining standards of services to the customers. (www.franchising.org)



Graph 1: Introduction to Franchising by Webber, 2012, page26)

2.8 Food franchise attractions

As a new entrepreneur thinking, Franchise business form is one of the most attractive and realistic business forms to be chosen. To be determined to start a food Franchise business, there are so many matters which are important to take the decision.

The key finding for a franchise opportunity is that research and research. As an entrepreneur, s/he must find the best option for him and the cost of the business. Estimated investment is also a big issue when anyone thinking of any business and have to decide that from where this capital will come. It always a good idea to invest in a business in which already exist or running because it already makes its market and demand to the customers. You just follow their instructions, training and policy of customer's satisfaction. Moreover, it has more positive side to set up a food franchise business.

There are so many factors influencing to the entrepreneur to get involve with a franchising. Most importantly, prior performance record, as it offers an existing and tested which informs the potential franchisee of business performance in that particular product offering. Recognized company or brand name is also issues of influencing. Because in this format entrepreneur does not need to come with new ideas for this business where it is already proven in to the markets and someone already tested too. A large and well established food franchise already made their demand to the customers and they always have nationwide advertising campaign so that do not need to think for extra advertising policy. (www.franchising.org)

Good franchise business will offer comprehensive training programmes in sales and indeed all business skills. They make their new partners as like as they need by providing management training programme to operate a well established business because it is also related with their goodwill so that it does not affect to their whole sales. Good Franchise business can also help secure funding for investment. Investor can be more relax when invest in a good franchise because investor knows very well that brand has its value to the customers

and if provided services maintain same standards, customer will back in same place again to take desired food.

Customers always have a good faith on good Franchise. When they are aware of this, they understand you are offering the best possible value for money and a consistent quality of service although you are running your own shop, you are part of much larger organisation. A franchisee can sell his business to the other. Although there are some procedure to sales but it's possible to sell with profit. Though it is a part of a large business, each Franchise own and operated by Franchisee so that he can run business independently. Investor do not need to think about marketing, new product and promotion. Franchisor makes it easier for Franchisor. (www.franchising.fi, www.franchising.org)

2.9 The pros and cons

Starting a new business and keeping it going is always challenging. Good Franchise business will offer a proven business format with the initial and continuing support that a Franchisee need. Franchisee will work under the brand established by Franchisor using the business system they have developed which is proven in the market place.

Joining in Franchising has tremendous advantages if a Franchisee can choose a well established brand. The greatest benefit to any Franchisee is that they will be joining a franchise whose business model and commercial concept has been tried and tested over a generous period of time, has a recognizable brand a strong corporate image. On the other hand, franchisees can often get a better deal by going in the ground floor than joining a more established franchised brand. It seems like, the higher the risk, the lower the buy-in, and that is invariably true, but so is there reserve.

Even accepting that, there may be some elements of risk in franchising, that risk is reduced quite considerably when the franchisor's business model has already been well established and shown to be commercially effective. So franchisee minimized risk when get involve with this model. (www.franchiselawsolutions.com)

Franchisee needs to be aware, though, that franchisors are uncommonly keen that franchisees constantly increase turnover, increased turnover means increase management fees for the franchisor. The franchisee might wish to increase profitability by reducing costs, which does not benefit the franchisor in any way, and this is potential disadvantage to the franchisor. However, following advantages of franchising may motivate to a new entrepreneur:

Easy control: It is easy control and manages if chosen franchisor brand is already well established. A good franchisor has clear control mechanism, comprehensive operations manual that helps a franchisee to do his job easily and effectively. (www.franchising.org)

Training, support and directions: One of the great advantages is ongoing training and support from the Franchisor. When franchisee feels any trouble franchisor obviously helps because the law and agreements makes him to do so. A franchisor always provides a meaningful support and directions that will prevent major and minor catastrophes and helps to ensure the prosperity of the franchisees. (Interview)

Financial assistance: Obtaining finance for a new start up operation may be quite a frustrating mission for the aspiring new business person, but generally banks actually likes franchises as they have lower risk than traditional business form. Generally, banks are rather suspicious of the aspiring businessman with his head in the clouds, believing that he will be the next Bill Gates within the coming five years. Talking to the bank about franchising will

often reveal a completely different side to the traditional banker- a more approachable and kindlier nature. (Interview)

Minimizing the risk: Investing in a franchise that minimizing the risk of your investment. The franchisor has already proved that the business concept is sound by carrying out a responsible pilot operation and it makes franchisee more confident to work effectively.

Obviously every business form has some negative sides with advantages. A Franchisee will also face some disadvantages and challenges to run the business successfully even though they are getting support from Franchisor. A franchisee should be concern about following matters:

Hard working: Running a business is hard work, it demands highest level of commitment and confident. Entrepreneur needs to put his all effort of training and learned issues to get success. (According to franchisee interview)

Ongoing expenses: The constant drain on their resources to pay ongoing management fees to the franchisor. Royalty payment is also a huge expense. As long as you are a franchisee, you will have to pay a percentage of gross sales to the franchisor and it reduces your profit potentials. On the other hand, to get marketing and advertising facility franchisee has to pay monthly fees according to the contract. (Interview)

Following: A franchisee invests in a proven business system for its benefits and taking the responsibility for following it –not doing. As a result he or she may lose the business. And also you will have lack of total control and flexibility to run the business because franchisor needs to follow the rules and instructions of franchisee to continuing successful business. (According to franchisee interview)

Limited creativity and flexibility: Most of the franchisor does not allow you to add or modify any of their foods because of their proven food standard contract. Franchisee has to use their system and follow their rules, regulations. Ultimately franchisee does not have opportunity to show creativity in there but can share, express the new idea to the franchisor.

Risk: Any investment is not guaranteed in business. Even it is a good brand but experience shows so many examples of that and it does take time to falling down. So franchisees investment mostly depends on the franchisor products success and there are always risks of brand damage. (www.franchise.org)

Risk of unprofitability: As with other new business franchising also carries risk of profitability due to a myriad of factors. This is compounded by the requirements of franchise fees.

Long contract: When entrepreneur enter in a franchise business for minimum period of five years so there are no possibility to get out of it before that period.

No brand and reputation control: Brand management and marketing control are determined by the franchisor therefore franchisees have no control over the reputation of the brand as well as branding directions.

Labour challenges: In food franchise business workers paid by the franchisee, not franchisor. Most of the food business requires the service of a significant number of low paid employees to conduct their business. Turnover of these employee positions are normally very high and requiring number of qualified employee is of the challenge for the food business. (www.franchising.org, according to experience of interviewed franchisee)

Quality of life: Many people associate with high level of status with ongoing a food business, at least until they understand the facts of a typical food franchisee's life. For an entre-

preneur, working hours can be long, as he come early ad last to go home. The labour challenges can be very frustrating and owners and are the main reason owners cite for wanting to leave this industry.

(www.franchiselawsolution.com, www.franchising.fi, www.franchising.org and Interview)

3 ENTREPRENEURIAL COMPETENCIES

To be successful in business an entrepreneur must possess certain competencies. It is very important to have entrepreneurial qualities together with a good business plan in order to get success. An entrepreneur is always action oriented a planner, hard worker and an ultimate risk taker even though investment is not guaranteed in any way. Franchising is a long-term commitment, and a prospective franchisee need to assess whether he or she have the stamina to sustain such a long-term relationship.

Risk aversion skill: Buying a franchise itself is a big risk, however franchising is a better option for risk-averse entrepreneurs who would rather not opt for becoming stand alone small business owner.

Coach-ability skills: A franchise owner should be able to identify team or staff member training needs and able to get them trained in order to achieve the best level of performance. Coachable entrepreneurs are also motivated. Effective coaching requires having enough motivation to try new things and dedicated to the process.

Planning skills: One of the mandatory skills should have as a franchise owner. Proper planning skill improves the chances of success and it is a tool that enables an entrepreneur to achieve a given aim.

Interpersonal skills: Interpersonal skill is a natural and life skill that we use every day to communicate and interact with individuals and groups. It helps to develop both professional

and personal relationship. A successful franchise owner always intends to work closely with people and this is critical because he must build a good relationship with teams, customers and suppliers. Some people are more gifted in this skill than others, but every entrepreneur can learn and improve this skill it emerged.

Conceptual skills: Conceptual skills entail recognising how the various units of the organisation depends one another and how changes in any part affect to others. This skill helps an entrepreneur to be able to convince new ideas and also rethink of new procedures and processes.

Ambitious to run the business: Starting a new business is an ambition for many people, but very few of them actually make it happen. Being ambitious enables franchise owners to set goals and once accomplished they aim even higher goal. Managerial skills and business knowledge are an indication of how well a franchise owner can perform important tasks and activities related to the functions of a business.

(www.thebra.org, www.franchising.org.)

An entrepreneur should have certain natural inherent qualities in order to get success in business. According to Srivastav (2007), an entrepreneur should come with some common factors and these are:

Hard worker: An entrepreneur should determine to do hard work as to become a successful businessperson. In business there are always risk involve, but a hard working people can erase the risk and obstacles and can reach to the goal. (Srivastav 2007, 9)

High desire: Work hard from hope of success rather than from fear of failure.

Foresightness: An entrepreneur should have a better foresight to see upcoming risks and challenges and ability to take timely measures, taking actions that it does not affect to the

business. It also helps to the business person to understand the market trend and customers attitudes towards his business.

Optimistic: Optimism helps to the entrepreneur to be ready to face the future challenges and uncertainties.

Creativity and innovative: An entrepreneur always carries a creative and innovative mind for looking something better at all time.

Organiser and good communicator: A businessperson always acts as a good organiser in all work team, production processes and suppliers. Good communication skill makes his job easy, can make good combination in every parts of business. (Srivastav 2007, 6-7)

Additionally to above mentioned qualities Saroj and Mahndiratta 2009, (29-34) highlighting more qualities of an entrepreneur that helps him to reach to the goal:

Inner drive to succeed: Staying motivated and committed to achieve business success is important to face and come out from the obstacles and challenges.

Strive for good results: Do the best whatever you do. Entrepreneur always put best effort to get best outcome.

Punctuality: Time is alternatives of money, businessperson never delay to take right decision to overcome risks, challenges in order to reach in destination.

- An entrepreneur should be a good planner and decision maker as well as a good communicator in all situations. Brave, prepare to take risks, works on one's own initiatives and take front position to take responsibility.
- Cope with uncertainty is one of the most important qualities of an entrepreneur to get the success.

4 PRESENTATIONS ON KOTI PIZZA



KotiPizza is a Finnish pizza restaurant chain established in 1987. It is one of the largest pizza chains in The Nordic. It consists of two companies, Helsinki Food Stock Oy, a company specializing in logistics and wholesale and Chalupa Oy, a company behind the Mexican -style restaurant chain of the same name. All of these companies operated under the names of Frankis Group. Koti Pizza is the largest with the hamburger chains Hesburger, operating around 270 outlets around Finland and more than 100 with Rolls Express. In addition to Finland, Koti Pizza operating has business in Russia, Estonia, China and now an expansion into Sweden begun. Koti Pizza is also competitive internationally- Koti Pizza cold smoke salmon won bronze at The America's plate international pizza competition held in New York in 2010. (www.kotipizza.fi , Interview)

Products and prices: Although it is a pizza restaurant, different kinds of pizza are their main product, they also serve soft drinks beside of Pizza. They have more than 25 different pizza items and also of different sizes. (www.kotipizza.fi)

Franchisee offers: Anybody can be a Koti Pizza Franchisee. According to Mr Marko Fonsen, you do not need previous experience. Koti Pizza has its own training centre where they train new entrepreneurs. A trainee's or a new entrepreneur's attitude is important. Koti Pizza follows the candidate's attitude deeply to choose their franchisee. Active, entrepreneurial, service and marketing intellectual, commercial and training experience for the benefit of the hospitality but are not mandatory requirements. (www.kotipizza.fi , interview)

Training: Koti Pizza provides free training for their new entrepreneurs and training is only for those who Koti Pizza accepts to be their franchising entrepreneur. Training includes making different kinds of Pizza, raw material maintenance, cleaning, sales and customer service etc. (Interview)

Investment: It is an issue that vary very much. A new entrepreneur can establish a totally new restaurant or can also buy an already running Koti Pizza outlet. Definitely establishing a wholly new place is more expensive than buying an old one. Investment costs depend on the size of the restaurants too. To buy an old one, the monthly selling amount also a considering matter to fix the price. However, Koti Pizza helps in all matters to their new entrepreneur to establish his new business and that is the biggest advantage for a new comer in this line. (Interview)

Experts of Koti Pizza like, sales and financial manager evaluate all considering how they can help to their new investors. However, a new entrepreneur can also take help form governmental organisation too, such as start up money for every month for a specific period.

Rules and regulation: Any food franchisor company is very strict with the rules and regulations and that is because of their reputation and service to the customers. Therefore, they are very careful when they are choosing a new franchisee. The basic rules are, you are not allowed to sell any other products at the same shop. However, Koti Pizza has a contract with other fast food chain called 'Rolls Express' that they can do business together but this is not for every area or for every outlet. (www.kotipizza.fi, interview)

Length of contract: Minimum contract for Koti Pizza is five years but it is renewable up to ten years.

Fees and ongoing expenses: Joining fee is 4000 Euros. If an entrepreneur makes the contract for five years then have to pay 10000 Euros, but contracts for ten years one has to pay 12000 Euros. Co-payment for Koti Pizza is 6.50% of the monthly sales. That means, a franchisee has to pay 6.50% of his sales to Koti Pizza in order to get the contract. Marketing and advertising fee is 4.0%. So, a franchisee does not need to bother about marketing or advertising. The Koti Pizza company takes care of these issues and its nationwide advertising from where franchisee can get benefit dramatically. Other monthly charges are about 127 Euros.

Franchise package: Initial training, operating a turnkey basis, concept, further training, continuous product development and sales manager supporting entrepreneur, joint marketing, purchasing advantages. (www.kotipizza.fi and interview)

5 SETTING UP AN OWN KOTI PIZZA

Setting up a franchise business is not the same as an individual business form, except of the official procedures and that because of brand name. From starting to continue the franchise food business, a franchisor is always involve in every part of the business such as its management, marketing, customer service and so on. A franchise is not the only person that can take decisions and that is the only big difference from a sole business entrepreneur.

A proper business plan is the most important part of starting a new business. It describes how the business idea will be implemented in practice. Making of a business plan also includes with location, structure of the company, form of the company, estimated capital, and capital sources and so on.

5.1 Location

As the plan is to open a pizza restaurant in Seinäjoki, the chosen place is nearby city centre or shopping mall in the centre (Tori). An entrepreneur must choose the place before do anything else. Seinäjoki is not a big city but the area of this city is expanding, a new structural construction going on, people are also increasing in this city. This makes Seinäjoki an attractive place for business. Currently it has almost sixty thousands inhabitants. The chosen place is competitive but possible to run a business with success. For choosing a place one should consider, availability of pizza restaurant nearby and the brand name as well. There are many food shops but not pizza shop as renowned. As it planned, target is to get the place in a big shopping mall and it will have a door for outside of markets customers.

5.2 Target customers

Target customers are people who will come to the shopping mall and also other from outside. Additionally it will have the opportunity to catch late night customers who will come from the night clubs because two night clubs situated in the same place though planned to open in different working hours from normal shifts.

5.3 Company form

Business registration is important for starting a new business. An entrepreneur needs to choose which form he wants to use. According to research, it does not matter when doing business with Koti Pizza. Therefore, the entrepreneur can choose any company form. Currently these business forms are available in Finland are:

- Sole trader
- General partnership
- Limited partnership
- Limited company
- Co-operative

Sole trader: Sole trader is the most common business form in Finland and its easy, cheap even best for a single entrepreneur. In this business form, the entrepreneur needs to choose a company name of even s/he can use own name too. In this category, a person can run a business alone without any legal distinction between business and him or herself. An entrepreneur has sole responsibility for profit and liability. A sole business trader needs to register the trade form the on national board of patent and registration of Finland. An entrepreneur also needs to notify the Finnish Tax Administration before starting the business. (www.uusyrityskeskus.fi)

General partnership: This business form is suitable when two or more entrepreneurs want to run a business to get profit together. Partners who live legally in Finland can fill up the general partnership business form to get registration from authority. Each partner needs to contribute with labour, skills and capital according to agreement and all of the fact like amount of capital form each partners, profit percentage, working hours etc need to explain in their partnership contract. <http://uusyrityskeskus.fi/>

Limited partnership: Two or more business partners can run a business together but one of them will be not active, but contribute with his capital. So, normally it is called active and silent partner. An active partner is always responsible for the business in all situations and can take decisions alone. A silent partner invests assets or money to the business in order to get a certain percentage of profit from the business and his liabilities are less than an active partner.

Limited company: An entrepreneur also can register his or her business as a limited company. There are two kinds of limited company, one which is a private limited company and the other a public limited company. One or more persons or organisations can use this form to establish their business. The most important thing is, an entrepreneur needs to understand and accept the requirements to a public or private limited company before going ahead with this form. A public limited company is a company which is owned and traded publicly. Minimum member amount of this form is seven persons. A private limited company is owned and trade privately where the minimum member amount is two persons. (<http://www.yrityssuomi.fi/en>)

Co-operative: A business owned by group of people who work together for their own interest. All members put same effort to achieve their goals and all are responsible to taking decisions and for liabilities, profit capital etc.

(<http://uusyrityskeskus.fi/>, <http://www.newcohelsinki.fi/en/establish/how-start>)

5.4 Trade registration in Finland

After making a good business plan an entrepreneur needs to register his or her business at Finnish Patent and Registration office. An application needs to be filled in for getting a Finnish business identification number. In this case the business name has to be unique, distinctive form and can be identified from the other business organisations which already exist on the Finnish market. (www.prh.fi)

5.5 Foreign entrepreneur

The Finnish Patent and Registration office grants an application or permits to a person coming from outside the EEA to hold managerial positions or other positions of responsibility of businesses. The person's citizenship doesn't affect whether a permit is needed or not. A permanent place of residence or the legal person's registered office is a decisive factor.

5.6 Insurances

As an entrepreneur, you have some mandatory insurance for you employers and also for yourself.

Tyel: The Finnish employees pension act (Tyel) is for employees if worked perform under an employment contract. Also an employee has to be between 18 and 67 years old and if the monthly salary for work is at least 57.51 Euros if below of this amount then it is voluntary.

Workers compensation insurance: A financial support system establish under law to provide income, medical care and rehabilitation for illness, injury or death at work place. This insurance also includes employees' group life insurance.

Unemployed fund payment: This insurance for workers is to get unemployment benefits.

(www.varma.fi, www.if.fi, <http://www.yrityssuomi.fi> and an interview)

5.7 SWOT analysis

A SWOT analysis made for setting up an own business, it helps when analysing success possibilities.

STRENGTH	WEAKNESS
<ul style="list-style-type: none"> • Experience • Best Pizzas, pretested concept • Brand Name and strong corporate image • Weakness of the customers • Proven product and market • Approved customer service • Reasonable price • Quality of Foods • Support for Franchisor • Nationwide marketing from Franchisor 	<ul style="list-style-type: none"> • Insufficient Personal Fund • Weak Language Skills • New working environment • Limited food choices
OPPORTUNITY	TREATS
<ul style="list-style-type: none"> • Easy to start • Lower risk • New products • New Customers • Less competitor • Strong Financial support from bank or Government • Welcoming support from Government 	<ul style="list-style-type: none"> • Weather • Large investment • Increasing competitor • Variable Legislations

Table 1: SWOT analysis of business plan.

An evaluation of an organisational strengths and weakness as internal factors, opportunities and threats are external factors are referred to a SWOT analysis of a business. This SWOT analysis is based on author's experience and from following the market. Most important strengths are brand name and weakness of the customers for this business plan. Author believes that, these elements can be the key part of success. However, less completion can

makes high demand of the products as well. On the other hand, though the business plan is, to open the shop at late night also, so customers will have less option to take the meal. Being a franchisee of a good brand is always in less risk. So it is a good opportunity to take some training and go to the operation as you are receiving ongoing support from the franchisor.

According to the business plan and its SWOT analysis, the business plan has some obstacles which are referred a weakness of the business. As a new entrepreneur the most challenging part is language barrier. In Finland, Finnish language skill makes your job half done, so it is important as well as mandatory. Funding also can be a weak point for an entrepreneur as it has a big investment.

Weather can be a threat for this business plan as most of the time cold in Finland. People may like have food at home instead of taking in outside. Competitors are increasing as expanding of Seinäjoki city. Because business competitors always looking for good opportunity and try to catch as before as they can. So, all of these SWOT analysis issues have to take in consideration of a entrepreneur for this business plan and to get success.

6 CONCLUSION

Opening a business is always an expensive and difficult task for new an entrepreneur. Some are successful and some meet failure. As an entrepreneur, it is most important to prepare him or herself to be a smart business person by researching, planning and making effective decisions. Franchising is an effective concept to expand the business for the franchisor and also profitable for the franchisee. It allows a quick expansion both locally and internationally with less risk and lower costs than any other business model. A lawyer from Washington DC summed it up, Franchise is more stable than other sectors, in bad times and in good times. In good times a franchisor can move rapidly to take advantages and bad times franchisees are more able to live off the land. A key trend noticed over the past year is that stronger franchisor became stronger and weaker systems have fallen by the wayside. On other hand, a selection of the franchisor is a key to success for a franchisee. Especially for Finland it is a good idea to choose a Finnish brand like Koti Pizza. International hamburger and fast chain like Mc Donald, Burger King, and Subway also running well but when it is about pizza, Koti Pizza is the number one priority to Finns.

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SAMPLE OF INTERVIEW QUESTIONS:**A) About new Entrepreneur:**

- 1) Who can be a Franchisor of Koti Pizza?
- 2) Do you require any previous experience for same work?

B) Training:

- 1) What kind of training do you provide? Does it cost or free? And for how long?
- 2) Who can take this training?

C) Financial Issues:

- 1) As a new entrepreneur, how much I have to invest form my personal fund?
- 2) If I want to open a new Koti Pizza shops, Does Company helps for taking places, decorating, and equipments issues financially?

D) Rules and regulations:

- 1) Does a Franchisee allowed to sell any other product, such as burger, kebab, French fires etc in same outlet?
- 2) As for as I know, some Koti pizza shops also selling Rolls express products. What is the policy for this type of matters? Do you charge extra for these issues?
- 3) What kind of financial support you provide?
- 4) Can I take starting money from government for this kind of business?
- 5) Minimum contract length with Koti Pizza.
- 6) Which company form should I have as a single new entrepreneur? Is there any other company form for Franchise business?
- 7) Does Koti Pizza pay anything for workers.

E) Charges and fees

- 1) How many percentage of whole sales Koti pizza takes?
- 2) Any other monthly fees?
- 3) Who pay for marketing or advertisement? And how much?

F) Franchisee satisfaction issues

- 1) Do you take franchisees experience, advice etc in your account.
- 2) What do you do for Franchisee satisfaction?