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BUSINESS PLAN FOR A CASE COMPANY

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The purpose of this thesis was to find out what kind of market for environmental products there is in Sweden. The purpose was to find information about customers, competitors, price level, risks and success factors in order for the case company to be able to increase its sales in Sweden. The focus was on composter and dry toilet markets. The objective was to create a business plan for the case company.

The qualitative study was carried out by first explaining in the theoretical part what is a business plan and what does a business plan contain, followed by describing different tools for analysing a business environment, market and its competitive situation, a tool for describing a business model, and finally financial and risk analyses. In the empirical part the results of the case study’s three semi-structured interviews were revealed at the same time when a business plan for the case company was created. Also, analysis of documentary evidence was used to carry out PESTEL-analysis and competitor analysis.

The results revealed that Sweden is a good market for a company of composters and dry toilets. Sweden is a country that protects its nature with different green acts. Sweden is politically stable and has a strong economy that is expected to continue its growth. The markets of composters and dry toilets are competitive, but the case company’s products position well in both markets, especially in composter market.

As business plan as a concept is very wide, the business plan seen in the empirical part is a preliminary version that the case company can develop over the time. Conclusion and recommendations are given at the end of this thesis. By respecting the case company’s request, financial analysis in the empirical part of this thesis will not be published.
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1 INTRODUCTION

Business plan is a document that every company has made for itself. Business plan tells about a company and its business from the business idea to conducting it. It is a document that possible investors need before making any investments. This study has been conducted for a case company’s need for a business plan.

The case company is Biolan Sverige AB. It is a subsidiary of Biolan Oy. Biolan Sverige is located physically in Eura, Finland, but it was registered in Sweden in 2012. The company sells Biolan’s environmental products, such as composters and dry toilets. Biolan Sverige is a small company, but Biolan Group is a medium-sized, family owned Group, that has a long, over 40 years of experience in making the world a greener place to live.

The study was carried out by first explaining in the theoretical part what is a business plan and what does a business plan contain, followed by different tools for analysing the business environment, market and its competitive situation, tool to describe a business model, and finally information of financial and risk analyses. The emphasis of this thesis is on composter and dry toilet markets. This study was conducted by using a qualitative research method. In the empirical part of the study the results of the three semi-structured interviews are revealed. Also, analysis of documentary evidence was used to carry out PESTEL -analysis and competitor analysis. By respecting the case company’s request, financial analysis in the empirical part will not be published.
2 PURPOSE OF THE STUDY AND CONCEPTUAL FRAMEWORK

2.1 Purpose of the study and research questions

The purpose of the study is to give valuable information about Sweden as a market for environmental products, including information about competitors, customers, price level, risks and success factors, so that the case company can increase its sales in the market. This business plan aims to help the case company to improve its sales in Sweden. The objective of this study is to have a business plan for the case company.

The research questions are:
- What contains a business plan?
  - What is the business idea of the case company?
  - How is the business environment in the market area?
  - What is the market like? (customers, competitors, price level)
  - What are the biggest challenges for the case company to succeed in the market?

2.2 Conceptual framework

Conceptual framework illustrates the main parts of a business plan. The conceptual framework was built up based on different business plan books. This business plan includes information about the company, its business idea, products, vision and values. It includes analysis of the business environment, market analysis, company’s business model canvas, small marketing plan, financial analysis of the two most sold products, and risk analysis. Due to the case company’s wish, financial analysis in the empirical part of this thesis will not be published.
3 BUSINESS IDEA AND BUSINESS PLAN

3.1 Definition of business idea and business plan

When starting up a business, a company needs to have a clear business idea. Every business arises from an idea, idea becomes a business idea and business idea turns into business plan. (Raatikainen 2011, 38) Business idea describes what company sells, to who it sells and how it sells. Business idea tells in a nut shell the same what a business plan handles. (Hesso 2015, 24-25) Important starting point for a successful business is a profitable business idea. There should be enough customers that are willing to buy a product or a service. (Ruuska, Karjalainen & Johnsson 2001, 22)

It is good to test the profitability of business idea by answering questions or drawing up a business idea model of the following issues; what value does the product or service bring to a customer, who would be the customer, who is the one making the purchase decision, what are the channels to reach the customers, how is the market, what could be the market share, how much a customer would be willing to pay and what is the value that a customer expects to gain against this price, and what is the image a company wants to give to the customers. (Raatikainen 2011, 39; Ruuska, Karjalainen & Johnsson 2001, 23)
Business plan is a document that contains a business idea, information about the company and its products or services, vision and values, information about the business environment and its prospect for growth, analysis of the customers and competitors, marketing plan, production plan, information about practical arrangements, such as personnel and location, and analyses of investments and profitability, and finally analysis of the risks. (Hesso 2015, 10-13; Ruuska, Karjalainen & Johnsson 2001, 2)

Business plans tend to describe the current situation and no glance to the future at all. A good business plan tells where the company is and where it is going and how it will reach its destination. (Ruuska, Karjalainen & Johnsson 2001, 7)

3.2 Importance of a business plan

With business plan a company can evaluate and develop the business idea constantly. Business plan is important to have when starting up a business as it gives a clear idea of what the company wants to do and how it will do it. It also gives the possibility to analyse risks beforehand and therefore avoid possible mistakes. It is a tool for strategic
planning and it can be used for designing and entering new products. Business plan is also needed if a company faces crises or management changes into a new one. (Ruuska, Karjalainen & Johnsson 2001, 6-7) It is also needed if company needs loan from a bank or needs investors. (Raatikainen 2011, 38, 42) It is important to prepare a business plan carefully and analyse the company and its business environment as one piece and not focus too much on different sections. Finally, it is good to remember that good plans tend to come true. (Ruuska, Karjalainen & Johnsson 2001, 7)

4 BUSINESS ENVIRONMENT

4.1 PESTEL -analysis

PESTEL -analysis is a tool to analyse political, economic, social, technological, ecological and legal aspects of the business environment. The meaning of the tool is to find out the main issues that affect to company´s business. The results of this analysis can be used in strategic planning. PESTEL -analysis alone does not give much value, but together with Porter´s five forces and SWOT -analysis it gives important information. (Vuorinen 2013, 220-221)

Political environment handles political stability, customs, and general taxation policy. (Vuorinen 2013, 222) Political risks are changes in political environment that affect to company’s business. There are three types of political risks; ownership risks, which means that company’s property is threatened, operating risks, which means that the safety of company’s employees is threatened, and transfer risk, which means that government interferes with repatriation of company’s money. Political risks can be also divided into macropolitical risks and micropolitical risks. Macropolitical risks affect to all companies in a country, whereas micropolitical risks only affect to specific companies in specific industry. (Czinkota, Ronkanen & Moffett 2003, 102; Griffin & Pustay 2010, 97)

Economic environment analyses economic development, changes in gross domestic product, rate of inflation, level of salaries and unemployment, taxation and strength of
currency, and level of interest. (Morrison, 2006, 31; Vuorinen 2013, 222) Economic growth refers to the ability of a country to produce increasing amounts of goods and services. It is important because economy that grows too slow, will not be able to raise its standards of living. (Hubbard & O’Brien 2010, 614)

*Social environment* measures the growth rate of population, age distribution, level of education, ethnic factors, consumption habits, and income distribution. (Morrison 2010, 31; Vuorinen 2013, 222) Foreign consumers differ from domestic consumers when it comes to buyer behaviour, therefore it is important to understand the culture. Lack of cultural awareness can lead into mistakes and loss of revenues. (Albaum, Duerr & Strandskov 2005, 107-108)

*Technological environment* handles transport infrastructure, energy availability and costs, patent protection, development of technology, and government’s support on research and development. (Morrison 2010, 31; Vuorinen 2013, 222) Most countries nowadays have law that protects intellectual property rights. Protection of these kinds of rights has lead into international treaties such as Paris Convention. (Griffin & Pustay 2010, 89)

*Ecological environment* handles environmental agreements, protection of environment, energy consumption, waste handling, emission of carbon dioxide, recycling, green values, emissions trading, and ecodisasters. (Vuorinen 2013, 222) Environmental agreements force companies to act more responsibly. Some countries follow the agreements more than others. Companies that want to save costs might want to locate their factories into countries that have weak environmental laws. (Daniels & Radebaugh 2001, 266)

*Legal environment* analyses employment law, easiness of investment for foreigners, legislation of rivalry, licenses, immaterial rights, and safety of products. (Morrison 2006, 31; Vuorinen 2013, 222) Some countries may use tax policy towards foreign investors in order to control their capital (Czinkota, Ronkanen & Moffett 2003, 106) International law plays an important role in international business, some agreements are respected by many countries. (Katsioloudes & Hadjidakis 2007, 191)
4.2 Porter’s five forces

Porter’s five forces is a tool to analyse a business field and its competitive situation. (Hesso 2015, 48-49) It was developed by Michael Porter in 1979. The idea is to position a company in a business field where the five forces can be controlled. (Vuorinen 2013, 228) It is a model that explains the forces that determine the competitiveness of a company in a market. (Morrison, 2006, 103) The goal of the model is to recognize favourable industries that bring more profit and to try to influence to the forces to strengthen own position. The weaker the forces are within the industry, the better chances a company has to succeed in it. (Vuorinen 2013, 228-229) In the following chapters the five forces are explained.

*Threat of new entrants* is big if the barrier to entry is low. (Morrison 2006, 103) The threat can be decreased with six factors according to Michael Porter. Economies of scale force new entrants to make big investments to compete with existing companies. (Vuorinen 2013, 229) When produced volume is big, the unit costs are low. Product differentiation gives benefit for the existing companies as they have already built a brand over time. (Morrison 2006, 103) New entrants must use a lot of resources to market their product and gain customers. New entrants may also need a lot of capital to enter and compete with existing companies. This may increase the barrier to entry. New entrants may also have difficulties to find distribution channels. Distributors may not be willing to change their supplier without a good benefit. Also, legal issues, such as patents and long contracts may increase the barrier to entry. If it is easy to enter the industry, the contribution margins might be rather low. Each company in the industry should make sure that the barrier to entry is high. (Vuorinen 2013, 229-230)

*Buyer power* means the bargaining power of buyers. (Morrison 2006, 104) The buyer power is high if there are only few buyers, but many suppliers in the industry. (Vuorinen 2013, 230) The buyer power is high if the buyer is a significant customer for the supplier, meaning purchases a big, or it is easy and fast to change the supplier, or it is easy to compare the products and prices of different suppliers. (Morrison 2006, 104; Vuorinen 2013, 230)
Supplier power means the bargaining power of suppliers. Supplier power is high if there are only few suppliers in the industry, it is easy for them to increase prices or lower the quality. (Morrison 2006, 105) The supplier power is also high if it is difficult or expensive for a buyer to change a supplier or the supplier has a strong brand that the end customers value. (Vuorinen 2013, 231)

Threat of substitution can happen if a substitute product enters the industry. Substitute product is a product that has the same function, but is different product, for instance e-mail has become substitution for traditional mail. (Morrison 2006, 104) A substitute product can also displace the existing product. (Vuorinen 2013, 231)

Competitive rivalry is the fifth force of the model. Competition is hard when the companies in the industry are equally balanced and there are many competitors, the industry is growing slowly, fixed costs are high, product or service that companies offer do not differ much from each other, meaning the characteristics are almost the same, or it is expensive to exit the industry. (Morrison 2006, 104; Vuorinen 2013, 231)

Figure 3. Porter’s five forces. (Porter 1980, 4)

4.3 SWOT -analysis

SWOT -analysis examines the strategic position of the company by comparing the strengths and weaknesses of the company with the opportunities and threats of the
business environment. SWOT -analysis should be used together with other analyses to be able to use the SWOT -analysis correctly. SWOT -analysis should have long lists in each box, but few most important issues where the company can concentrate. The strengths and weaknesses come inside the company and are current issues, while opportunities and threats come outside the company and are future issues. A company should think how to benefit and strengthen the strengths, how to remove or avoid the weaknesses, how to utilize the opportunities, and how to delete the threats or turn them into opportunities. (Vuorinen 2013, 88-89)

Figure 4. SWOT -analysis. (Vuorinen 2013, 89)

4.4 Market analysis

A company should study the market it is about to enter very well. It is important to understand the customers and know what they are looking for. Everything in the business concentrates around the customers. (Bangs, Jr. 2002, 23) The first step a company should do in market analysis, is to estimate the market demand and evaluate the market potential. Then a company should estimate the company demand, meaning what would be the company’s share of the market demand. (Kotler, Keller, Brady, Goodman & Hansen 2016, 206-207) Without demand, there can not be sales.

Market environment is a large concept. It consists of macroenvironment and microenvironment. Macroenvironment consists larger societal factors such as political, economic and social factors. These factors have been handled in PESTEL -analysis in chapter 4.1. Microenvironment consists of close factors that affect company´s ability to serve customers, for instance suppliers, customer markets, competitors and marketing agencies. (Kotler, Armstrong, Wong & Saunders 2008, 179) A model of Porter’s
five forces can be used to analyse the market’s competitive situation. SWOT -analysis can also be used, opportunities and threats are the external factors that can be used to analyse the market. Customer and competitor analysis will be covered in chapters 4.4.1 and 4.4.2.

4.4.1 Customer analysis

Company should examine the customer market closely and know its customers well. There are six types of customer markets: consumer market, business market, reseller market, institutional market, government market and international market. Consumer markets are individuals and households that buy products and services for their own use. Business markets buy products and services to use for their own production or for further processing. Reseller markets buy products and services to resell at a profit. Institutional markets are for instance schools, hospitals and prisons. Government markets are government offices that buy products and services for public use or to create public services. International markets are buyers in other countries. (Kotler, Armstrong, Wong & Saunders 2008, 182-183)

In customer analysis it is important to analyse the customer needs. When analysing the needs, there is no need to list all the aspects that customers value in the product or service. It is better to list only the ones that are extremely important. These are the issues that bring extra value. (Hesso 2015, 51-52) In addition to customer needs, a company should evaluate the loyalty of customers and their willingness to change product or service. A company should also evaluate the number of customers in the market and development of growth in the market. An important issue to know is who makes the purchase decision and how to reach this customer. (Raatikainen 2011, 86)

4.4.2 Competitor analysis

A successful company creates more customer satisfaction than its competitors do. (Kotler, Armstrong, Wong & Saunders 2008, 183) A company should identify its key competitors, their objectives, strengths and weaknesses, and then select which com-
petitors to attack or avoid. This is a way a company can compete against its competitors. (Kotler, Armstrong, Wong & Saunders 2008, 461) A company can do benchmarking, meaning compare company’s products and processes to the ones who are market leaders. The goal of benchmarking is to improve own performance. (Kotler, Armstrong, Wong & Saunders 2008, 464) A company should not copy from its competitors, but to apply the issues learned from the competitors. Company should not only compare figures, but to do cooperation with competitors and analyse processes with each other. Benchmarking begins by identifying own needs for improvement and describing the process that needs to be improved. Next step is to find a company that you can do cooperation with. This company should be one that has the wanted outcome that is pursued. Third step is to analyse the differences and reasons behind them. It is also important to set goals. The final step is to apply what has been learned and evaluate the new process. (Vuorinen 2013, 159-161)

A company can use from SWOT -analysis the strengths and weaknesses to compare to the ones competitors have. It is also good to analyse the development of sales of the competitors. Three years perspective is a good period of time to evaluate. As mentioned earlier, Porter’s five forces is a good tool to analyse competitive situation in the market and based on the results evaluate how the competition will develop in the near future. (Raatikainen 2011, 91)

5 BUSINESS MODEL

5.1 Business model canvas

Before explaining a business model canvas, a term business model must be described. Business model tells how company creates, delivers and gains value. Business model canvas is a tool to describe and analyse business models. It defines nine building blocks which are customer segments (CS), value propositions (VP), channels (C), customer relationships (CR), revenue streams (RS), key resources (KR), key activities (KA), key partnerships (KP), and cost structure (CS). (Osterwalder & Pigneur 2010, 14-17)
Customer segments are the base of a business model. Without customers companies can not survive. Customer segments can be categorized into five different groups. Mass market is a segment where there is no differentiation made between the customers, when niche market contains a specific type of customers. A good example of mass market is all consumers, when a typical niche market is supplier’s buyers. Segmented group has customers with a bit different needs and problems, for instance bank’s customers. Diversified group has two unrelated customers with very different needs and problems, for example a company may have consumers and companies as its customers. Multi-sided platforms have two or more interdependent customer groups, for example credit card companies need consumers which own the credit card and stores that accept the credit card. (Osterwalder & Pigneur 2010, 20-21)

Value propositions indicate what value is delivered to customers and which customer needs are being fulfilled. Value can be newness, performance, customization, design, brand, price, cost reduction, risk reduction, accessibility, or convenience. (Osterwalder & Pigneur 2010, 22-25)

Channels are the way of reaching customers. These can be own channels or partner channels. Own channels can be direct, such as sales team and web store, or indirect,
such as own stores. Partner channels are indirect, such as partner stores and wholesalers. (Osterwalder & Pigneur 2010, 26-27)

**Customer relationships** define what type of relationship companies pose with their customers. Companies should think beforehand what kind of relationship they want with each of their customer. Relationship can be personal assistance where customers can communicate with a sales person, or it can be dedicated personal assistance where the relationship is deeper and usually developed over time. This type of relationship is usually maintained by key account managers with important customers. Relationship can also be self-service where there basically is no relationship at all, or it can be automated service, a good example is personal online profile. Communities are also what companies tend to use when they want that consumers share their knowledge and user experience. Co-creation is used when companies want to create a product or a service together with the help of customers. (Osterwalder & Pigneur 2010, 28-29)

**Revenue streams** tell how companies earn money. These can be either transaction revenues, which means that revenue is earned from a one-time payment, or recurring revenues, which means that the revenue is earned from ongoing payments. Most common revenue stream is asset sale which means that the revenue is gained from a physical product. When the revenue is gained from a service, the revenue stream is called usage fee. Subscription fee means that the revenue comes from selling a continuous access to a service. Revenue can also be generated from lending, renting or leasing. This is when another party has a right to use a product or a service temporarily. Licensing revenue is earned when customers have the right to use intellectual property for a certain fee. Brokerage fee gives revenue from services performed by two or more parties. Final revenue stream is advertising, where the fee comes from advertising a product, service or brand. (Osterwalder & Pigneur 2010, 30-32)

**Key resources** tell what resources company uses to create value, reach customers and earn revenue. They can be physical, for instance factories, buildings and machineries. They can be intellectual, for example brands, patents, partnerships and customer databases. They can also be human, meaning employees, or financial, meaning cash. (Osterwalder & Pigneur 2010, 34-35)
**Key activities** describe what issues a company must do to make its business work. Production is an important activity for manufacturing companies, and problem solving is crucial for businesses who need solutions, for instance service businesses. Platform or network activity is important for network companies. (Osterwalder & Pigneur 2010, 36-37)

**Key partnerships** tell who the most important partners are. Partnerships can be categorized based on reasons for having the partnerships. Optimization and economy of scale is a reason to outsource to reduce costs. Reduction of risk and uncertainty can be a reason to form partnerships. Competitors can be partners to create a product or a service to compete in another area. Acquisition of particular resources and activities means that company creates partnerships in order to get more knowledge, licences or reach customers. Hardly ever a company does all its activities by itself. (Osterwalder & Pigneur 2010, 38-39)

**Cost structure** describes all the costs that a company has. Cost structures can be either cost-driven or value-driven. Cost-driven companies try to minimise the costs while value-driven companies are more focused on creating value rather than looking at the costs. Costs can be fixed, meaning despite of how big the produced volume is, the costs remain unchanged. Variable costs vary depending on the quantity of goods produced. There are also two types of cost advantages, economies of scale and economies of scope. Economies of scale means that when the produced volume grows, the unit cost decreases. Economies of scope means that a company uses same marketing and distribution channels to many different products rather than to one. (Osterwalder & Pigneur 2010, 40-41)

5.2 Marketing plan – 4Ps

Marketing plan is a document that contains information about the market and company’s plan to reach its marketing objectives, so the marketing strategy. (Kotler, Keller, Brady, Goodman & Hansen 2016, 892) SWOT -analysis can be used in marketing plan to identify company’s main strengths and weaknesses and the main opportunities
and threats for the product or service. Marketing plan also contains a marketing mix. (Kotler, Armstrong, Wong & Saunders 2008, 152, 157)

**Marketing mix**, also known as 4Ps, defines the main factors that influence on customer’s decision on buying a product or a service. (Morrison 2006, 47) These are the factors how company can influence on the demand of its product or service. (Kotler, Armstrong, Wong & Saunders 2008, 158) With these factors a company creates and delivers value to a customer. (Kotler, Keller, Brady, Goodman & Hansen 2016, 892) The 4Ps are product, price, place and promotion. (Morrison 2006, 47)

**Product** refers to products and services. (Morrison 2006, 47) This is what company offers to the target market. (Kotler, Armstrong, Wong & Saunders 2008, 158) Product can be divided into four layers. The first layer is core product, meaning a product that fulfills the needs, the basic product. Second and third layers are expected and augmented products that in addition offer something extra, for example accessories, warranty and service. The final layer is potential product, meaning the product contains some unexpected elements. These lead into customer satisfaction and positive experience which may lead in having loyal customers. (Mooradian, Matzler & Ring 2012, 45)

**Price** means company’s pricing, what customer pays to get the product or service. (Morrison 2006, 47; Kotler, Armstrong, Wong & Saunders 2008, 158) Company may put a different price for a same product in different markets. However, nowadays consumers can easily compare the prices thanks to the Internet. (Morrison 2006, 47) Before setting the price, a company should know the cost structure. It is important to know not only the costs, but how the costs are born. A company can do pricing based on costs or market situation. There are two pricing methods based on costs, contribution pricing and mark-up pricing. In contribution margin a company adds the wanted margin into the variable costs. In mark-up pricing a company calculates all costs, variable and fixed costs for the product and then adds the wanted mark-up. Based on market situation, a company thinks what the customer would be willing to pay. In this case it is important to make sure that the price covers all the costs and leaves profit. (Eklund & Kekkonen 2011, 89-92; Raatikainen 2011, 87-88)
*Place* is the process from delivering the product to consumers. Place includes transport, wholesalers and retailers. (Morrison 2006, 47) A company should think carefully where to locate the company, production facilities and warehouse. Employment situation, raw materials and logistics play an important role. (Raatikainen 2011, 92-93)

*Promotion* points to all the means how company reaches consumer, for instance advertisements, trade fairs and own webpage. (Morrison 2006, 47) It is crucial to think how to get customer’s attention, so not only the mean is important, but also the quality of the mean. (Raatikainen 2011, 94) It is important to know and understand the customers in order to be able to reach them. Promotion can also come inside the company, meaning personnel. (Raatikainen 2011, 94). A company should take care of its employees, not only to secure the satisfaction and efficiency of employees, but also from the promotion perspective.

Later the 4Ps has been extended into 7Ps, where people, process and physical evidence have been added. (Kotler, Keller, Brady, Goodman & Hansen 2016, 892; Website of The Marketing Mix)

![Figure 6. Marketing mix. (Morrison 2006, 47)](image-url)
6 FINANCIAL ANALYSIS

6.1 Breakeven analysis

Breakeven point means the point where company makes zero profit, meaning the costs and the revenues equal. (Hesso 2015, 167; Mooradian, Matzler & Ring 2012, 52) The breakeven point is expressed either in sales revenues or in unit sales. Breakeven point in sales revenues can be calculated by:

$$\text{Breakeven point (€)} = \frac{\text{fixed costs (€)}}{\text{contribution margin (€/unit)}} \times 100$$

and breakeven point in unit sales can be calculated by:

$$\text{Breakeven point (units)} = \frac{\text{fixed costs (€)}}{\text{contribution margin (€/unit)}}$$

(Saaranen, Kolttola & Pösö 2011, 37-39)

If the breakeven point in Euros is known, the breakeven point in units can be calculated by:

$$\text{Breakeven point (units)} = \frac{\text{breakeven point (€)}}{\text{unit price (€)}}$$

(Eklund & Kekkonen 2011, 69)

Figure 7. Breakeven point. (Hesso 2015, 168)

6.2 Sales scenarios

Forecasting sales is important in each business plan. Without estimating the market size, it is impossible to create realistic sales estimations and goals. The forecast con-
tains two parts, market forecast and sales forecast. Market forecast estimates the potential sales of the industry and sales forecast estimates the sales of a company. A company can make its own predictions for instance based on customer surveys and expert opinions or it can rely on the forecasts of specialized vendors who constantly estimate the sales trends. (Mooradian, Matzler & Ring 2012, 323)

6.3 Financing

Capital is the funds that is used to start a business. (Bangs, Jr. 2002, 237) Capital can be either financial assets or tangible assets, such as machineries and buildings. (Website of Investopedia) A company can finance its business by income financing and capital financing. A start-up business hardly ever has income financing, because to have it, a company needs to get the needed resources to make sales. Income financing is revenue gained from sales. Capital financing is capital that either the owners of the company have invested, in that case the capital is called equity, or external financiers, such as banks have invested, in that case the capital is called liability. The present or old owners of the company can invest equity. When company has made a profitable result, a company can pay the owners dividend. Sometimes the owners might not get back the equity they have invested. Liability is loan or debt that a company has decided to take. (Eklund & Kekkonen 2011, 12-13, 111-113) Liability can be either short-term, when it must be paid back within a year, or it can be long term, when the payback time is over a year. Liabilities offer also different organizations like Finnvera. (Raatikainen 2011, 118-119)
6.4 Operating costs

Operating costs are costs that occur from maintenance and administration on daily basis. Operating costs do not include capital outlays. Operating costs are for instance sales and marketing costs, material costs, labor costs and salary expenses. (Eklund & Kekkonen 2011, 25-27; Website of Investopedia) Capital outlay are costs of acquiring and owning a real estate. (Website of Tilastokeskus) Operating costs can be either fixed costs or variable costs. Fixed costs remain the same despite of the volume of goods produced. Fixed costs are for instance heating, marketing, administration and financing costs. Variable costs vary depending on the volume of goods produced. Variable costs are for example material costs and salaries that depend on the work done, so called piecework pays. (Eklund & Kekkonen 2011, 42-44)

7 RISK ANALYSIS

7.1 Types of risks and risk control

An entrepreneur should be aware of different kinds of risks that may affect to the business. Analysing and preparing for the risks is important. There are different types of
risks that may affect the business, business risks and damage risks. Business risks are for instance customers´ financial difficulties, suppliers´ difficulties in deliveries, competitors´ actions, strikes, inflation, political risks, and company´s profitability becomes weaker. Market situation can retain a risk if there has been a recession, people do not have the same purchase power as before. Finance area can have the risk of interests going up and therefore loan is more expensive. Damage risks concern different business areas. Damage risks are for instance risks concerning property, meaning fire, explosion, leak, flood, and damages regarding transportation and equipment. Damage risks are also different crimes like robbery. Damage risks concern damages caused by own or supplier´s action that lead into loss of revenue, damage risks can also cause an interruption in electricity supply. Claim for damages is also one type of damage risk. Claim for damage can be caused by one party causing damages for another party, or a product liability. Person risks can be either business risks or damage risks. Person risks concern illnesses, accidents, resigning and retiring. These risks impact more in small or medium sized companies. Turnover rate of employees can be considered also as a person risk. Risks can be also looked from the point of view of company´s value chain. As an example, sold services may not fulfill customers´ expectations and needs or there might be problems concerning quality. (Hesso 2015, 180-182; Raatikainen 2011, 102-103; Ruuska, Karjalainen & Johnsson 2001, 92)

A company can protect itself from risks by avoiding, minimising, sharing, transferring them or just leaving the risks to own responsibility. A good way to protect from losses is avoiding risks. For example, it is better not to sell to a customer that is known for financial difficulties or it is better not to use raw materials or equipment that is known to be harmful for health. It is also good to ask layers to check possible contracts in order to avoid breach of contracts. Customers are important to know and understand their needs in order to avoid claims. By minimising risks, a company tries to minimise possible losses. For example, when building a factory, it is good to build it into different sections, then in case of a fire, the whole building will not destroy. Personnel is also good to train for cases like fire or a violent customer. Company should also put effort on information flow and taking care of the personnel. Burn outs are nowadays a big risk for a company. Sharing risks is wise move to do, for example locating factories into different areas, having more than one supplier and having more customers instead
of one big customer. *Transferring* risks happens for example in case of taking an insurance or asking a collection agency to collect customer’s expired and unpaid invoices. Damage risks can mostly be transferred to insurance companies. Some risks a company can and must bear alone as it is part of business. A company should think what are the risks that are worth of leaving on own shoulders. A company can minimise the business risks by preparing a business plan carefully step by step and the management of the company can try to control the risks as well as possible. (Hesso 2015, 180-184; Raatikainen 2011, 106-108; Ruuska, Karjalainen & Johnsson 2001, 92)

A good risk analysis reveals to a company which risks are worth of handling on own, to these risks a company can influence, and when it is reasonable to transfer the risk to another party. It also defines the likelihood of the damage and how it can be avoided. In addition, a good risk analysis specifies company’s operations and analyses how risky they are. Operating risks normally come from the lack of insufficient internal processes, systems or that people have not been trained well enough. (Hesso 2015, 181; Raatikainen 2011, 104; Website of Riskikompassi)

![Figure 10. Process of controlling risks. (Raatikainen 2011, 104)](image)

7.2 Critical success factors

The main issue for a company to succeed is profitability. If a company is not profitable, it cannot live for long. In order to be profitable, a company should know what issues affect to it. There are many ways to increase the profitability, but in this chapter, few of them are explained. (Eklund & Kekkonen 2011, 70)
Increasing sales, meaning the quantity of sold goods, is one way to increase profitability. This can be done by improving marketing and other actions related to sales. A company can begin to market to a new market area or try to reach completely new customer segments. The gross margin per cent does not improve, but the gross margin in Euros does improve and therefore a company has more money to use. Of course, adding and improving marketing increases also the costs, but the result from sales must be bigger than the occurred costs. Lowering a price and using a discount promotion usually increase sales, but in this case the gross margin per cent does not improve. However, the profitability improves if the money gained from the goods sold is bigger than the money lost from the discount. (Eklund & Kekkonen 2011, 72)

Increasing prices is also one way of increasing profitability if the increase does not affect to the amount of goods sold. The possibility of increasing prices depends much on the competitive situation of the market. If there are many competitors, the customers can easily turn to make the purchase from another company that offers the product cheaper. In this case the profitability does not improve. Sometimes the prices are forced to increase due to increase of costs in order not to lower the profitability. (Eklund & Kekkonen 2011, 73-74)

Lowering the amount of costs is also a way increase the profitability. A company can either try to lower the amount of variable costs or fixed costs. A company can lower the amount of variable costs by enhancing the process by eliminating useless processes or finding more affordable raw material and if possible to make larger purchases from one supplier in order to get quantity discount. However, having one supplier is not always a good thing as it may lead into delays if the supplier has difficulties in delivering raw material on time. It is also important to keep in mind that doing all this can not affect to the quality of the product. If the quality suffers, it is likely that the sales decreases. Increasing sales and amount of goods produced increase the amount of fixed costs. For instance, a company has to hire more employees. A company should once in a while check the fixed costs and make sure to renew possible contracts in order to make sure that the fixed costs do not increase too much. (Eklund & Kekkonen 2011, 74-75)
Changing product range may also be one way to improve profitability. Some products may not be as profitable as others. Therefore, a company should constantly follow how different products bring profit to the company. In order to improve profitability, it is better focus on the products that are more profitable and remove the products that are not that profitable, especially if a company does not have the capacity and resources to keep many products in the product range. It is important that the company looks more the gross margin in Euros than the gross margin per cent. With Euros a company pays bills, not with percentages. (Eklund & Kekkonen 2011, 75)

The importance of good customer service can not be emphasised enough. It does not matter how well a company does its work if the customer service is bad. Good customer service fulfils or goes beyond customers’ expectations. It is important not to give promises to a customer that can not be kept. Customer service begins from the very first contact with a customer and ends to receiving feedback. (Kannisto & Kannisto 2008, 104)

The way a company handles its feedback tells much about the company. A customer that gives critic is a committed customer. A customer takes its time to tell a company how the product could be developed. This is valuable information for a company. May customers are nowadays very busy. It could be easier to change a supplier. A customer that is critical shows loyalty towards a company by giving it another chance. Without feedback it is difficult to develop. Critical feedback can be considered as a way of learning from mistakes. Sometimes it is difficult to admit own mistakes, but usually it pays off. After receiving the feedback, it is important that a company makes the needed changes. At the end customers are only hoping for improvements, any customer presents of the given feedback do not make the customer happy. (Kannisto & Kannisto 2008, 161-164)

In case of a problem, it is important to keep a customer updated of the situation, for instance in case of a delay in a delivery. It is not customer’s job to keep asking new estimated time of delivery. Recognizing the problems and informing them to a supervisor and to other departments is a step to fixing them. If problems are not fixed, it might affect to sales person’s faith towards the company and product. If a sales person does not believe into the product it can not be offered to a customer. (Kannisto &
Kannisto 2008, 161-164) Good customer service can bring a company even a competitive advantage. It is good to remember that at the end, customers are actually the ones who pay our salaries.

8 RESEARCH METHODOLOGY

8.1 Qualitative research and data collection

Qualitative research is a research method that tries to describe the real life. It aims to give an overall description of the study. (Hirsjärvi, Remes & Sajavaara 2009, 161) Qualitative research is more focused on describing results in words, when quantitative is based on numbers and figures. Qualitative research studies one case, when quantitative studies several cases. Results can not be generalized as in quantitative research. (Kananen 2014, 18-19)

Case study is a type of qualitative research. Case study is a typical research study in business economics. It is a good option when the aim is to give development suggestions and ideas. It tries to give detailed information about a small case rather than overall information about a wide case. Good methods for case study are different interviews. Data can be collected also using different kinds of methods. (Ojasalo, Moilanen & Ritalahti 2014, 52-55)

Interview is a good data collection method for case study. It is the most common data collection method. Interview is a fast way to get information of the study and get new point of views. It is also a good method to get a clearer picture of the study problem and deepen the understanding of studied case. Semi-structured interview is one interview method. (Ojasalo, Moilanen & Ritalahti 2014, 106, 108) In semi-structured interviews the interviews can be modified based on previous interviews. This is good if something unexpected issues arise that the interviewee wants to handle. (Ojasalo, Moilanen & Ritalahti 2014, 41) Questions are written beforehand, but these can be modified during the interview or something can be left out and new questions can be
made if the situation requires that. (Ojasalo, Moilanen & Ritalahti 2014, 108) This gives the interviewer a good benefit if the case is not that familiar.

Analysis of documentary evidence is a data collection method where the researcher studies different documents, such as notes, memos, webpages, articles, statistics, handbooks and budgets. This data collection method is usually used together with other data collection method. Researcher should be very critical and think which documents are worth to trust and to which purpose it has been made. (Ojasalo, Moilanen & Ritalahti 2014, 43)

Qualitative research was chosen because the research concerns a certain case, a certain company. This study does not need or use any statistical methods. From qualitative research case study was chosen because it focuses to understand a specific situation or problem of a company and the goal is to give development suggestions and not make a concrete change during the study process. (Ojasalo, Moilanen & Ritalahti 2014, 37)

The chosen data collection methods were interviews, to be more precise, semi-structured interviews and analysis of documentary evidence. Semi-structured interview was chosen because it gave the opportunity to plan the questions beforehand and make additional questions during the interview process. The case company and its products were familiar, but not much was known about the current situation. Open-ended questions were chosen because these bring more value and information in this study than close-ended questions. Analysis of documentary evidence was needed to study the business environment. Benchmarking, where the learning is made by comparing own actions to the one who has the best actions, has been used to some extent by comparing competitors’ products to own products, however, benchmarking has not been used in this thesis that deeply as the thesis would have been too extent. (Ojasalo, Moilanen & Ritalahti 2014, 45)

During the study the Sales and Marketing Director and Sales Manager from the case company’s parent company were interviewed twice. The first interview was held before writing theory because it was important to know the current situation of the company and what the company was looking to gain with this study. As business plan as a thesis is rather wide concept, it was important to know into which parts of the business plan to concentrate. After writing the theory a second interview was held. The purpose
of the second interview was to gain answers to the questions needed for the empirical part. An existing retail customer was also interviewed in order to do a customer analysis. Analysis of the business environment was made mostly by using the analysis of documentary evidence. Websites gave most of the information needed for the analysis.

8.2 Reliability and validity

After a study has been written it is time to evaluate the reliability and validity of the study. Reliability means that the study does not give any random results. Reliability of the study can be achieved if two researchers end up having same results. There are different statistical methods for quantitative researches that evaluate the reliability of the studies. The reliability of qualitative research can be improved by explaining the stages of the study, especially how and where the possible interviews were done, and was there any disturbance and how much time was used. (Hirsjärvi, Remes & Sajavaara 2009, 231-232)

Validity means the ability to measure and investigate exactly what is meant to measure and investigate. For instance, people who answer to a survey might interpreted questions differently as the researcher. This misinterpretation will lead into wrong results and therefore the study can not be reliable and valid. The validity of the study can be improved by using different methods or several researchers. (Hirsjärvi, Remes & Sajavaara 2009, 231-233)

When the answers are being analysed, a researcher should always tell on what ground were the results made. It is good to add the questionnaires into the study so that the reader can see each question and answer. (Hirsjärvi, Remes & Sajavaara 2009, 233)
9 RESEARCH FINDINGS

9.1 Interviews

During this thesis, it was held three semi-structured interviews. The people interviewed were Iikka Helin, the Sales and Marketing Director of Biolan Oy, Olli Nieminen, the Sales Manager of Biolan Oy and Anni Enqvist, the owner of Avloppscenter AB. The first interview with the Sales and Marketing Director of Biolan Oy and Sales Manager of Biolan Oy was held on 11th of December 2017, before writing the theory. This was done in order to know where to put the focus on. Business plan as a thesis topic is very wide and therefore it was good to know the areas where to put more effort. The goal of the interview was also to find out the current situation of the case company and its plans for the future. The interview was held at the headquarter of Biolan Oy, located in Eura. The interview questions were sent beforehand to both participants. During the interview additional questions were made when needed. The first interview took 30 minutes. Answers were written down during the interview and afterwards sent for both participants for checking in order to minimise misunderstandings. The second interview with same participants was held on 9th of February 2018, after theory was written. After studying the theory, it was easier to know what should be asked. The second interview was also held at the headquarter of Biolan Oy. This interview took one hour. As with the first interview, the answers were written down during the interview and afterwards sent for checking.

The third interview was made to one of the existing customers of Biolan Sverige AB. The customer is Avloppscenter AB, located in Västerås. It sells Biolan´s products to retailers, wholesalers and end consumers. The interview was a phone call interview, held in English on 23rd of February 2018. The line was luckily good, so it was easy to hear and understand what the other was saying. The questions were sent to the interviewee beforehand. During the interview, answers were written down and gone through in order to avoid any misunderstandings. The interview took about 30 minutes. All the interviews were analysed with the support of the theory written in this thesis. Results of the interviews are revealed in chapter 10 Business plan.
9.2 Outcome of the study

This business plan has been made to Biolan Sverige AB. It is a preliminary version of a business plan that needs to be developed over the time. Business plan as a concept is very wide and therefore this business plan does not go deeply into details. This business plan consists of seven parts: company profile, that tells about the company, its business idea, vision, values and products; business environment that analyses Sweden as a business environment through PESTEL -analysis, Porter’s five forces, SWOT -analysis and market analysis that consists of customer and competitor analyses; business model canvas; marketing plan; financial analysis, that analyses the breakeven point, sales scenarios, financing and operating costs; and risk analysis, that tells about different risks and how to control them, and how can a company be profitable and have a successful story. By respecting the case company’s request, financial analysis will not be published.

10 BUSINESS PLAN

10.1 Company profile

Biolan Sverige AB is part of Biolan Group. The parent company, Biolan Oy, is a Finnish family-owned company, established in 1974. Biolan Oy designs, produces and markets environmental products, such as dry toilets, composters, grey water filters and soils and fertilizers for garden and houseplant usage. Biolan Group employs 129 people and the turnover in 2016 was 30,9 million Euros. (Website of Biolan Oy)

Biolan Sverige AB was founded in 2012. The turnover in 2016 was one million Swedish kronor. Biolan Sverige sells composters and dry toilets to Swedish markets through its retailers. The company has currently no employees, but the Sales Manager of Biolan Oy takes care of the sales to Sweden. According to the Sales and Marketing Director of Biolan Oy, the business idea of Biolan Sverige AB is to sell Biolan Oy’s
products of ecological living to Swedes who own a summer cottage and who are interested in ecological living and value high quality products. The vision of the company is to gain a strong position in Sweden’s market of ecological living and this way decrease environmental load that people cause. Sustainable development plays an important role in Biolan Group’s everyday life. Biolan Group emphases sustainable values and ecology. The values have been pointed out in the webpage of Biolan Oy as follows: “By taking care of our personnel and knowhow we develop, produce and market in cost-effective and customer-oriented way high quality professional and home cultivation, ecological living and ecological sanitation products that decrease environmental load that people cause.”

10.2 Business environment

10.2.1 PESTEL -analysis

Political environment. Sweden is a monarchy which means that the head of the country is monarch. Monarchs hold the power of the country throughout their lives, when in a republic country a president only holds the power a certain period of time. Sweden has a parliamentary democracy, which means that the nation is entitled to vote and thereby select which political party they want to have in the Swedish parliament. Since 1995 Sweden has been a member of the European Union. However, Sweden does not use the official currency of the European Union, Euro. (Website of Sweden)

Sweden has been long politically stable and is that still, but the political stability index has decreased since 2012 and in 2015 reached the lowest point in the 21st century. This means that the perceptions of the likelihood of government facing politically motivated violence and terrorism have increased. (Website of the Global Economy.com)
Political risks related to short-term and long-term export transactions are low in Sweden. These risks are risks of foreign exchange shortages, wars, natural disasters and arbitrary government actions.

Figure 11. Sweden – Political stability (-2.5 weak; 2.5 strong). (Website of the Global Economy.com)

Figure 12. Sweden – Political risk, short-term (1 low; 7 high). (Website of the Global Economy.com)
Transfer risk in Sweden is also low. Transfer risk relates to the probability of government making it impossible to move money out of the country. Ownership risks, operating risks and transfer risks seem to be very low in Sweden.

Economic environment. Euler Hermes, which is the world’s leading provider of trade-related credit insurance solutions monitors country risks constantly. According to Euler Hermes, the country rating of Sweden is AA1 as of Finland as well. AA means that the country has the lowest risk of facing economic imbalances, the quality of business climate is good, and the likelihood of political threats is low. 1 means that the country
has the lowest risk of facing immediate financial risks. It focuses on country’s direction of economic output in the next six to twelve months. (Website of Euler Hermes)

According to the country report of Euler Hermes, Sweden’s economic growth rate has been one of the highest in Western Europe during the past decade and during the past three years Sweden’s economy has been in a higher position than any other Nordic countries, thanks to the strong domestic demand. (Website of Euler Hermes) Gross domestic product, GDP, in 2016 was 48 905 US dollars, but the growth rate is expected to fall a bit. (Website of OECD Data)

Thanks to the economic growth, the unemployment has decreased in Sweden. (OECD Economic Surveys Sweden) The unemployment rate was seven per cent of the labor force in 2016 and in 2017 it was 6.7 per cent. To comparison, in Finland it was 8.8 per cent in 2016 and 8.6 per cent in 2017. The long-term unemployment rate in Sweden in 2016 was 16.8 per cent of the unemployed and in Finland 26.6 per cent. Long-term unemployment refers to people who have been unemployed for at least 12 months. Sweden’s goal is to have European Union’s lowest unemployment rate in 2020. Average yearly salary in Sweden is 42 800 US dollars, which is quite the same as in Finland. (OECD Economic Surveys Sweden; Website of Government Offices of Sweden; Website of OECD Data; Website of Tilastokeskus)

The local taxation in Sweden varies from 29 per cent to almost 35 per cent. The national income taxation is progressive, people earning less than 438 900 SEK (Swedish krona) do not have to pay any income taxes, people earning from 438 9001 SEK to 638 500 SEK pay 20 per cent, and people earning more than 638 500 SEK pay 25 per cent of income taxes. The state tax, meaning taxes from the income of capital is 30 per cent. The corporate income tax is 22 per cent. (Website of Sweden)

Swedish krona is expected to depreciate in 2018, but consumption is expected to increase by 2.2 per cent. Salary growth, employment growth and labor force growth are expected to increase inflation by 1.4 per cent in 2018. (Website of Euler Hermes) Long-term interest rates determine business investments. These rates refer to govern-
ment’s ten-year bonds. If the rates are low, companies are likely to invest in new equipment. Long-term annual interest rate is low in Sweden, 0.8 per cent. In Finland the same figure is 0.7 per cent. (Website of OECD Data)

*Social environment.* Sweden is a country of 9.8 million inhabitants. From 2012 to 2017 the population has grown. About 20 per cent of them are children and 20 per cent are over the age of 65, which is the retirement age in Sweden. Sweden is one of the most equal countries in the world when it comes to gender. Women are well educated and well employed. However, men are more in management positions and company boards than women. 75 per cent of parental leaves are taken by women. This may influence on their career. Also, men earn more than women in the same position in a company. The average monthly salary of women is around 87 per cent of the salary of men. Inequality in income has risen more rapidly in Sweden than in any other OECD countries during the 21st century. (OECD Economic Surveys Sweden; Website of Sweden; Website of World Bank Group)

The Programme for International Student Assessment, PISA, is a triennial survey for 15-year old students that measures their knowledge. The survey gives insight of education policy and practice of OECD countries. In 2015 the survey focused on science, reading and mathematics. Sweden’s ranking was 28th and Finland’s 5th. Other Nordic countries did better than Sweden. However, Sweden has improved its performance. (OECD Country note, PISA)

Consumer spending has increased in Sweden in 2017. Sweden encourages people for sustainable consuming and schools are teaching children for environmental thinking. The government has invested nine million Swedish kronor per year for the work on environmentally sustainable consumption. (Strategy for sustainable consumption, 2016, 4-5; Website of Trading economics)

*Technological environment.* Sweden is one of the countries in the world that devote most of the money to research and development, R&D, in proportion to its population. According to an article published on 2017, Sweden used 3.42 per cent of the GDP to R&D. (Website of Vetenskapsrådet) In 2014 the government investment and other
public investment in R&D reached 40 billion Swedish kronor. (Website of Government Offices of Sweden)

Sweden’s goal for transport is to ensure a safety, functional, long-term and economically effective transport infrastructure. Investments in railways and roads increase employment and reduce costs for businesses. Sweden understands that good infrastructure in whole country is vital for growing economy, increased population and employment. This way companies are able to operate all over Sweden. (Website of Government Offices of Sweden)

*Environmental environment*. Swedes value highly environment, they put more importance to environmental protection than European citizens in average. The risk of having diseases in water and sanitation problems are one of the lowest in the world. (Website of OECD) According to website Sweden, 99 per cent of all household waste is recycled and 50 per cent of the waste is burnt to produce energy. Sweden even imports waste from other countries, like Norway. Bottles are reused or melted into new items, food is composted and turned into soil or biogas, and waste water is purified so that it can be potable. (Website of Sweden) The figure below shows how recycling has developed in Sweden throughout the years.

![Figure 15. How recycling has grown in Sweden, 1975-2012. (Website of Sweden)](image-url)
In Smedjebacken, the municipality had a project in 2000 and 2001 where the goal was to reduce environmental impact and this way save money. A number of apartments had installed a waste disposer which was located under the sink. The objective was to increase biological treatment of food waste. Food waste is a raw material for biogas and biogas is a renewable fuel. Unfortunately, the installation of waste disposers did not get the hoped boost. (Website of Natur vårds verket)

In 1967 Sweden was the first country to establish an environmental protection agency. Sweden follows almost 40 different international environmental agreements. These agreements are to protect environment and natural resources. Sweden has 16 environmental quality objectives that are wished to achieve by 2020. The objectives are for instance to have good quality groundwater, reduce climate impact and have clean air. More than half of Sweden’s national energy supply comes from renewable resources. (Website of Sweden; Website of Swedish Environmental Protection Agency) According to OECD, Sweden is one of the most innovative OECD countries regarding environment related technology. (Website of OECD) Sweden has low emission rate and they hope to reduce it while the economy grows. 83 per cent of electricity power comes
from nuclear and hydroelectric power, ten per cent comes from combination of heat and power plants, and seven per cent comes from wind power. Solar-cell market is still very limited but has begun to grow with the help of government funding. (Website of Sweden)

*Legal environment.* Sweden has a labor market with good conditions for security, development and competitiveness. They aim to have fair conditions so that competition is not based on reduced wages, but on knowledge and skills. The labor legislation aims to have foundations that meet both employee’s and employer’s needs for flexibility and security. (Website of Government Offices in Sweden)

The Swedish competition act is based on European Union’s competition law. The act aims to regulate actions that limit or corrupt the competition. (Website of World Intellectual Property Organization)

Product safety in Sweden is observed by the Swedish Consumer Agency. All goods and services must be safe for consumers. According to the product safety act, companies that have sold dangerous products or services must notify to the Swedish Consumer Agency. (Website of Konsument verket)

Swedish law protects intellectual property rights well. Intellectual property rights include patents, trademarks, designs and copyrights. A company should validate a patent in Sweden in order to have it valid in Sweden. (Website of PRV)

According to the owner of Avloppscenter AB, the directives of waste management fees vary depending on municipalities. In Västerås consumers are forced to pay of the empty bin, so consumers do not benefit financially of composting like in Finland. In Finland consumers pay of the emptying times. Also, directives regarding dry toilets depend on municipalities in Sweden. In Finland the law comes from the government, but municipalities may have their own directives. (Hinkkanen 2006, 2)
10.2.2 Porter’s five forces

*Threat of new entrants.* Entering to new market is not always easy, it requires good contacts. Retailers are not always keen into changing suppliers, especially if existing products have demand. It is also important that the garden centers take sample products to their stores so that consumers can see and test the products. Composters and dry toilets are quite big products and therefore the garden centers may not be willing to give the needed space from their store. The threat of new entrants is rather low.

*Buyer power.* The buyers are garden centers and consumers, but in this case especially garden centers. In Sweden there are many different garden centers, such as K-Rauta, Byggmax, Avloppscenter and Bygghemma. There are also many suppliers for composters and dry toilets, but regarding composters there are three main competitors for Biolan and regarding dry toilets there are four main competitors. The main competitors are described in chapter 10.2.4 Market analysis. Nowadays it is very easy to compare products and prices over the Internet. Based on these results, the market has a minor buyer power.

*Supplier power.* As mentioned in the previous chapter, there are many suppliers for composters and dry toilets. Some of the suppliers are rather equal in terms of products and prices, especially in dry toilet sector. Price increases may lead into loss of customers as the market offers other suppliers as well. Biolan in Finland is a strong brand, but in Sweden the brand is yet quite unfamiliar. In 2017 Biolan´s ranking was 89 in Finland´s most valued brands. Based on these results, the market does not have that strong supplier power.

*Threat of substitution.* Regarding composters, the threat of substitution is rather low. In the United States of America, the houses have garbage disposal units installed in their kitchens, next to the sink. This is not seen as a big threat as people in Nordic countries have used to take their garbage and compost outside. Regarding dry toilets, the threat is big. Water closets are nowadays very popular and according to the retailer of Biolan Sverige, the owner of Avloppscenter AB, consumers in Sweden seem to prefer water closets over dry toilets. There are different types of dry toilets, composting ones, burning ones and freezing ones, and of course just simple dry toilets where the
waste needs to be taken into a composter. Burning dry toilets are most expensive, also in use. According to the owner of Avloppscenter, burning dry toilets are the most popular dry toilets in Sweden.

**Competitive rivalry.** Competition in composter market is not that strong as it is in dry toilet market. Composters differ much from each other, especially in product design and quality. Based on the quality and warranty, Biolan positions well in composter market. Dry toilets also differ from each other based on the function, the market offers composting dry toilets, basic dry toilets, burning dry toilets and freezing dry toilets. Demand depends much on what the consumers are looking for from their dry toilet.

10.2.3 SWOT -analysis

**Strengths.** According to the Sales and Marketing Director of Biolan Oy, Biolan Sveriges’s strengths are wide knowledge and long experience of the business and products. Biolan has over 40 years of experience. Biolan has high quality products and effective production. Another strength of Biolan Sverige is that it has a solvent and future oriented parent company. Long warranty that Biolan offers to its products is also a big strength for the company. Consumers value long warranties. Also, the fact that Biolan as a brand is highly valued in Finland, might also be a good opportunity to get attention among retailers in Sweden. Finland is also well known of its knowhow all over the world.

**Weaknesses.** According to the Sales and Marketing Director of Biolan Oy, Biolan Sveriges’s weaknesses are minor knowledge of local authority directives. Also, consumer habits and attitudes are not familiar enough.

**Opportunities.** According to the owner of Avloppscenter AB, composting in Sweden is becoming a trend again. If consumers become more aware of composting, it will increase the demand of composters. If municipalities begin to charge waste management based on the emptying times, like in Finland, it may also increase the demand of composters. Different decoration programs might increase the popularity of dry toilets. If retail stores have Biolan’s products on display at their stores, like Avloppscenter AB
has, consumers have the opportunity to see the physical products, and this will increase the likelihood of increasing the amount of sales.

**Threats.** According to the Sales and Marketing Director of Biolan Oy, pricing is seen as a threat. Nowadays retailers and consumers can easily compare prices internationally over the Internet. They might have difficulties to understand why prices of Finnish retailers are lower than prices of Swedish retailers. Also, building a brand, making Biolan familiar in Sweden, is challenging. Committed retailers take products to their stores for consumers to see. Consumers hardly ever want to buy products without having seen it, especially if the product is expensive.

Figure 17. SWOT -analysis of Biolan Sverige AB.

10.2.4 Market analysis

Market demand for both composters and dry toilets exists, but the demand is not that high as in Finland. According to the owner of Avloppscenter AB, composting was earlier a big trend in Sweden, but it abated a bit. Nowadays it is recovering its popularity again thanks to different garden-related programs. If consumers would benefit financially from composting, this would definitely increase the sales in composters.
Dry toilets are not that popular in Sweden yet. People tend to prefer water closets due to its easiness. If dry toilet is chosen, it is most likely a burning dry toilet or a freezing dry toilet. Biolan’s product range contains a freezing dry toilet, Biolan Icelett, and this product is available in Sweden.

Market potential for composters and dry toilets is growing while people become more aware of the environment and sustainable development. Biolan as a brand is yet a bit unknown in Sweden. Adding visibility by participating to different trade fairs will make the brand more known. It would need a wide market study in order to determine Biolan’s current market share. In dry toilets, the Swedish Separett is a well-known brand, however, according to the owner of Avloppscenter, Separett has lost its market share. This, of course, gives Biolan Sverige a good possibility to get Separett’s lost customers. The owner of Avloppscenter did not specify whether the loss of customers has been in composter market or in dry toilet market.

Customer analysis

Biolan Sverige’s market is a mass market. Consumers are women and men who have a possibility to have a composter and dry toilet. Also, municipalities are its customers. Municipalities can for instance locate dry toilets into different natural parks. At the moment, its main customers are retailers and wholesalers. It is important to get good and loyal retailers and wholesalers who make important marketing to the end consumers. It is extremely important to have products for testing at the stores. The products are costly and therefore people need to see the functioning.

Business to business, B2B, customers differ from business to consumers, B2C, customers. Biolan Sverige’s existing customer, Avloppscenter values in B2B business fast communication, efficient deliveries and good service, especially in claims. In products they value of course that the product sells itself well, and that it does not take much space in their warehouse. Avloppscenter has Biolan’s products at their stores so that consumers are able to see the physical products. Avloppscenter tends to buy different products at once. In B2B business it is normally the owner or purchase manager who makes the purchase decision. B2C customers value good service and information, they value good brands, good quality products and affordable prices. In B2C business most
likely the women are who make the decision in composter selection, but in dry toilets the purchase decision is on both, men and women.

**Competitor analysis**

The market for composters is not that competitive as the market for dry toilets. This competitor analysis focuses on products that are similar to Biolan composter 220eco and Biolan composting dry toilet eco. Biolan is a Finnish company with over 40 years of experience. This together with high quality products gives Biolan Sverige good base to do well in Sweden.

**Composters**

Hasselfors Garden AB is part of Kekkilä Group. Kekkilä is a Finnish company that manufactures garden products, composters and dry toilets. In 2012 Kekkilä bought the composter and dry toilet business from a Finnish company, L&T. Hasselfors Garden’s composter 225L is a composter that is mainly meant for kitchen waste due to its size, which is 225 liters. The size of the composter can be extended by 100 liters with a part that is separately sold. Thanks to its thermal insulation it can be used all year around. It has a thermometer to monitor the temperature of the compost. Thanks to its ventilation, the temperature of the compost can be adjusted. Emptying hatch makes it easy to empty the ready compost mass. Hasselfors Garden offers a two-year warranty for the product and one bag of compost bedding. The price of the composter is between 5 200 SEK to 5 600 SEK. (Website of Bygghemma; Website of Hasselfors Garden AB)
GreenLine is a Swedish company that sells garden products and composters. Handy 250L is the most comparable to Biolan composter 220eco. GreenLine offers a warranty of two years for the composter. It has a thermal insulation and therefore can be used all year around. However, the composter can be used only up to minus ten Celsius degrees. The size of Handy 250L is 250 liters. The composter is meant for garden and kitchen waste. The emptying happens by taking of one of the sides. The composter needs to be assembled unlike Biolan’s and Hasselfors Garden’s composters. The composter does not have thermometer so monitoring the temperature of the compost mass is not that easy. GreenLine’s website does not mention anything of the ventilation. The price of Handy 250L is around 1 300 SEK. (Website of Avloppscenter; Website of GreenLine)

![GreenLine Handy 250L](Website of GreenLine)

Separett is a Swedish company that has over 40 years of experience in dry toilets. They have also few models of composters in their product range. Separett composter 250L is a composter that is meant for garden and kitchen waste. Its size is 250 liters and it has a thermal insulation, so it can be used all year around, up to minus thirty Celsius degrees. The composter can handle the kitchen waste of a household of five people. The composter has also a thermometer to control the temperature of the compost mass. Ventilation can be used to adjust the temperature. The composter has an emptying hatch to empty the ready compost mass. Separett offers a ten-year warranty, extra lid to protect the compost mass from colder temperature and compost cultivator to mix
the mass. The price of the product is around 5 700 SEK. (Website of Avloppscenter; Website of Separett)

![Picture 3. Separett composter 250L (Website of Separett)](image)

Biolan positions with its Biolan composter 220eco quite well in Swedish market. The product has the most appealing appearance and all the needed elements to function well despite of the season of the year and it is easy to use. Biolan offers the longer warranty than its competitors. The price of the product is on the same level as Hasselfors Garden and Separett. The cheapest composters of these companies offers Green-Line, but these composters need to be assembled and emptying of the ready compost mass has not been made that easy as it is with Biolan’s product. After studying the market of composters, it can be said that Biolan Sverige has very good chances to succeed in this market in terms of the product and price level.

**Dry toilets**

Hasselfors Garden’s dry toilet 230L is the most similar model to Biolan composting dry toilet eco. The size of dry toilet 230L is 230 liters and it is meant for a use of a household of two to six people. It has a thermal insulation, so it can be used all year around and it composts the waste. It also has a thermal seat, ventilation and emptying hatch like Biolan composting dry toilet eco. Hasselfors Garden offers to the product a two-year warranty and two bags of compost bedding. The price of the product is around 4 600 SEK. (Website of Buildor; Website of Hasselfors Garden AB)
Separett has also different types of dry toilets. With a separate sold package, the dry toilets Villa 9000 and Villa 9010 can be turned into composting dry toilets. Villa 9000 has three containers the size of 23 liters. The dry toilet can be used all year around, but it needs to be installed indoors. It has no thermal seat and no emptying hatch, but the containers can be easily carried and emptied. It has a ventilation that has two different speeds. The dry toilet needs energy for functioning. It separates the urine into a different canister. Urine can be used diluted in garden. Biolan also has a dry toilet that separates urine. Separett offers a five-year warranty to the product. The price of the product is around 6 000 SEK. (Website of K-Rauta; Website of Separett)

MullToa dry toilets are manufactured by a Swedish Ecology AB. Its dry toilet MullToa 55 is meant for a use of a family of four people. It can be used all year along, but it needs to be installed indoors. It has no thermal insulation. The product needs electricity to function. MullToa gives a two-year warranty for electrical parts and a five-year warranty for other parts. It has no thermal seat, but as it needs to be located in a warm
place, it does not need one. It has ventilation and emptying hatch to make the use more comfortable. The price of the product is 16 200 SEK. (Website of Bygghemma; Website of MullToa)

![MullToa 55](Website of MullToa)

Picture 6. MullToa 55 (Website of MullToa)

Fritidstoa AB is a Swedish company that sells dry toilets. The dry toilets are burning dry toilets, which means that it needs electricity to function. The dry toilet Cinderella Classic is meant for maximum 12 people. It uses one to two kWh of electricity per usage. It needs to be installed indoors. The company offers a three-year warranty to the product. The price of the product is around 38 500 SEK. (Website of Buildor; Website of Fritidstoa)

![Fritidstoa Cinderella Classic](Website of Fritidstoa)

Picture 7. Fritidstoa Cinderella Classic. (Website of Fritidstoa)

Biolan positions with its Biolan composting dry toilet eco quite well. It depends much on what the consumers are looking for from the dry toilet. Biolan gives longer warranty to its product than what the competitors give. The price of the product is much affordable than the ones that need electricity, but compared to the dry toilet of Hasselfors Garden, it is more expensive. The dry toilets of Biolan and Hasselfors Garden are
meant to locate in an outhouse, when the dry toilets of Separett, MullToa and Fritidstoa are meant to locate inside of a house. Summer cottage living in Finland has the tradition of using an outhouse. According to the owner of Avloppscenter AB the consumers in Sweden are nowadays looking for the convenient ways and therefore water closets and burning dry toilets are more popular even though the use of these toilets is more expensive than the use of a composting dry toilet.

10.3 Business model

10.3.1 Business model canvas

Business model of Biolan Sverige is described with business model canvas. The canvas is shown in Appendix 4. The case company’s building blocks are described in the following chapters.

Customer segments. Biolan Sverige sells its products to a mass market, meaning its customers are all kinds of customers, women, men, municipalities and of course retailers and wholesalers, all who are interested in creating a greener world. At the moment retailers and wholesalers are the key customers to Biolan Sverige. Thanks to these customers, Biolan’s products will get more publicity and reach the end consumers.

Value propositions. Biolan’s composters and dry toilets bring cost reduction to consumers. Composting reduces the amount of food waste and this way brings savings in waste management. However, in some parts of Sweden the waste management fees are fixed, so minimising the amount of waste does not bring any savings. Composting also gives nutritious soil that can be used in garden. Dry toilets bring savings with water. Dry toilets do not cause any operating costs, like water closets. Freezing dry toilets do not use much electricity, but burning ones do. Not using water is also a green act. Like composters, dry toilets do not overload the environment, so these products bring very much green value to the consumers.
Channels. Biolan Sverige has both own channels, which are direct, and partner channels. Biolan Sverige has a Sales Manager from Biolan Oy who makes sales to Sweden and takes care of the existing customer relationships. Partner channels are retailers and wholesalers. At the moment Biolan Sverige has at least five different retailers.

Customer relationships. Good customer relationships are important for Biolan Sverige. This is an important base for successful businesses. Biolan Sverige has both personal assistance with its customers and dedicated personal assistance with the ones who have been longer time as customers. The Sales Manager makes customer visits once in a while, always when needed.

Revenue streams. Biolan Sverige gets its revenue from asset sale. The company sells Biolan’s environmental products, like dry toilets and composters and accessories related to these products. The key models are Biolan composter 220eco and Biolan composting dry toilet eco.

Key resources. The most important key resource of Biolan Sverige is its parent company, Biolan Oy. The parent company offers the Sales Manager, who makes the sales, it offers an office in Eura, where to work, and products which Biolan Sverige can purchase. The products are manufactured by Biolan’s sister company, Favorit Tuote Oy, but Biolan is the one who sells the products to Biolan Sverige.

Key activities. The key activities are sales, purchase and marketing. Without sales the company can not make any revenue and without purchase the company does not have anything to sell. Sales as an activity includes much. It includes the sales person’s skills of speech, listening and body language. The sales process begins from the very first contact with potential customer and ends to after sales. People often think that a good sales person is a talkative person, but listening skills are what customers normally value. Sales person needs to understand customers and their needs. Purchase is an activity that is mostly done inside of Biolan Group. Products are purchased from Biolan Oy against an order from a customer. This means that Biolan Sverige does not have any stock. Transportations are booked by a Logistics Coordinator from Novarbo Oy, a subsidiary of Biolan Oy. At the moment marketing costs are covered by the parent company of Biolan Sverige AB.
Key partnerships. Biolan Sverige’s key partners are its retail and wholesale customers. With the feedback of B2B customers it is possible to develop own products and performance. Logistics companies are also important partners. Logistics play an important role in exportation. Logistics costs can be significant part of the total price to customers. It is important to have many affordable and trustworthy options for transportation. Credit insurance company is one important partner. This guarantees that in case a customer can not pay its expired invoices, the credit insurance company pays the amount to Biolan Sverige.

Cost structure. Biolan Sverige does not have any fixed costs. All the fixed costs that are related to Biolan Sverige, like the salary of the Sales Manager and payment of credit insurance, are covered by the parent company. Variable costs are mostly born from purchasing products and transportations. Possible marketing costs, like participation to trade fairs are covered by the parent company, not Biolan Sverige.

10.3.2 Marketing plan

Product. The products of Biolan Sverige are environmental products, especially composters and dry toilets. The key products of Biolan Sverige are Biolan composter 220eco and Biolan composting dry toilet eco. Biolan has many other models of composters and dry toilets, but this thesis will focus on the key products. Biolan composter 220eco is meant for a use of a household of one to six people. The core product of Biolan composter 220eco is that it is a composter. It composts all kinds of waste, but it is mainly meant for the use of kitchen waste due to its size, which is 220 liters. As a result of composting, the composter creates ready compost that can be used as a soil for plants in garden. The expected and augmented product is a 20-year warranty. This warranty is guaranteed by registering the product in Biolan’s website. Another expected and augmented product is two bags of compost bedding. This comes together with the composter. Later it can be bought separately. Spare parts and accessories, like compost cultivator and emptying scoop, can be also bought separately when needed. The potential product is its thermal insulation. Thanks to the thermal insulation, Biolan composter 220eco can be used all year around. Also emptying hatch is a potential
Biolan composting dry toilet eco is a composting dry toilet meant to install in an outhouse. It comports the waste. The size of the product is 200 liters and it suits well for a use of a family of four to six people. The core product of Biolan composting dry toilet eco is that it can be used as a toilet to fulfill the basic needs of people and not having to use any water or installing drains. The expected and augmented product is a 20-year warranty. This can be gained by registering the product in Biolan’s website. As in composter, two bags of compost bedding are also offered with this product. Compost bedding, accessories and spare parts can be bought separately when needed. Another expected and augmented product is its thermal seat. This brings comfort in its usage, especially in cold periods. Potential product is its thermal insulation, so this product can be used all year around. Another potential product is that this dry toilet comports the waste, so it can be used also as a composter for kitchen waste. Also emptying hatch is a potential product. Thanks to the emptying hatch the compost mass is easy to empty. (Website of Biolan Oy)
Price. Pricing in Biolan Sverige is mostly done based on costs, using contribution pricing, where the contribution margin is added to the variable costs. Knowing the market price is of course important also in order not to have a harmful pricing on the products. One big challenge for Biolan Sverige is pricing. Nowadays customers are able to compare prices internationally over the Internet. However, logistics play an important role in pricing. Therefore, the prices of Biolan’s products in Finland are more affordable than in Sweden. The price of Biolan composter 220eco in Sweden is between 5 000 SEK to 5 600 SEK and the price of Biolan composting dry toilet eco is around 7 000 SEK. (Website of Avloppscenter; Website of K-Rauta)

Place. Biolan’s factory and warehouse are located in Eura, in Southwest part of Finland. The products to the Swedish wholesalers and retailers are transported by trucks from Eura, going over the Baltic sea in ships. Biolan Sverige does not have any warehouse in Sweden, but Biolan Oy has a rented warehouse, size of 200 pallets, in Värnamo, Southern part of Sweden. This is a good opportunity for Biolan Sverige to guarantee fast deliveries when the amount of sold goods grows.
Promotion. The brand Biolan is yet a bit unknown in Sweden, therefore promotion is important. The current retail customers will make the brand Biolan known in Sweden. Banderols at the retail stores are also a good way to get people’s attention. Trade fairs are also a good way to reach consumers. Location of the stand depends how well people find their way to the stand. Biolan Sverige has already participated to trade fairs in Stockholm. Good-looking and clear brochures in Swedish are important part of advertisement in trade fairs. Biolan’s updated webpage is currently only available in Finnish, but Swedish and English updates will come soon. This will help Swedes to get to know the products also over the Internet.

10.4 Financial analysis

Financial analysis including breakeven point, sales scenarios, financing and operating costs are not be published due to case company’s request.

10.5 Risk analysis

10.5.1 Type of risks and risk control

Biolan Sverige’s risks are mostly business risks. The company also has damage risks and person risks but these risks concern also Biolan Oy. Biolan Group has decided to transfer a business risk related to customers´ financial difficulties by using Euler Hermes as a credit insurance. This means that most of the customers have a credit insurance. If a customer does not pay an invoice, Biolan Group gets the money from Euler Hermes. So far Biolan Sverige has not applied for its customers a credit insurance. This risk is particularly big if the amount of an invoice is big. Therefore, all customers should have a credit insurance, despite of how loyal they are. Customers may have financial difficulties, or a claim can arise, and customer decides to leave invoice unpaid if no financial compensation has not been given.
Biolan Sverige has only one supplier for its products and that is its parent company, Biolan Oy. The risk of having one supplier may cause into difficulties in delivering products in time. However, this risk is not seen that big because Biolan Sverige is part of Biolan Group and is constantly aware of situation at factory. Competitors’ actions are always a risk. Competitors may have big discount campaigns which may lead into Biolan Sverige’s decrease in sales. This type of risks a company should bear on own. Political risks in Sweden are not that big at the moment. Also, risks of decrease in consumers´ purchase power is not currently a big risk. Possible strikes of shipping companies or stevedores will cause difficulties in product deliveries to Sweden. These risks are difficult to predict. One way of minimising this risk is having products at Biolan’s rented warehouse in Sweden. However, this will bring an additional cost, warehousing cost, to Biolan Sverige and it will lower Biolan Sverige’s contribution margins.

The damage risks concern also the parent company. Biolan Sverige uses the parent company’s headquarter and equipment. Possible claims concerning products are the parent company’s responsibility. Normally every company has insurances for offices, factories and other equipment and in some cases for products as well. Insurances for transportations are also possible to take, as sometimes products can get hits during deliveries. Therefore, products are important to package in a proper way. Insurances for transportations are expensive and therefore not worth of taking for every product.

Person risks in Biolan Sverige’s case cover one employee. As there is only one person taking care of the sales to Sweden, the person risk is big. If the person gets ill or faces an accident, it is difficult for others to replace. Therefore, it is always good to have substitute employee to take care of the work, for instance during a holiday.

10.5.2 Critical success factors

Biolan Sverige has begun its business well in Sweden, but the purpose is to increase sales and profitability. Adding marketing is a good way for Biolan Sverige to get the brand known in Sweden. Participating to trade fairs the company reaches consumers and retailers. Price decreases are possible in terms of the contribution margin, but there
is no need to do that as Biolan is not the most expensive in composter and dry toilet market. Price increases may lead into loss of customers because there are other suppliers in the market. It is good to follow what the main competitors do in the market. Lowering amount of costs is not actual to Biolan Sverige as the company does not have much costs. Only possible cost the company can try to decrease is cost of transportation. Usually logistics companies offer better prices to the ones who use much of their services. When the delivery amounts are small, it is difficult to get the transportation prices lower.

Good customer service is the basis for good customer relationships and good customer relationships bring loyal customers. The owner of Avloppscenter AB described the relationship with Biolan Sverige warm and trustful. The company has been Biolan Sverige´s customer since 2013. This describes that the relationship Biolan Sverige has been able to create with Avloppscenter, has been very successfully done and taken care of. Having a committed and motivated employee, taking care of deliveries on time and handling possible claims well and fast are good steps towards having good and long customer relationships.

11 CONCLUSION AND RECOMMENDATIONS

The study was carried out within a tight, but manageable time schedule. The reliability of the study was ensured by explaining the who and what was interviewed and where the interview happened and how much time it took. The questionnaires at appendix show what questions were covered during the interviews. The validity of the study was ensured by sending out the answers of the questionnaires to the interviewees for checking. This was done in order to eliminate the possibility of any misunderstandings. If there would have been more time, it would have been interesting to interview another retail customer of Biolan Sverige in order to get a wider picture of the market and Biolan Sverige´s customer relationships.
Based on the results of PESTEL-analysis, it can be said that Sweden is a good country to establish a company in. It is politically stable country despite of the increasing threat of terrorism. Good for foreign companies is that government does not interfere in companies´ repatriation of money. The country has a good, growing economy. Sweden´s economy is in a better position than the economy of other Nordic countries. Unemployment and long-term unemployment rates are low in Sweden and the government is taking actions to lower the rates even more.

Swedes value environment and the government is encouraging its nation for sustainable consuming and for the use of renewable resources. Despite of the green thinking and the fact that 99 per cent of the household waste is recycled, composting in Sweden is not as big trend as it is in Finland. The customer interview revealed that some of the municipalities do not support effective waste management financially. Charging of the waste management by the amount of emptying times would encourage households to decrease the amount of waste, for instance by composting. Despite of Swedes´ love towards their nature, the use of water closets at summer cottages is more popular than the use of dry toilets. Although Sweden is said to be very protective of its nature, it could be that more by changing its directives of waste management and guiding its nation to act even greener. Green thinking could be taught already at kinder gardens and schools. As the saying goes, “what one learns while young, one masters when old”.

Competition in composter and dry toilet market in Sweden seems to be strong, especially in dry toilet market. As Eklund and Kekkonen pointed out in their book Toiminnan kannattavuus, when the competition is strong, and suppliers are equal, price increases may lead into loss of customers. Therefore, the case company should first consider other ways to increase sales. Biolan Sverige positions with its products in both markets quite well, especially in composter market. Biolan´s products have a good-looking appearance, better than its competitors in composter market, the products are easy to use and can be used all year around, and the pricing is in line with the market price. Biolan´s long experience and strong knowhow together with good-quality products, long warranty and affordable pricing will be Biolan Sverige´s competitive advantages in Swedish market. One major lack of Biolan Sverige is its website. At the
moment Biolan´s website is not in Swedish. It will most likely be translated into English and Swedish as the website was earlier available in both languages. Swedish website would help consumers to get to know the products and find information about Biolan.

The recommendations are given based on the interviews and analyses made. Biolan Sverige should make more detailed market analysis in order to find out more about the local authority directives and consumer habits and attitudes. The brand Biolan is yet rather unfamiliar in Sweden. At the moment the best way to increase Biolan´\'s visibility in Sweden is participating local trade fairs and having Biolan´\'s products and name tags or banderols at people´\'s sight at the retail stores. Luckily the name Biolan is quite memorable also in foreign languages.

Hesso, Raatikainen and Ruuska, Karjalainen and Johnsson pointed out in their books different risks that companies face and how to avoid, minimise and transfer the risks. To minimise risks related to possible losses of customers´ unpaid invoices, Biolan Sverige should use the credit insurance of Euler Hermes like other companies at Biolan Group. Even a good customer can leave its invoices unpaid if things do not go as planned. Therefore, it is important to minimise the risk beforehand. During this study it came up that Biolan Sverige does not have any customer database. Customer database or customer relationship management, CRM, is an important tool for any company. As there is only one person working for Biolan Sverige, it is good that the customer contact information and information regarding orders and invoices are somewhere for everyone to see. Employment of a local sales person who knows the local authority directives should be considered as well. Also, it would be recommendable to Biolan Sverige to cover all its costs in order to see how profitable the company actually is. At the moment all the fixed costs rely on the parent company´\'s shoulders. This kind of cost management does not give reliable picture of both companies´ profitability. As Biolan Sverige´\'s prices include transportation, it is good to keep in mind that the gross margin changes if one product is delivered versus one complete pallet, meaning three products. If transportation costs are invoiced separately, it will not change the gross margin of the product.
Finally, to answer the last research question of this thesis, what are the biggest challenges for Biolan Sverige AB to succeed in Sweden. The biggest challenge where the case company can influence itself is in making its brand familiar in Sweden. Once customers understand the value of Biolan and the strong durability of the products, consumers may be interested to purchase Finnish quality instead of Swedish. Another big challenge is how to change the consumers way of thinking and acting into greener direction. This, however, depends much on the municipalities’ way of taking care of the environment.

The study succeeded well, and all the parts of a business plan were covered, but it would have been interesting to have a wider market analysis, to understand more the customer needs and compare competitors to Biolan Sverige not only based on the products, but also based on marketing and market shares, and analyse competitors’ strengths and weaknesses. As mentioned earlier, it is recommendable to Biolan Sverige to make a wider market analysis in order to have a deeper understanding of the market. The market analysis could be executed with a master’s thesis like this business plan carried out.
REFERENCES


APPENDIX 1

1st interview
Date: 11.12.2017
Place: Headquarter of Biolan Oy
Duration: 30 minutes
Interviewees: Iikka Helin, Sales and Marketing Director of Biolan Oy
Olli Nieminen, Sales Manager of Biolan Oy

Questions:
1. When was Biolan Sverige AB established?
2. What are the values of Biolan Sverige?
3. What is the current situation of Biolan Sverige? Has there been any sales made?
4. What will Biolan Sverige’s consistence be in the future?
5. Is Biolan Sverige selling only in Sweden or also to other Scandinavian countries?
6. Does Biolan Sverige have a possibility to use warehouse in Sweden? If yes, what is the price and size of the warehouse?
7. Who are the current customers of Biolan Sverige?
APPENDIX 2

2nd interview
Date: 9.2.2018
Place: Headquarter of Biolan Oy
Duration: 60 minutes
Interviewees: Iikka Helin, Sales and Marketing Director of Biolan Oy
Olli Nieminen, Sales Manager of Biolan Oy

Questions:
1. What is the business idea of Biolan Sverige AB?
2. What is the vision of Biolan Sverige?
3. When were the first composters and dry toilets developed in Biolan Oy?
4. What is the purchase price of composter 220eco and composting toilet eco?
5. What are the transportation costs of one pallet to:
   a. Norrköping
   b. Västerås
   c. Vänernamo
6. What is the average sales price of composter 220eco and composting toilet eco to distributors?
7. What is the average contribution margin of composter 220eco and composting toilet eco?
8. How much are the operating costs of Biolan Sverige? Fixed costs? Variable costs?
9. How many owners does Biolan Sverige have?
10. Does the company have any liability?
11. Who are your competitors in Sweden?
12. What do you see as the strengths of Biolan Sverige?
13. What do you see as the weaknesses of Biolan Sverige?
14. What do you see as the biggest challenge for Biolan Sverige?
15. Have you participated to trade fairs in Sweden?
16. Is pricing made based on costs or market price?
17. Do you have credit insurance for your customers?
18. Have the products been patented in Sweden?
Date: 23.2.2018
Place: Phone call interview
Duration: 30 minutes
Interviewee: Anni Enqvist, owner of Avloppscenter AB

Questions: **Biolan composter 220eco and Biolan composting dry toilet eco**

1. What is your title / position in Avloppscenter?
2. How long have you been a customer of Biolan Sverige?
3. What products from Biolan do you sell?
4. How many Biolan composter 220eco and Biolan composting dry toilet eco do you buy at a time?
5. Do you have the mentioned products in your store for people to see? If not, how to get these products to your store?
6. Have people been interested in these products?
7. What good and what improvements do you see in these products?
8. How is your relationship with Biolan Sverige?
9. What do you value in customer service in general?
10. What do the Swedes value in dry toilets and in composters?
11. Does a consumer benefit from composting financially?
12. What kind of environmental directives do you have in Sweden regarding dry toilets?
13. How do you see the market for composters and dry toilets developing?
APPENDIX 4

Business Model Canvas
## Competitor analysis – composters

<table>
<thead>
<tr>
<th>Company</th>
<th>Biolan (Finnish)</th>
<th>Hasselöns garden (Finnish)</th>
<th>GreenLine (Swedish)</th>
<th>Separatt (Swedish)</th>
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<tbody>
<tr>
<td>Model</td>
<td>Biolan composter 220eco</td>
<td>Composter 225L</td>
<td>Handy 250L</td>
<td>Composter 250L</td>
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<tr>
<td>Emptying hatch</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Ventilation</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Price</td>
<td>4995 SEK-5495 SEK</td>
<td>5395 SEK-5595 SEK</td>
<td>1300 SEK</td>
<td>5695 SEK</td>
</tr>
<tr>
<td>Other</td>
<td>Nice appearance</td>
<td>Nice appearance</td>
<td>2 bags of compost bedding</td>
<td>Extra lid</td>
</tr>
<tr>
<td></td>
<td>2 bags of compost bedding</td>
<td>Can be extended by 100L</td>
<td>Cultivator</td>
<td></td>
</tr>
<tr>
<td>Company</td>
<td>Biolan (Finnish)</td>
<td>Hasselfors garden (Finnish)</td>
<td>Separatt (Swedish)</td>
<td>MultiToa (Swedish)</td>
</tr>
<tr>
<td>------------------</td>
<td>-----------------------------------</td>
<td>-----------------------------</td>
<td>--------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>Model</td>
<td>Biolan composting dry toilet eco</td>
<td>Dry toilet 255L</td>
<td>Yta 9000</td>
<td>MultiToa 99</td>
</tr>
<tr>
<td>Size</td>
<td>200L</td>
<td>250L</td>
<td>3x 250L</td>
<td>4 persons</td>
</tr>
<tr>
<td>Warranty</td>
<td>7 years</td>
<td>5 years</td>
<td>6 years</td>
<td>7 years (after 1 year)</td>
</tr>
<tr>
<td>Usage period</td>
<td>All year around</td>
<td>All year around</td>
<td>All year around, needs to be installed indoors</td>
<td>All year around, needs to be installed indoors</td>
</tr>
<tr>
<td>Thermal seat</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Ventilation</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Emptying hatch</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Thermal insulation</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Price</td>
<td>7296 SEK-7495 SEK</td>
<td>4595 SEK</td>
<td>4995 SEK-5995 SEK</td>
<td>16 200 SEK</td>
</tr>
<tr>
<td>Other</td>
<td>Nice appearance</td>
<td>Nice appearance</td>
<td>Needs energy, separates urine.</td>
<td>Needs energy.</td>
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</tbody>
</table>