

Financial Scope in Business Planning Process from Idea to Service Business

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<p>Entrepreneurship is becoming an alternative for employment and more people in Finland now than before are embracing being self-employed rather than going to seek for jobs. Entrepreneurship gives one a sense of freedom by utilizing their competence but also a sense of responsibility. An entrepreneur can enjoy the success of the business and take care of the risks involved. When starting a business, it is important to research on the information needed to start the business as well as plan on how to establish the business.</p> <p>The objective of this qualitative research study is to research on business planning process, challenges entrepreneurs face and experiences of entrepreneurs when starting a service business in Finland. There is a major scope on Finances; to find out how entrepreneurs fund their business start-ups, how they handle bookkeeping, taxation, Value Added Tax, Invoicing and how marketing is influenced by finances.</p> <p>Literature was reviewed to gain knowledge on theories and procedures needed when starting a business. Further study was done to get more and narrower information on starting a service business in Finland. The research was conducted as a phenomenon driven research and the philosophy chosen was interpretivism from a subjectivist perspective. The primary data was collected using semi-structured interviews.</p> <p>The data that was collected and the business plan that was created during the study was used to start and establish an organizing service business in Finland. The data that was needed was collected through 12 interviews; 11 interviews from entrepreneurs and 1 interview from a bookkeeper. A much leaner scope was taken to ensure that the data was collected from entrepreneurs who had a foreign background. The entrepreneurs were very eager and enthusiastic to share on their start-up experience and from their response. During the interviews, it was noted that the entrepreneurs who were interviewed were very happy with what they did and were satisfied with the services they offered.</p> <p>Marketing strategies were also studied to find out the various channels that the entrepreneurs used to build awareness of their existence to their intended customers. The cost for marketing was evaluated as well as how their businesses were positioned in the current market in terms of competition and risks.</p> <p>In parallel to the research project, the author also started an organizing service business in Finland, therefore, all the information that was gathered was used in putting up the organizing service business. The business was started from scratch by finding a successful business idea, creating a business plan and establishing the service business according to the Finnish standards and procedure of starting a business.</p>	
Keywords Entrepreneurship, Idea, Planning, Funding, Bookkeeping, Marketing	

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1 Introduction

The goal of this study is to gather financial information on entrepreneurship through Literature review and data collection. The information gathered will be used to plan and develop a business start-up in Finland. The data collected will consist of other entrepreneur's experiences and will be beneficial for the entrepreneur starting a service business in Finland. During the initial stage of starting the business, a website will be created to offer customer information on organizing services. The information on the website will serve people in Finland as well as abroad. Later into the business, the website will be used as a marketing channel for the service business as well as an advertising platform for organizing products.

An entrepreneur has been defined as an individual who is associated with a degree of risk taking and a flair for identifying potential business opportunities (Sutherland 2004,105). Ideally, it is when a person takes his / her business idea, works hard on it and eventually establishes a business from it. In my opinion, entrepreneurship is, an idea put to action with the vision to make a profit despite all risks ahead. For one to make this idea transformation, they must believe in their business idea.

Statistics show that more than 54% of people between ages 18-34 either want to start their own business or have already started their own business based on (Barringer 2015, 13.) This is a big percentage considering that putting up a business is a challenging and risky procedure. Having such a wide range of businesses already in the market, there is need for a unique niche that will help the new venture to stand-out from the other businesses at large. Sutherland points out that entrepreneurs exist in almost every area of business activity and they seek to identify gaps in present market which can be filled using new products or services in a different way from what is being offered in the current market. (Sutherland 2004, 105.)

The desire and passion of being an entrepreneur evolved while I was pursuing my bachelor's degree, at that point, I also realized that I had been involved in businesses most of my life. If I was not working at a family business, then I would be working in someone else's business. As time elapsed, I got enthusiastic of starting a business of my own. Five years ago, I registered and started a party store business which was aimed at selling children's party supplies, unfortunately, two years down the line, I found myself wrapping the whole idea and putting it to the storage. Why did this happen? This was due to poor planning; I didn't prepare a proper business plan which would have worked as a guideline for my business and I had not researched well on what entrepreneurship entails.

Due to that, I ended up with insufficient funding and was faced by problems of poor tax reporting. Despite all that, my desire and love for entrepreneurship has kept burning and I would like to establish a new business. I would therefore like to develop a business plan which will be a road map for this new start-up as well as study on entrepreneurship and learn from existing entrepreneurs. The business plan will also be a support document because I plan to apply for funding or get investors. A business plan is a conducive document with a clear layout for collecting and gathering information when starting a business.

There are many definitions on what a business is and different types of businesses. It is important for an entrepreneur to carefully think and decide which kind of business suits them based on their competency and the resources available. The greatest purpose for a business start-up would be to solve a problem or to fill a gap in the marketplace. The business can either be big or small, some are service based, others offer products, and some invent a new thing all together. The business that will be started through this research will be an organizing service business aimed at assisting people with organizing and decluttering either in home setting or business premises. A website will also be created and will be an information centre for the customers. It will consist of the services being offered as well as tidying tips.

Organizing and decluttering services are essential in our day to day activities. Organizing and decluttering can be overwhelming and time consuming, many people opt to keep it on hold for later which they never get to do in the long run. Therefore, this service will benefit different people with different needs; the service will be offered to individuals (homes) and businesses (offices) alike. The main target group at the initial stage will be families with working moms, elderly people who need to declutter before moving to smaller apartments or care homes, day cares especially at the end of a semester, small businesses needing to declutter before the end of the year and people moving to new homes or relocating; and hopefully as the business grows we can learn more on other potential customers whom will broaden the target group.

In order to work on this line of business, one should naturally like to organize and declutter because it would give them satisfaction to put things in order and to leave a place tidy and neat. The person should be bothered by mess and would always be eager to reorganize, tidy and organize to keep a place presentable. The main reason why this path has been chosen rather than the other lines of business is the needfulness of the service in the society, especially in Finland; this line of business has been unexplored and will take some years to be fully exhausted. The other reason is, it is not every body's cup of tea and

therefore many people will be willing to pay for the service which is an advantage to those who enjoy it. This is a great and promising business idea to roll out.

Bivet Services Business Model Canvas – Organizing Company

Key Partners Organizing products Recycling Centres Insurance companies Workers	Key Activities Organizing services Recycling services Cleaning services	Value Proposition Low price Quality services Time saving Safe services	Customer Relationships Social media Website Rating and feedback system Social networks	Customer Segments Day cares Working mums/ busy families Care homes Offices
	Key Resources Organizing supplies Engaged working force		Channels Social media marketing Social networks Flyers Direct marketing	
Cost Structure Organizing and administration supplies Wages		Revenue Streams Organizing services, recycling services and cleaning services		

Figure 1. Bivet services business model canvas (Thande, N. 2020)

1.1 Research Objectives

The Literature review will consist of the following; Entrepreneurship and business planning, developing finance driven business idea, funding a business start-up, Business legal forms, Bookkeeping and financial statements, how to develop a successful business plan and marketing strategies.

Having an online business has become a norm of life and most if not all businesses as well as companies can be found online. This is the way to reach a wide range of people because with the web, there is no limit. Many business transactions can be and are carried out via the internet, such as: invoicing, payments and marketing. Through this study, supportive data on the benefits of search engine optimization and google analytics will be gathered. The website will give customers access to the services provided as well as prices. It will also enable customers to select the services they are interested in and thereafter to make the order. Invoices will also be sent through the email stated on the website and payment transactions will be carried out there as well. The website will also consist of organizing tips that can assist the customers and the recommended products will also be

available. Therefore, the website will also be an information centre for marketing our services.

In addition, I believe that this business and the website will be beneficial to businesses manufacturing or selling organizing supplies because, we will use and recommend their products while organizing or decluttering and therefore offer an advertising platform for their products.

For this Service business to thrive in the market, there will be need for a great marketing strategy on how to build awareness of its existence. Marketing is the way in which an organization matches its human, financial and physical resources with the wants and needs of its customers. It is also the media used to reach, acquire, retain and satisfy customers; therefore, the company must think on unique and simple ways of getting the right information to the required customers. The information should convince them why the product or service the company is offering is better than its competitors through value proposition. When the company is making its decisions, it must ensure that it is putting the needs of its customers first. New marketing opportunities such as social media marketing will be kept into perspective, data will be gathered and the importance of it will be stated. (Meldrum and MacDonald 2007, 3.)

Business plans are associated with an application for external finance by a small start-up or expanding business. The plan is important not only for impressing the lender but also in clarifying ideas in the owner's mind (Jewell, B.R. 1996). The plan also has long-term information on financial goals such as profit budgets and financial statements. Information on the market competitiveness and target customers is also included in the business plan and acts as a guideline for the new venture. The business plan is a vital document before starting any business and if well done, can make the whole procedure much easier and quicker. (Jewell, B.R. 1996, 30.)

Objective of this study is: To gather financial information needed to develop a good business plan and use that information to establish a service business in Finland.

1.2 Research Problem and Questions

A research question precisely explains what the research seeks to achieve. It is an issue or situation that need to be taken care of and hence one turns to research about it to get a solution. There is a lot of information needed for every start-up and this is no exception. (Saunders, Lewis and Thornhill 2009, 42.) The research question was therefore narrowed down to state as follows “What are the key financial challenges faced by sole traders with foreign background when starting a service business in Finland?” Foreign background here means either the person was not born in Finland but moved in Finland later in their life or the person has been born in a family where one of the parents was a non-Finn and the person has lived in the country of the other parent who is a non-Finn.

Q1. How does having a bookkeeper benefit an entrepreneur when starting a business in Finland?

Q2. How important is creating a business plan before starting a business and how does the business plan help with the financial challenges?

Q3. How does marketing financially impact a business start-up?

1.3 Overlay Matrix

An overlay matrix gives an overview of the research and the connectivity between research questions, Literature review, interview questions and research results. It also indicates where the data can be retrieved.

Table 1. Overlay Matrix (Thande, N. 2020)

Research Question	Literature review Frame of Reference	Interview Questions	Research Results
RQ What are the key financial challenges faced by sole traders with foreign background when starting a business in Finland?	Topics 2.3, 2.5, 2.6	Question B1	Topics 6.1
Q1	Topics 2.5	Question B2, B3, B9	Topics 6.2

How does having a bookkeeper benefit an entrepreneur when starting a business in Finland?			
Q2 How important is creating a business plan before starting a business and how does the business plan help with the financial challenges?	Topics 2.6	Question C1, C2, C3	Topics 6.3
Q3 How does marketing financially impact a business start-up?	Topics 2.7	Question D1, D2, D3	Topics 6.4

2 Literature Review

In this section of the study, I have focused more on financial theories that are essential in starting a business. I have closely looked into entrepreneurship concepts from literature that put the whole idea into context. I have also researched on elements of a business plan and marketing with the financial aspect in mind because they are core when starting a business. The Literature review starts by tackling entrepreneurship as well as characteristics of a successful entrepreneur, how to evaluate a good idea as well as the part played by opportunity driven ideas, common sources of business ideas, marketing services and the marketing strategies that will be used in this business start-up.

Business Planning

A business plan is a written document that describes in detail how a business, usually a new one, is going to achieve its goals. A business plan lays out a written plan from a marketing, financial and operational viewpoint. Business plans are important to allow a company to lay out its goals and attract investment. They are also a way for companies to keep themselves on track going forward. They are especially useful for new companies, even if it can work out, it's not recommended to start operating if there is no written business plan (Kenton, W. 2019). The benefits of creating a business plan and following through with it are numerous and especially giving yourself time to carefully think about the idea before you start investing into it.

Writing a business plan is a common exercise for entrepreneurs. Although the business may be imaginary, it is useful to devise realistic, attainable objectives and appropriate strategies to achieve the objectives. What is essential, however, is the insertion of constraints especially financial ones which force the author to devise a plan which is realistic, consistent and appropriate. Business planning is essential for the success of a business. Owners of small businesses will be required to present a plan when seeking bank loans or start-up grant assistance. Business plans become part of the application for assistance. Even in the absence of such an application, it is important to plan the activities of the business. The act of planning helps to clarify the objectives and strategies of the business. (Jewell, B.R. 1996.)

Business planning is not, however, a one-off activity. A business plan should be a working document which helps the owner to monitor current operations, plan the future of the business and to evaluate actions necessary for the success of the business. Honesty is important in preparing a plan. Not only should strengths be highlighted but so should the constraints and the expected difficulties. (Jewell, B.R. 1996.)

2.1 Entrepreneurship

Based on my view from different entrepreneurship definitions, there is not one definition of entrepreneurship or an entrepreneur because the definition can be altered depending on the type of business. However, Barrow, C., Burke, G., Molian. D., Brown, R. (2005) describe an entrepreneur as someone who is always bursting with new ideas, highly enthusiastic, hyperactive and insatiably curious. Barringer and Ireland (2010, 30) state that the word entrepreneur derives from the French word *entre*, meaning “between” and *prendre*, meaning “take on the risk.” Therefore, the word was originally used to describe people who take on the risk between buyers and sellers or who undertake a task such as starting a new venture. (Barrow, C., Burke, G., Molian. D., Brown, R. 2005, 23.)

Why become an entrepreneur with all the stakes at hand? Barringer and Ireland (2010, 32) have listed the three primary reasons why people become entrepreneurs as: to start their own firms and to be their own boss, pursue their own ideas, and realize financial rewards. The first of these reasons, being one’s, own boss is highly rated. Many entrepreneurs want to be their own boss because either they have had a long-time ambition to own their own firm or because they have become frustrated working in traditional jobs. Sometimes the desire to be their own boss results from a realization that the only way they’ll achieve an important personal or professional goal is to start their own business.

Kaplan and Warren (2007, 9) concludes that for others, starting their own company provides them with flexibility they seek in their lives.

Barringer and Ireland (2010, 32) state the second reason why people start their own firms is to pursue their own ideas. Some people are naturally alert and when they recognize ideas for new products or services, they have a desire to see those ideas realized. Some employees choose to leave the firm employing them to start their own business as the means to develop their own ideas because of their passion and commitment.

Finally, people start their own firms to pursue financial rewards. This motivation takes third place with most successful entrepreneurs; People such as Michael Dell of Dell Inc., Jerry Yang of Yahoo!, and Larry Page and Sergey Brin of Google insist that money wasn't their primary motivator. Some entrepreneurs even report that the financial rewards associated with entrepreneurship can be bittersweet if they are accompanied by losing control of their firm. (Barringer and Ireland 2010, 33.)

Who is a successful entrepreneur? The four main characteristics of successful entrepreneurs are: Having passion for the business, having a focus on product/customer, having a tenacity despite failure and having execution intelligence.

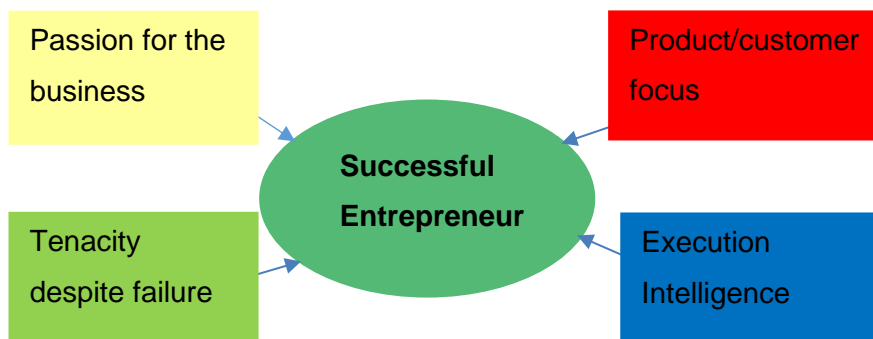


Figure 2. Four primary characteristics of successful entrepreneurs (Barringer and Ireland 2010, 33)

2.1.1 Passion for the Business

This the number one characteristic shared by successful entrepreneurs, whether it is in the context of a new firm or an existing business. According to Kaplan and Warren (2007, 13) entrepreneurs passionately seek new opportunities and are always looking for the chance to profit from change and disruption in the way business is done. The passion typi-

cally stems from the entrepreneur's belief that the business will positively influence people's lives. This passion explains why people leave secure jobs to start their own firms and why billionaires such as Bill gates of Microsoft, Michael Dell of Dell Inc., and Larry Page and Sergey Brin of Google continue working after they are financially secure. They strongly believe that the product or service they are selling makes a difference in people's lives and makes the world a better place to live in. Passion is the reason why many start-ups do so well despite stiff competition. Business owners are willing to work long hours and commit themselves passionately to see a business succeed. Passion is particularly important for entrepreneurs because, although rewarding, the process of starting and building a new firm is very demanding.

Entrepreneurship isn't for the person who is only partially committed (Barringer and Ireland 2010, 34). Passion is your drive, ambition and the love of what you do and who you serve. It provides you with a very special view of the world that others often don't see. Mask Clate (2019) addresses that every successful small-business owner and entrepreneur must have a passion that drives them forward—a core belief that keeps them pressing on, even though others don't have the same vision.

Barringer and Ireland (2010, 35) cautions that, while entrepreneurs should have passion, they should not wear rose-coloured glasses. It would be a mistake to believe that all one needs is passion and anything is possible. It is important to be enthusiastic about a business idea, but it is also important to understand its potential flaws and risks. They continue to emphasize that; entrepreneurs should understand that the most effective business ideas take hold when their passion is consistent with their skills and is in the area that represents a legitimate business opportunity.

2.1.2 Product/Customer Focus

This a characteristic that is exemplified by Steve Jobs, the cofounder of Apple Inc., who wrote. "The computer is the most remarkable tool we've ever built.... but the most important thing is to get them in the hands of as many people as possible." The two most important elements in any business are products and customers. While it's important to think about management, marketing, finance and the like, none of those functions makes any difference if a firm does not have good products with the capability to satisfy customers. (Barringer and Ireland 2010, 36.)

Study moose (2014-2019) also supports that an entrepreneur with a product/customer focus is one that clearly understands the needs and wants of their customers and thereby

producing and developing products that enhance people's lives. This is because without customers and a product that appeals to these customers, the business would go nowhere. A business without good quality product or service would not satisfy wants and needs of customers which would lead to failure of the business. Therefore, by creating products/services that meet the needs of customers, customers are more inclined to buy and as a result, profits are made and thus a successful entrepreneur. Customers play an important role in a business because they determine whether the business booms or busts.

2.1.3 Tenacity Despite Failure

Barringer and Ireland (2010, 36) argue that Tenacity Despite Failure is also an important characteristic of an entrepreneur and they state that the failure rate associated with an entrepreneurs' efforts are high. The process of developing a new business is somewhat like what scientists' experiences in the laboratory. Developing a new business idea may require a certain degree of experimentation before a success is attained. Setbacks and failures inevitably occur during this process. The litmus test for entrepreneurs is their ability to persevere through setbacks and failures. In some instances, tenacity is important because it shows a potential customer the degree of commitment that an entrepreneur has to a new product or service. (Barringer and Ireland 2010, 37.)

Dowling (2018) states that entrepreneurs succeed in proportion to the number of problems they solve. Entrepreneurship doesn't require you to have a higher IQ than 95 percent of people, you just need more tenacity than 95 percent of the people. Albert Einstein famously said that there was nothing so remarkable about him except for his curiosity, which is another word for tenacity. Tenacity is the thread that binds all innovators, entrepreneurs and problem solvers to one another. (Dowling 2018. Entrepreneur media.)

2.1.4 Execution Intelligence

This is described by Barringer and Ireland (2010,3) as a key characteristic because it's the key in turning a business idea to a business that is up and running. Rob Adams, a senior partner in AV Labs, calls this ability Execution Intelligence. This is the factor that determines whether a start is successful or a failure. An ancient Chinese saying warns, "To open a business is very easy; to keep it open is very difficult." The ability to effectively execute a business idea means developing the start-up. All sorts of people have ideas for new businesses all the time. Some of these ideas, no doubt, have the potential to be great

businesses. But it is only the true entrepreneur who will take an idea and build a business around it. The secret of success is far more than having the passion, it is having the energy, nerve and commitment to build the business (Barrow, C., Burke, G., Molian. D., Brown, R.2005, 16). Jeff Bezos, the founder of Amazon.com, once said “Ideas are easy. It’s execution that’s hard”. Execution intelligence is the ability to convert ideas and plans into action.

2.2 Developing a Finance Driven Business Idea

Kaplan and Warren (2007, 33) emphasize that the first step for any entrepreneur is to generate an idea for a new business. The entrepreneur must then assess the opportunities available for putting the idea into practice. Is this something that has been overdone? Or has it been executed poorly in the past? In short, is the idea a potential dead-end, a niche on an existing opportunity, or an entirely unexplored chance to create a business. In the case of Bivet Services organizing company, the idea is grouped as a niche on an existing opportunity because it has been done and illustrated widely by Marie Kondo worldwide (konmari 2019.) Nevertheless, in Finland, it has not been fully explored because it has not been largely implemented as a form of business. There is a great opportunity to transform the idea into a business.

Finance plays a big part when choosing the type of business idea because if one doesn’t have the capital needed for starting the business they intend to; the idea can end up being unsuccessful regardless of how good it may sound. The idea is therefore dependant on the funds available to start. Therefore, one should put into consideration which financial path to take. The other aspect of finance when choosing the business idea is to evaluate whether it’s a product or service that customers are willing to pay for. I agree with Fizzle.co that even if you make something people want, your business could still fail if your customers aren’t willing or able to pay for your product or service. Some ways to find out whether customers will pay are such as: pre-sell your product or service, look for evidence that people are already paying for similar solutions and by talking to customers and ask what they would be willing to pay. Financial projection and calculations need to be done in order to decide whether to continue with the business idea. (Fizzle.co, 2019.)

There are many sources for business ideas. The internet has made idea searching much faster and broader, and it also makes it easy to check whether an idea has already been discovered and transformed into a business. Therefore, when a business idea is identified, it is also as important to determine if a specific idea is a good business opportunity and whether there is enough funding for the business idea. Barringer (2015, 39) points up

that many new businesses fail, not because the founders didn't work hard or weren't committed, but because the idea wasn't a good one to begin with. The best business ideas occur to entrepreneurs who are curious and alert, know where to look for ideas, and are willing to subject their ideas to scrutiny and inspection.

2.2.1 Opportunity as a Driving Force to Successful Business Ideas

Essentially, entrepreneurs recognize an opportunity and turn it into a successful business. One effective way to do this is to write a vision statement for the start-up, to define the goal of the business and the opportunity that one is seeking to capture (Barrow, C., Burke, G., Molian. D., Brown, R.2005, 35). Some firms are externally stimulated meaning, an entrepreneur decides to launch a firm, searches and recognizes an opportunity. Other firms are internally stimulated meaning (as I the case of Bivet Services), an entrepreneur recognizes a problem or an opportunity gap and creates a business to fill it (Barringer and Ireland 2010, 66). Bivet Services' idea came about because of my enthusiasm to tidy and declutter.

The best way to confirm whether the product or service to be sold is opportunity driven, is to research and find out what product or service that customers need, would be interested in and will be happy to pay for, not only the entrepreneur wants to make money from but rather a problem they would be interested to solve. The figure below illustrates four essential qualities of an opportunity.

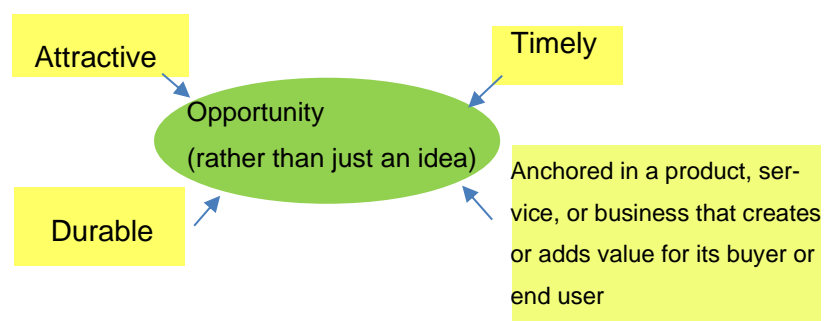


Figure 3. Four essential qualities of an opportunity (Barringer and Ireland 2010, 67)

An opportunity has four essential qualities: It is attractive, durable, timely, and anchored in a product, service, or business that creates or adds value for its buyer or end user. For an entrepreneur to capitalize on an opportunity, its window of opportunity must be open. Window of opportunity is a metaphor describing the time period in which a firm can realistically enter a new market. There is a difference between an opportunity and an idea. An

idea is a thought, an impression, or a notion. An idea may or may not meet the criteria of an opportunity. Before getting excited about a business idea, it is crucial to understand whether the idea fills a need and meets the criteria for an opportunity. (Barringer and Ireland 2010, 67.)

Barringer (2015, 40) suggests that there are three common ways to identify an opportunity and stresses that, when creating an effective business plan, it is important to select an idea that fills a need and provides unique value to the customer. If a new business provides a product or service that's merely a different version of something that's already available, it has a tough road ahead. It's hard to get people to change their habits or behaviours and switch from a product that they're currently using to a new one, even if the new product is better or less expensive. Instead, the most successful new business ideas add value in a unique or compelling way by capitalizing on one of the three sources of business ideas shown on the figure below.

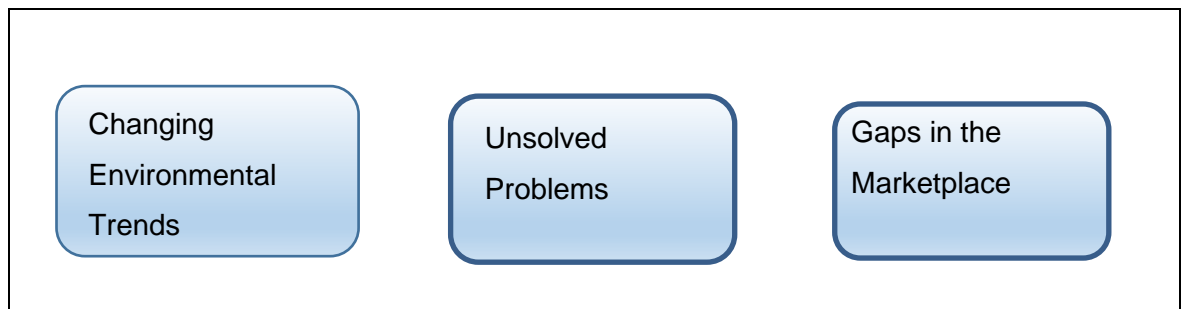


Figure 4. Three sources of new business ideas (Barringer 2015, 41)

Economic Trends

The most important trends to follow are economic trends, social trends, technological advances, and political action and regulatory changes. We live in a world where technology is changing quickly. Watching cost and performance trends particularly where they begin to intersect can give rise to whole new business opportunity. (Kaplan and Warren 2007, 28.)

I agree with Barringer and Ireland (2010, 70) that understanding of economic trends acts as a guideline in knowing when and where to start new business and when to wait for the right opportunity. There are some business models that do better when the economy is stable than others and this is very important to put in consideration. When the economy is strong, people have more money to spend and are willing to buy discretionary products

and services that enhance their lives. In contrast, when the economy is weak, not only do people have less money to spend, but they are typically more reluctant to spend the money they have, fearing the economy may become even worse. It is wise to evaluate the economy's stability when choosing the most appropriate time to roll out.

Paradoxically, a weak economy provides business opportunities for start-ups that help consumers save money. Understanding of economic trends can also help identify areas to avoid, for instance which kind of business to start at a certain time. (Barringer and Ireland 2010, 70.)

Unsolved Problems

Bivet Services views the problem of people being unable to get rid of clutter in their homes as an opportunity and a business is formed through the solution it gives. It will help people sort, declutter and tidy and by so doing be able to solve the problem that looked and felt impossible. Some problems are solved by entrepreneurs who frame a problem differently than it's been thought of before, and then propose an appropriate solution. The solution is often easier and less expensive than traditional fixes. (Barringer and Ireland 2010, 73-74.)

Entrepreneurs are quick to notice inefficiencies, inconveniences, and other forms of "points of pain" and to use these to build a new business opportunity. In this approach, one identifies opportunities by recognizing problems and finding ways to solve them. The problems can be recognized by observing the challenges that people encounter in their daily lives; through their jobs, hobbies, or everyday activities. There are many problems that have yet to be solved. Philip Kotler, a marketing expert, said: Look for problems. People complain about it being hard to sleep through the night, get rid of cluttering in their homes, find an affordable vacation, trace their family origins, get rid of garden weeds, and so on." Every problem is a brilliantly disguised opportunity." Many companies have been started by people who have experienced a problem in their own lives, and the realized that the solution to the problem represented a business opportunity. (Kaplan and Warren 2007, 29.)

2.2.2 Profitability as the Driving Force to Successful Business Ideas

Profitability is clearly important for nearly all businesses and far a great influencer to successful business ideas. At the simplest level, profit is one of the essential reasons that a business exists. Moreover, a business needs to make enough profit, or return, in order to give a good return to shareholders bearing in mind the risk they are taking. If the returns are less than bank interest rates, for example, then the shareholders will not be happy.

Enough profit allows the business to grow and keeps the real value of the original capital intact after allowing for inflation. (Barrow, C., Burke, G., Molian. D., Brown, R. 2005, 117-118.)

Most businesses do lose money initially because entrepreneurs must spend money to set up operations and advertise to attract customers. If the business cannot make a profit and generate cash, eventually the entrepreneur will be unable to pay bills and will have to close (Mariotti and Glackin 2012, 23). It is vital to establish the financial viability of an idea before investing money in it or approaching outsiders for backing (Barrow, C., Burke, G., Molian. D., Brown, R. 2005, 79). There is need to carry out a thorough, workmanlike appraisal of the business's financial requirements. If these come out as unworkable, one can then rethink, without having lost anything.

Break-Even Profit Point

Break-even point is the stage when a business starts to make a profit. Identifying the break-even point may sound simple, nevertheless, many businesses, both early stage and more mature, fail to use this important and powerful idea. The higher the fixed costs, the longer it usually takes to reach break-even point and profitability. Time is not usually on the side of the new business; it must become profitable relatively quickly or it will run out of money and die also known as Valley of death. Zwilling (2013) defines "valley of death" as the period of difficulty when covering the negative cash flow in the early stages of a start-up. Break-even analysis is a tool for combining fixed assets, variable costs and sales volume so that you can calculate when you are likely to start making money. The Break-Even point is the stage at which a business starts to make a profit. That is when the sales revenue begins to exceed both the fixed and variable costs (Barrow, C., Burke, G., Molian. D., Brown, R. 2005, 83-84). Drafted below is the formula for calculating Break-Even Profit Point.

$$\text{Break-Even Profit Point (BEPP)} = \frac{\text{Fixed costs}}{\text{Selling price} - \text{unit variable costs}}$$

2.3 Funding a Business Start-up

I agree with Zwilling Martin (enterprenuer.com), that people can get discouraged to launch good ideas just thinking of where to get the capital. The realization that nobody is waiting on the wings to throw money at you just because you have a new and exciting business idea is very real. Money is needed when starting a business because there are operations

than need to be catered for and paid. The amount needed differs from one business to the next. For example, a business that specializes on products will need enough capital to cater for the stock and therefore might need more money at the initial phase as compared to a cleaning service business start-up.

An entrepreneur will have to use some of their own savings to buy equipment, and materials, and to acquire suitable premises. Where savings are insufficient it is necessary to seek external funds. This might be in form of borrowing money from a bank or alternatively, the entrepreneur might choose to combine with another person in either a partnership or a company. Whatever the source, finance will be required at the start-up stage of a business (Jewell, B.R. 1996, 372). Cash flow projections will provide a good idea of how much money the business will need, when it is required and for how long. A start-up business can also use a mixture of funds from a variety of sources to get off the ground and underway. The range of funds used could include, the founder's own money, cash from friends, business angels, money in kind of supplies, and bank facilities (Barrow, C., Burke, G., Molian. D., Brown, R.2005, 91 & 98). It all depends of the type of business and the requirements for starting the business.

A business plan may look very professional, showing that you have a high probability of making exceptional returns, but it will not fall at the first hurdle if the funding requirements have not been properly thought out and communicated to potential lenders and investors (Barrow, C., Barrow, P., Brown, R., 2012, 244). Anyone lending money or investing in a venture will expect the enterprise to have given some thought to his or her needs, and to have explained how these can be accommodated in the business plan. Bankers, and indeed any other sources of debt capital, are looking for asset security to back their loan and the near certainty of getting their money back. As new or fast-growing businesses generally do not make immediate profits, money for such enterprises must come from elsewhere (Barrow, C., Barrow, P., Brown, R., 2012, xviii-xix). There are many sources of funds available to independent businesses. However, not all of them are always equally appropriate to all firms. These different sources of finance carry very different obligations, responsibilities and opportunities for profitable business (Barrow, C., Barrow, P., Brown, R., 2012, 245). Below are some possible means of financing a business.

2.3.1 Personal Funds, Friends, Family and Angel Investors

Personal funds through personal savings would be one of the easiest and most convenient way of starting a business. Although not many entrepreneurs have a saved-up capital beforehand. The opportunities for gifts and grants to businesses do exist. However, both must be pursued with caution because gifts may come with strings attached and grants

may have specific requirements. Friends and family are another source of funds for many new ventures. For example, Cisco Systems, the giant producer of internet routers and switches, started in the house of one of its cofounder's parents (Barringer, R., B., Ireland, R, D. 2019, 376). Hakobyan, M. (2020) supports that borrowing money from friends and family is a classic way to start a business because family and friends often believe in a person's dream. Angel investors, Wealthy private individuals who are interested in investing in entrepreneurial ventures for a variety of reason, from friendship to a desire to support entrepreneurship in each field. Bill Gates, for example, has invested in several biotechnology start-ups because of such an interest (Mariotti and Glackin 2012, 414). Bootstrapping which is funding through creativity and cost cutting.

2.3.2 Debt Financing

Debt financing is getting a loan and the most common sources of debt are commercial banks and Small Business Administration guaranteed loans. Some banks specifically offer loans to small businesses, but banks historically are careful about giving money to small companies. It can be difficult to qualify (Hakobyan, M., 2020). Bank overdrafts are the most common type of short-term finance. They are simple to arrange, flexible and with no minimum level. Sums of money can be drawn or repaid within the total amount agreed. They are relatively cheap, with interest paid only on the outstanding daily balance (Barrow, C., Burke, G., Molian. D., Brown, R. 2005, 93). However, overdrafts are theoretically payable on demand so they should not be used to finance long-term needs. In Finland, commercial banks are responsible for granting and financing loans. Finnvera is a special financing company that funds enterprises which require funds less than 50,000€. In addition, Finnvera can provide a loan guarantee for company which has been registered for less than three years.

Long-term debt finance could cover periods of up to 3, 10 Or 20 years. They are usually secured against an existing fixed asset or one to be acquired or are guaranteed. The interest rates on the loan can either be fixed for a term or variable with the prevailing interest rate (Barrow, C., Burke, G., Molian. D., Brown, R. 2005, 93).

2.3.3 Share Capital

Companies issue shares primarily to raise finance. The amount of money that can be raised in this way is limited to the authorised capital of the company. This will be stated in the capital clause of the memorandum of Association and in the statement of authorised

capital. For example, it might be stated that the nominal capital is 100,000€ divided into 100,000 shares at 1€ each. Shares can be issued up to this amount although the company may also choose to issue fewer shares than the authorized amount. Where the issue capital is less than that authorised, a further issue is possible without further authorisation. Once the issue capital is equal to the authorised capital, however, no further issues are permitted unless the memorandum of Association is amended-after approval by existing shareholders. (Jewell, B.R. 1996, 376.)

A company that does not require the whole of the finance from a share issue immediately can allow purchasers of shares to pay instalments. When additional capital is required, further calls will be made on shareholders, up to the point where shares are fully paid. If the company is forced into liquidation, shareholders who have not fully paid for the shares will be required to make contribution up to the full nominal value of shares. When shares are fully paid up, no further claim can be made on shareholder. (Jewell, B.R. 1996, 376.)

2.3.4 Start-up Grant for Entrepreneurs in Finland

Finland offers start-up grants to entrepreneurs who intend to establish businesses and run them on a full-time basis. The allowance granted enables the entrepreneur to establish the business and acts as a financial support while at the initial phase of the start-up. This makes it earlier for the person starting because a business takes time before it can start to generate enough money that can be used in running it. Finland supports an entrepreneur with the start-up grant allowance for 12 months and the fixed period can vary depending on the entrepreneurs' starting date. The 12 months allowance is given in two periods and the first period last six months, thereafter the entrepreneur can apply for an additional six months period. The entrepreneur can apply for a start-up grant if they meet the requirements and they must attach a business plan together with profitability calculations as illustrated in (appendix 1 and appendix 5) respectively. The start-up grant money that is paid is accounted for five days maximum per week and it is taxable income for all entrepreneurs. Bivet Services company will use start-up grant as funding for the start-up. (Finnish Enterprise Agencies 2019, 23.)

There are conditions for granting support and the entrepreneur must ensure that the appropriate requirements are met.

Table 2. Eligibility and Conditions for a Start-up Grant (TE Services 2020)

Eligibility and Conditions for a Start-up Grant	
1.	One is unemployed jobseeker or a part-time entrepreneur planning to become a full-time entrepreneur
2.	The future business activities are, by nature, full-time and permanent.
3.	The applicant has enough skills, training and work experience in the field.
4.	Enough capabilities for becoming an entrepreneur: experience or suitable training for entrepreneurship.
5.	The business plan and the calculations are ready, and they have been estimated to be profitable (by the nearest Enterprise Agency, for instance).
6.	Financing, business premises, permits and the equivalent are already known; the applicant must have all the prerequisites for setting up a company and launching business operations.

There are conditions that could result to the start-up grant being denied and therefore the entrepreneur must adhere to those rules as well.

Table 3. Conditions for Denying a Startup Grant (TE Services 2020)

The Start-up Grant will not be Granted if	
1.	The applicant's full-time entrepreneurship has started before the decision on the start-up has been made.
2.	The entrepreneurship provides a reasonable livelihood straight away. The financial risks are very low.
3.	You have other income, including salary, student allowance, parental allowance, pensions.
4.	Non-trivial tax debts or payment defaults.

2.3.5 Start-up Grant Back-up Plan

These are other funding sources that Bivet Services must keep into consideration. In Finland, an entrepreneur who has met the criteria and has been offered start-up grant can enjoy access to the support for six months. After the six months if the business is not able to financially support itself, an extension for another six months is granted. After 12 months of support, TE office is not able to continue supporting the start-up and therefore

the entrepreneur must seek for an alternative source of financial support for the start-up. Below are some other financial funding sources that an entrepreneur can consider.

Equity Versus Debt Financing

Equity means that, in return for money, an investor will receive a percentage of ownership in a company. For example, for the 1200 € investment, an equity investor might want 10 percent ownership of the company, which would mean 10 percent of the business's profits. Anita Roddick, founder of The Body Shop, turned to investor financing because borrowing was not an option for her. Her friend McGlenn's offered to give her the equivalent of \$7500 in exchange for half the business and Roddick accepted and used the money to open her second store. McGlenn's share of The Body Shop came to be worth over \$240 million, a dramatic return on investment. (Mariotti and Glackin 2012, 401-407.)

Debt Financing is when one must borrow money from a bank, people or other institutions in order to start a business. However, one challenge of debt financing is to determine what type loan to pursue. Debt Financing comes in many forms, with widely varying repayment and qualification terms.

The equity investor assumes greater risk than the debt lender. If the business does not make a profit, neither does the investor while in case of debt, loan payments are predictable and do not change with the fortunes of the business. The equity investor cannot force the business into bankruptcy in order to recoup the investment while in case of debt, the lender can force the business into bankruptcy if loan payments are not made. The investor cannot take possessions of the owner to settle a debt in case of default while in case of debt the lender can take the home and possessions of the owner. The equity investor has an interest in seeing the business succeed and may offer helpful advice and provide valuable contacts unlike the lender because they do not share in the business's profits. There are no required regular payments in the form of principal or interest while in the case of debt there is interest to be paid. (Mariotti and Glackin 2012, 405-407.)

The lender has no say in the management or direction of the business while even with small amounts of equity, investors may interfere with the business via unsolicited advice or continuous inquiries. The above comparison brings out equity financing more favourable for a sole trader and Bivet Services would consider it in the future as opposed to loan financing.

Venture Capital

Venture capital involves the sale of equity or a share in a business to a venture capital fund, another business organization or a wealthy individual. The venture capitalist buys an equity share in an unquoted company with high growth potential. This involves risk in that as an equity shareholder the venture capitalist is part-owner of the company. Venture capitalists are not looking for permanent involvement in the company. Instead they seek to invest in growing business which I expected to provide substantial capital gain over a period of between two and seven years. Venture capital is often associated with two other developments of recent decades. Venture capitalists seek profitable investment in a fast-growing business for a period between two to seven years. At the end of this period they will seek an exit by selling their equity share. The exit is only available from a successful business. Consequently, venture capitalists are not interested in either slow-growing businesses or those with low profit potential. Venture capital is possible source of funds for an entrepreneurial business. (Jewell, B.R. 1996, 378.)

According to Jewell (1996) the providers of venture capital are wealthy individuals seeking a profitable investment and some involvement in a growing company may be willing to provide venture capital. Encouragement was provided by the Business Expansion Scheme, which provided tax relief to individuals who invested in qualifying companies. Business Expansion Scheme played a major part in fostering the venture capital industry but has now phased out. The private investor and the firm seeking funds will make contact through advisors, stockbrokers, accountants and solicitors, or through two specialist points of contact. Venture Capital Report is a monthly magazine providing detailed accounts suitable for investment. Local Investment Networking Company is an introduction service, linking investors with businesses that require growth and start-up capital. (Jewell, B.R. 1996, 379.)

2.4 Business Legal Forms

The Finnish Trade Act and the Finnish Company Names Act determine the formalities needed for establishing new businesses. There is various classification of the forms of enterprise. A private trader is a person who is the only owner of a firm. Two or more people, either natural or legal, may form a general partnership. Each partner has unlimited liability for the debts of the business. A limited partnership is a partnership in which some partners have only limited liability for the debts of the partnership. A private limited company by shares is usually, though not necessarily, owned by many shareholders and the liability of any shareholder is limited to the amount he/she has invested. A public limited company by

shares differs from private limited company because its shares are usually traded on the stock market. (Surakka, A. 2005, 86.)

Most businesses, no matter how humble their beginnings, have the potential to grow into much larger ventures, so it is important that founders think through every step of the company's development (Mariotti and Glackin 2012, 433). How the entrepreneur organizes the company, such as the legal structure chosen, the relationships developed with suppliers, the work force hired, will all have impact on the ability and potential of the business to grow.

Private enterprise firms conform to one of the three forms: sole trader, partnership and limited liability. Finland conforms to the same with addition to cooperative. The choice of legal form will be influenced by the financial needs of the business, considerations of the owner's liability and the degree of personal control sought by the founder of the business (Jewell, B.R. 1996). It is very important to think through while choosing the most suitable form of business and advisory experts can also help in making the right decision. This study will mainly focus on the Sole trader, partnership, company limited by shares and limited liability company. (Jewell, B.R. 1996, 39-41.)

2.4.1 Sole Trader

Bivet Services will use this form of business. Meigs, R., Williams, J., Haka, S., Bettner, M. (1999, 234) describe this form of business as one that is owned by one person and they add that, this form of business organization is the most common because it is easy to start. In this form of business organization one person provides the permanent finance and, in return, retains full control of the business and enjoys all the profits. It is possible and likely that the sole trader will eventually employ others as wage earners but the distinctive feature of this form of business is that there is a single owner. However, just as the sole trader enjoys all the profits, he or she is personally liable for all debts and all the decisions made. (Jewell, B. 1996, 39.)

There are no other legal requirements when establishing a sole trader business except in a minority of trades which have the potential for causing a nuisance to others. Legally the business and its sole trader are inseparable. This means that the owner is responsible for all debts, is taxed in the same way as an individual would through income tax and must pay National Insurance contributions as a self-employed person. The trader is required to submit accounts to the income tax and expenditure taxes. In relation to expenditure taxes, all businesses must register for VAT. (Jewell, B. 1996, 40.)

Benefits of a Sole Trader

It is likely that the tax liability of a new and small sole trader will be lower than if the trader established a company. Furthermore, as a simple form of organization, accountancy fees are likely to be lower than if the business was established as a company. The sole trader enjoys freedom, flexibility and personal satisfaction. The sole trader is entitled to secrecy because there is no need to disclose business affairs, except to the tax authorities or creditors when seeking loans (Jewell, B. 1996, 40). In addition, the sole trader has personal control with no requirement to consult and has personal contact with staff and customers.

Ease of Formation has been the greatest attraction and motivator of Bivet Services service business choosing this legal form (Meigs, R., Williams, J., Haka, S., Bettner, M.1999, 234). The business assets belong to the trader and not the business, and because the business is not a legal entity, it cannot own property. The trader can therefore transfer assets in or out as they may please. This form of business is without a Managing director or Board of directors and audits are not needed. This form of business organization is suitable for an entrepreneur who is about to begin and establish a start-up.

2.4.2 Partnership

Jewell (1996, 40) defines a partnership as the relationship which subsists between persons carrying a business in common with a view to profit. A partnership is an association of individuals and is not a legal entity. Consequently, it cannot sue or be sued in its own name but instead each of the partners must be named. Each partner is responsible for the debts of the partnership. It is vital before entering a partnership to be sure of your partner and to take a legal advice in drawing up a partnership contract (Barrow, Burke, Molian, Brown 2005, 103). The contract should ensure the following details and agreement.

First and Foremost, profit sharing, responsibilities and duration, this should specify how profit and losses are to be shared, and who is to carry out which tasks. It should also set limits on partners' monthly drawings, and on how long the partnership itself is to last. Secondly, the voting rights and policy decisions, all partners should have equal voting rights unless stated otherwise (Barrow, Burke, Molian, Brown 2005, 103-104). Thirdly, time off should be agreed on to ensure that every partner is entitled to his share of the profits even when ill or on holiday. Guidelines on the length and frequency of holidays should be stated as well as absenteeism especially if there are other reasons involved. Fourthly, withdrawing capital, it must be decided how each partner's share of the capital of the business will be valued in the event of any partner leaving or the partnership being dissolved.

Lastly, accountancy procedure, it may be prudent to agree on satisfactory standard of accounting and have a firm of accountants to carry out that work.

2.4.3 Company Limited by Shares

Upcounsel (2020) defines company limited by shares as a company that has the liability of the members limited by such an amount that is unpaid on their respectively held shares. This refers to the liability of the shareholders to the creditors of the business for the money that was invested originally. The shareholder must meet the debts of the company only to the extent that is unpaid on his shares and no separate property can be used to meet the debt. A company that is limited by shares will divide the share capital into fixed amount shares that can then be issued to shareholders and subsequently become company owners. A company limited by shares can be financed using loans, equity and grants.

The company finances are separate from the owner's own assets. They are taxed separately. A company will own all the profits and pay the taxes. Provide the dividends to shareholders and keeps the rest to use for working capital. The director can withdraw money for a salary, dividend payment, or alone only. All profits that the company makes can be kept after tax payment. All company finances must be separated from any personal finances to prevent any confusion. (Upcounsel 2020.) There is a distinction between a private limited company by shares and public limited company by shares. A private limited company is formed to collect resources from several investors. Despite that, only one natural or artificial person is necessary for establishing a private limited company. A public limited company mainly differs from private limited company mainly in relation to openness. The shares of any public company can be traded on the Stock Exchange if the company is listed. (Surakka, A. 2005, 88 & 91.)

2.4.4 Limited Liability Company and Comparison to Sole Trader

Limited liability companies differ from partnerships in that the act of incorporation creates a new legal entity distinct from the shareholders who own the company. Shareholders enjoy the privilege of limited liability, which means that they are liable to meet the debts of the business only to the extent that they have invested in the business. The limited liability reduces the risks of business. In fact, limited liability transfers the risk from the owners to creditors of the business. The greater risks now incurred by creditors provide the rationale for the greater scrutiny of companies. (Jewell, B. 1996, 41.)

The main distinction between a Limited liability company and a sole trader is that it has legal identity of its own separate from the owner. This means, in the event of liquidation, creditors' claims are restricted to the assets of the company. The shareholders are not usually liable as individuals for the business debts beyond the paid-up of their shares. Other advantages for limited companies include the freedom to raise capital by selling shares and certain tax advantages. The disadvantages include the legal requirements for the company's account to be audited and for certain records of the business trading activities to be filed annually in a manner that provides access to the general public. A Limited liability company can be formed by two shareholders, one of whom must be a director. A company secretary must also be appointed, who can be a shareholder, director, or an outside person such as an accountant. (Barrow, C., Burke, G., Molian. D., Brown, R. 2005, 105-106.)

Table 4. Pros and cons of Sole Trader and Limited liability company (Barrow, Burke, Molian, Brown 2005, 107)

Legal Form	Advantages	Disadvantages
Sole Trader	Can start trading immediately Minimum formalities No set-up costs No audit fees No public disclosure of trading information.	Unlimited personal liability for trading debts No access to equity capital Low status public image When you die, so does the business.
Limited liability company	Shareholders' liabilities restricted to nominal value of shares Possible to raise equity capital High status public image The business has a legal status of its own and continues with or without the founder.	Audit required if the turnover exceeds a certain figure Trading information must be disclosed Suppliers, landlords and banks will probably still insist on personal guarantees from directors Can't start trading until you have a certificate of incorporation.

2.5 Bookkeeping and Financial Statements for an Entrepreneurship

The aim of the business is to make a profit and to ensure it remains in operation for the long term. To achieve these aims, the entrepreneur must practice sound management techniques. Book-keeping is the process of recording the financial effect of business transactions through maintaining accounts and preparing reports (Wood and Robinson

2013, 2 & 6). The sole trader should be personally involved because this makes them aware of what is going on in the business. (Pinson 2014, 1.)

2.5.1 Bookkeeping

In Finland all businesses must keep accounts. Pinson (2014) emphasizes that bookkeeping is imperative if an entrepreneur is going to succeed with the business. Bookkeeping makes it possible to tell what is happening in a business; to distinguish which areas are productive and cost effective and which will require the implementation of changes. Bookkeeping also provides the entrepreneur with income tax information that can easily be retrieved and verified. When entrepreneurs do their own bookkeeping, they will be aware of what is going on in the business and will save them money that can be used to benefit their business in other areas. Even if time will not allow the entrepreneur to do their own books and they assign the task to an accountant, it will be major benefit that they make every attempt to understand how their records are organized and to learn how to read and use them to make decisions in your business (Pinson 2014, 1).

In Finland entrepreneurs are encouraged to out-source their bookkeeping so they can utilize their time in increasing their revenue. There is the possibility of paying for the service to an accounting firm in order to have a bookkeeper assist with the greater decisions. Both the accountant and the entrepreneur should clearly agree on the tasks to be done and how they should be divided as well as how the bookkeeping materials will be delivered. It is important that all that is agreed upon to be put into writing in form of an agreement for both parties and signed for future reference. (Pinson 2014, 2.)

Pinson (2014) suggests that the process of handing the materials for bookkeeping should be easy and if possible automatic. In the case where the accountant is using the same software as the entrepreneur, the information shouldn't be sent separately and the receipts for the bookkeeping don't need to be entered twice. By so doing, the work of the bookkeeper is reduced, and the books are up to date. In the case where the accountant and the entrepreneur use different software, the material can be sent as summary of the receipts or copies. Thus, also defining the role of the accountant and the entrepreneur.

Accounting system starting with the source documents that are used initially to enter a transaction in the books of the account (Wood, F., Robinson, S. 2013). The accounting information stored can in electronic form or paper form. Financial Management systems are tools that assist entrepreneurs in compiling the accounting data. In addition, this software helps entrepreneurs to send invoices in electronic format. There are many accounting

software programs on the market today, in the start-up stage of the business, few spreadsheets can be enough to do the reporting. (Pinson 2014, 2.)

Businesses operate on a 12-month cycle, which may be the same as the calendar year January to December or perhaps the same as the tax year which runs from 6 April to 5 April of the following year. Alternatively, some businesses operate from the date the business first began, for example 1 September of one year to 31 August of the following year. During the 12-month period the business receives many documents of a financial nature that must be entered in the books of account using either a manual or a computerized system. At the end of each month the books are usually "balance off" and a trial balance drawn up from which the financial statements may be prepared (Wood and Robinson 2013, 10). Also, at the end of each month, outstanding accounts are usually settled, wages and salaries paid, and monies received during the month are all recorded.

Wood and Robinson (2013), state that if organization uses a computerized system of accounting then, at the end of each month, a great deal of useful information can also be obtained such as the amount of money outstanding each month and the length of time the debt has been owing, and the amount of money that the organization owes. Other financial information is also available that enables management to carry out an appraisal of the business, to budget and to forward plan. While this information is also available using a manual system of bookkeeping it is not as readily available or as easily reformatted and processed as the information from a computerized system. (Wood and Robinson 2013, 10.)

2.5.2 Financial Statements

Financial Statements show past and projected finances. It is usual for the financial statements of a business to be prepared on an annual basis since they are required for taxation purposes and for the use by the owners of the business. At the end of the year a trial balance is drawn up and from that and other information and adjustments the financial statements are prepared by an organisation. Financial statements are developed from general records and can be used to see the financial condition of the business and identify its strengths and weaknesses (Pinson 2014, 61). The financial statements include the income statement and the statement of financial position. The income statement shows the gross and net profits or losses made during the period. The statement of financial position indicates the financial position of the business at a point in time. As the name implies, the final accounts are the product of the recording of all the business transactions throughout

the financial year. Once prepared, they are used by the owners of the business for information, interpretation and planning purposes. (Wood and Robinson 2013, 15.)

There are two main categories of financial statements: Actual performance and Pro forma financial statement. Actual performance financial statements reflect the past performance of the business. When starting a new business, there is no history, However, as soon as the business has been for one accounting period, the financial information will generate two financial, both of which will prove to be invaluable for making decisions about the business. Proforma financial statements are used to predict the future profitability of a business. (Pinson 2014, 61-62.)

EXAMPLE OF FINANCIAL STATEMENT CALCULATION			
Private Trader : Cleaning Service Industry			
EXPENDITURE REQUIREMENTS	EUROS	Sources of Funding	EUROS
Start-up Registration	100,00 €	Equity	1 000,00 €
Cost of Production	1 000,00 €	Capital (shares)	
Equipments Supplies	1500,00 €	Cash	5 000,00 €
Machines	1 500,00 €	Capital (Property)	
Transportation (Car)		Small Loans	2 000,00 €
Internet and Phone	100,00 €	Loan (Capital)	
transportation (Car)	400,00 €	Commercial loans	
Marketing expenses	300,00 €	Other	2 900,00 €
Start-up Registration	1000,00 €	Loan (Banks)	
Stock	1 200,00 €		
Capital	3 000,00 €		
Reserve in Cash	800,00 €		
TOTAL	10 900,00 €	TOTAL	10 900,00 €

Figure 5. Example of a Financial statement (Thande, N. 2020)

2.5.3 Income Taxation for a Sole Trader and a Limited Liability Company

Tax is a factor that affects the cash flow for a business. Once a business begins making a profit, you will have to pay taxes on those profits, whether you have a positive cash flow. Regardless of whether a sole trader makes a profit, they must pay their own self-employed tax on the payroll wages paid to themselves (Mariotti and Glackin 2012, 390-391).

Finnish tax revenues consist mainly of income tax, value added tax and excise duties. Income tax is paid to the state. State income tax is levied on earned income of individuals. The tax on earned income is based on a progressive tax scale, which means that the percentage rate of taxation is higher for higher incomes. Income subject to tax is a taxpayer's annual income in money or having monetary value. Receipts are subject to tax unless there is an explicit provision exempting them. Earned income is any income that is not capital income and it includes, salaries, wages and earned income from business shares. (Surakka, A. 2005, 265.)

There is no tax effect for sole traders if they take money to or from the business, or transfer money to or from the business. They should set up a drawing account to keep track of amounts that are for personal use and not for business expenses. If sole traders use part of their home exclusively and regularly as the principal place of business or a place where they meet or deal with clients, or customers they can deduct the expense for that part of the home (Pinson 2014, 114). However, they cannot deduct more than they receive in gross income from its business use. The earned income for sole traders from the business is taxed as the income and based on the assets the income from the business can be divided to earned income and capital income. The entire profit gained by a sole trader is owned by the entrepreneur and is liable for the tax. The tax payment paid by sole traders contribute to their coverage under the Social Security System and it provides pension benefits (Pinson 2014, 132).

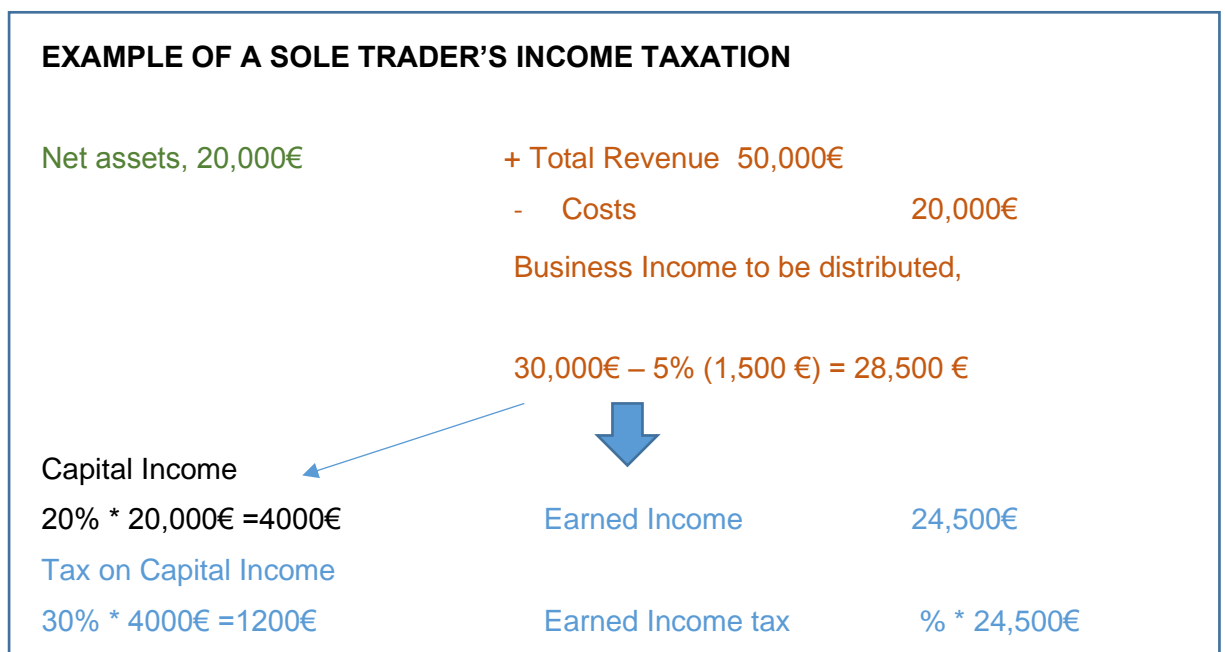


Figure 6. Example of a sole trader's income taxation (Thande, N. 2020)

A Limited Liability Company is termed as a taxpayer, the income of a shareholder of the limited liability is taxed as income that is owned by the company and that income does not

affect shareholder's taxation of an individual. 20% tax is paid from the income of a Limited Liability Company. The shareholder of a Limited liability company has the right to withdraw money in form of salary or dividends. In a Limited liability company, the drawings are not made without tax being paid (Pinson 2014,114). The profit of a company can be distributed as dividends to its shareholders. The tax to be paid on the dividends is evaluated based on the value per share of the company and how much dividend needs to be paid.

Generally, entrepreneurs must withhold income from wages they pay to employees if their wages for any payroll period are more the amount of their withholding allowances claimed for that period. The entrepreneur is required by law to deduct and withhold income tax from the salaries and wages of the employees. The entrepreneur is liable for payment of that tax whether it's collected from employees or not (Pinson 2014, 114). The figure below is an illustration of taxation of income in a Limited liability company.

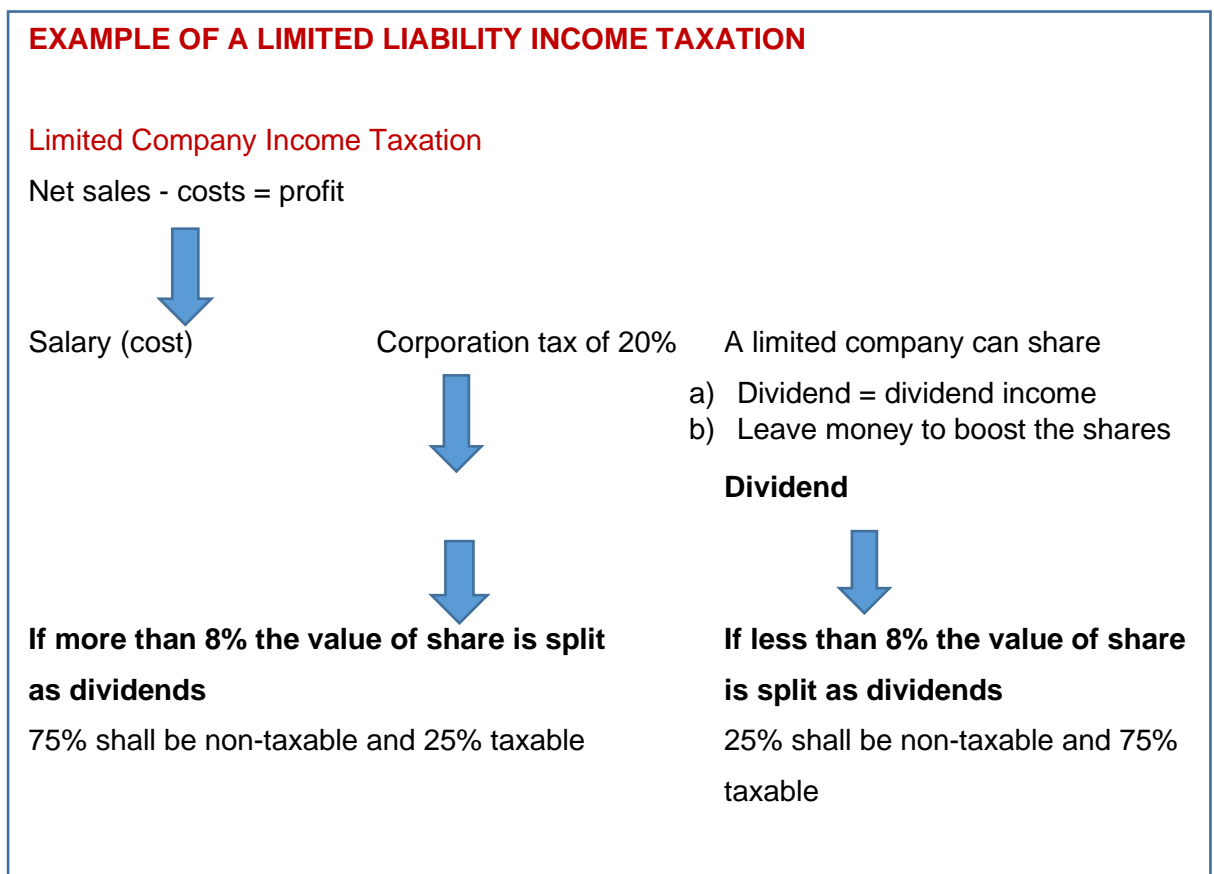


Figure 7. Example of a Limited Liability Income Taxation (Thande, N. 2020)

2.5.4 Value Added Tax

Value Added Tax is tax charged on the supply of most goods and services supplied by businesses and that exceed a certain amount of turnover (sales); such businesses must be registered for VAT (Wood and Robinson 2013, 132). The turnover threshold usually increases each year. In Finland, VAT is administered by the Finnish Tax Office. Once a business has been registered for VAT it is issued with a VAT registration number or business ID which must be quoted on all business documentation, for example invoices, sales receipts, etc. When the business makes a sale of its goods or supplies a service to a customer VAT is added to the purchase price of the goods, this is known as output VAT to the supplier and input VAT to the customer. VAT is collected by businesses usually on a quarterly basis. However, some businesses may decide to opt for reporting of VAT on an annual basis. There is also a scheme known as the flat rate scheme whereby businesses calculate VAT as a percentage of sales thereby avoiding the necessity to calculate input and output VAT on individual transactions. The scheme was designed to help small businesses and to reduce the work involved in accounting for VAT. (Wood and Robinson 2013, 132.)

EXAMPLE FOR VAT CALCULATION			
MONTHLY	INCLUDING TAX (EUROS)	NET OF TAX (EUROS)	VAT 24% (EUROS)
Sales	8 680,00 €	7 000,00 €	1 680,00 €
Purchases	2 480,00 €	2 000,00 €	480,00 €
TOTAL VAT			2 160,00 €

Figure 8. Example for VAT Calculation (Thande, N. 2020)

2.5.5 Invoicing and Debt Collection

Invoicing

Every business has the responsibility to choose how to organize their invoice procedure and how to sort the debt payment process. In Finland a customer's order is taken care of within 5 days in most companies and the customer's invoice must be delivered at most 5

days after the product or service has been delivered. The invoice payment is expected to be done within 30 days not unless there is an agreement between the seller and the buyer. Due to the variation in service businesses, this period allowed to make the payment might differ regarding with the service needed to be delivered and the time needed for the job to be completely done according to plan. Immediately the job is done the invoice should be sent as per agreed with the client. When the invoice is sent as per agreed and on time, it assures that the business is being carried out in a professional way and with great standards (Enterprise Agency 2019, 74).

The entrepreneur can make an agreement with the customer on how to deliver the invoice, there is the possibility of sending the invoice electronically, via email or through post. The appendices for the invoice must be included on the invoice before sending it. Other requirements that must be included are such as VAT, invoice information and the correct information of the client. All the requirements must be checked and verified because if the information is wrongly done, the client is not obliged to the invoice payment. The entrepreneur oversees documenting and filing the accounting statements and information for the purpose of the accounting period. (Enterprise Agency 2019, 74.)

Debt Collection

Debt collection is the process of getting the money people owe to the business. After 14 days since the customer received the service, the customer is expected to have paid off the invoice, if the customer has not paid the invoice, then the entrepreneur sends the customer a payment reminder. For consumers, there is 14-day period from the date the invoice was sent and when the invoice was due. If the customer hasn't paid the invoice, there can be an added charge on the reminder and sent to the customer 14day period from the due date. An entrepreneur must ensure the invoice regulations are put into consideration before sending them to customers. (Enterprise Agency, 2019, 74.)

Oddcoll (2020) Advices entrepreneurs that it is wise to get an agent for the debt collection service for the business. The agreement with the debt collection agency should be chosen and signed in the initial phase of the business. Debt collection agencies are responsible for representing the business in a professional way when they approach the clients concerning the debts. The advantage of using the debt collection agency is because they know the Finnish business law. Therefore, if the customer doesn't pay for the service then the entrepreneur can hand the customer to the agency to take care of the situation. (Oddcoll, 2020.)

Debt enforcement procedure

When the enforcement has commenced, the bailiff sends a notification to the debtor. The notification points out the debt and informs the debtor of the situation. The debtor may be instructed to contact the deputy bailiff. A collection letter is also sent to the debtor. The idea is that the debtor should pay voluntarily. If the debtor does not respond in a positive way, the bailiff introduces coercive enforcement. This means that an enforcement inquiry is carried out. The debtor must give information on his/her assets and income. Giving false information and concealing information during an enforcement inquiry are criminal offences. The bailiff has the right to search the debtor's premises. The old expression for this is 'the right to have doors and locks opened'. (Surakka, A. 2005, 238.)

The bailiff and the debtor may agree on a payment schedule. A distraint will be carried out but the assets are not sold. If the debtor fails to follow the payment schedule, the assets will be sold. The bailiff sells the foreclosed assets at a public auction called bailiff's auction (Surakka, A. 2005, 238). The limitation period for enforcement is either 15 or 20 years from the date the final judgement was delivered. If the debtor is a natural person, the limitation period is 15 years. The period is 20 years if s creditor is a natural person as well or if the compensation is based on an offence and the offender was sentenced to imprisonment or community service. A debt remains in existence in perpetuity, though the period of limitation restricts the length of time available for enforcement of the debt. (Surakka, A. 2005, 239.)

2.6 Business Plan

I agree with Barrow (2012, 2) that Business plans can mean very different to different people. Barringer and Ireland (2010, 136) have defined a business plan as a written statement setting out what you want to achieve, the way you expect to realize your goals and why you believe they are attainable. It should outline the structure of your business, the product or service and the customer. It should also show in what way your proposition will be different from what is already on the market. A business plan is a dual-purpose document used both inside and outside the firm. Inside the firm, the plan helps the company develop a "road map" to follow and execute its strategies and plans. Outside the firm, it introduces potential investors and other stakeholders to the business opportunity the firm is pursuing and how it plans to pursue it. A business plan will be very vital to Bivet Services because it will need financial support from TE office, and they need the business plan to evaluate the financial need and make decision on the financial grant. (Barringer and Ireland 2010, 136.)

The purpose with a business plan is to analyse the potential profitability and success of the business. The plan is not only for entrepreneur's benefit, but it is also needed if experts will evaluate the business. Potential financiers always ask for the business plan too. This business plan has been prepared using a recommended template from Finnish Enterprise Agency because they work together with the TE services that offer start-up grants for companies (Enterprise Agency 2019, 16). A well written plan also checks and evaluates the risks expected and puts them into consideration because they might affect the business in one way or another.

A business plan is a tool that helps people who intend to start a new business (Barringer, R., B., 2015, 19). Writing this business plan will help me understand different aspects of the business. It is also through writing of the business plan that I will evaluate the business idea that I have chosen whether it is good for the market. I will also be able to understand and select the suitable target market for the service offering. All that is needed to start a business in general can be closely sieved to fit those that are needed for this service business. It is through the business plan that I will identify competitors and learn how to compete successfully in the market. A good business plan gives you a clear direction to aim for, and the means to assess progress towards the achievement of objectives. (Barrow, C.,2012, 3.)

The business plan spells out the resources in terms of finance, equipment, premises and people that you will need (Barrow, C.,2012, 2). Therefore, I will know how much money is needed at the start and how to wisely allocate the money that is available. This service business will need a website and various tools that will be used in running of the business and I must ensure that the allocation of the resources is done well. The location, equipment and work force will also be spell out on the business plan.

A business plan, then, is much more than the written document itself. It is the sum of thinking, research and experience that has gone into the process behind putting the plan together (Barrow, C. 2012, 3). The business plan brings the business idea to life through the illustration of practicalities that are needed to start the business. The business plan can be a guideline whether to continue with the business idea or not. It is therefore important to have one before starting a business. Bivet Services business plan is illustrated in (Appendix 1.)

Table 5. Table of Contents -Business plan (Barringer 2015, 104)

Table of Contents	
I.	Executive Summary
II.	Company Description
III.	Industry Analysis
IV.	Market Analysis
V.	Marketing Plan
VI.	Management Team and Company Structure
VII.	Operations Plan
VIII.	Product (or Service) Design and Development Plan
IX.	Financial Projections
	Appendices

2.6.1 Elements of the Business Plan

Executive Summary

This is the first item that appears in a business plan and is a summary of the plan itself (Barringer 2015, 103). In many instances the investor will first ask for a copy of the executive summary and will request a copy of the full business plan only if the executive summary is sufficiently convincing. The executive summary gives a clear description of the business regarding what it will do and what it will offer as well as the targeted group and how it will all be executed. A SWOT analysis that gives a layout of the business's strengths, weaknesses, opportunities and threats should also be included in this section.

Company Description

Begins with the general description of the company and demonstrates to the reader that the owner knows how to translate an idea into a business (Barringer 2015, 109). The company's History, Mission and its Legal Form of business ownership should be illustrated in this section. Description of the entrepreneur's skills should also be illustrated to show that he/she is qualified for the start-up business they plan to start for safety precautions of the clients. Skills for both the entrepreneur as well as the potential employees should be valid and able to support the operations to be carried out in the business. Before hiring the employees, there should be an evaluation whether the skills and the work experience they possess matches the business model.

Industry Analysis

Describes the industry the business will enter in terms of its size, growth rate, and sales projections (Barringer and Ireland 2010, 148). It is important to focus strictly on the business's industry and not its industry and target market simultaneously. Before a business selects a target market, it should have a good grasp of its industry, including where its industry's promising areas are and where its points of vulnerability are located. An evaluation on what the new business is bringing to the industry should be conducted to know whether it's an invention or whether it's something that is existing with the competitors.

Market Analysis

Focuses on describing a firm's target market, customers, and competitors; how it will compete in the marketplace; and potential sales and market share (Barringer 2015, 143). The market analysis is an extremely important section because it helps define the nature of the business and the remainder of the plan. It usually includes; a forecast of a firm's sales, which directly impacts the size of its manufacturing operation, its marketing plan, the number of people it will need to hire, and the amount of money it will need. The market analysis also affirms that as company has a well thought out target market, it understands its customers, and can generate sales in the face of competition (Barringer 2015, 144).

Marketing Plan

This section focuses on how the business will market and sell its product or service (Barringer and Ireland 2010, 149). The best way to describe a company's marketing plan is to start by articulating its marketing strategy, positioning, and points of differentiation, and then talk about how these overall aspects of the plan will be supported by price, promotional mix and sales process, and distribution strategy. The marketing section must lay out specifically how one plans to make their target market aware of the existence of their product or service (Barringer 2015, 168). The first thing to be mindful here is, the elements of a firm's marketing plan should be developed with the customer plainly in mind. Meaning, producing a product or service that accommodates customer's needs, to knowing the amount of disposable income they have. The second thing to be mindful is to detail exactly who will sell your product or service and how the sales process will work.

Management and Organizational Structure

Describes the management team and is used to assess the strength of the people starting the firm (Barringer 2015, 189). It's believed that unless a proposed new venture has a strong management team, little else matters. The description of a firm's management team should be largely factual but should be presented in a way that makes it easy to visualize where the firm is today and where it plans to be in the foreseeable future regarding key management team personnel (Barringer 2015, 192). A brief profile of each member of the management team should be provided, starting with the founder or founders of the firm. Profiles should illustrate why everyone is qualified and will uniquely contribute to the success of the firm (Barringer 2015, 195).

Operations Plan

Outlines how the business will be run and how the product or service will be produced (Barringer 2015, 210). It mainly focuses on operating model and procedures, business location, facilities and equipment, and operations strategy and plans. A useful way to illustrate how the business will run is to first articulate the general approach to operations in terms of what's most important and what the make-or-buy issues are. While describing the firm's facilities and equipment, the most important ones should be listed first and a brief description of how they will be acquired should be shown (Barringer and Ireland 2010, 151).

Product (or Service) Design and Development Plan

This is essential while developing a completely new product or service (Barringer 2015, 221). This section includes: development status and tasks which describe the present state of the development of product or service, challenges and risks which should disclose any major anticipated design and development challenges that will be involved in bringing the product or service to the market, costs which should provide a budget for the remaining design and development work that needs to be done to bring the product or service to market and intellectual property which should describe any patents, trademarks, copyrights, or trade secrets that have been secured or planned to be secured relative to the products or services being developed (Barringer 2015, 226-227).

Financial Projections

This usually comes last because all the plans developed are taken and are expressed in financial projections (Barringer 2015, 233). The source and use of funds document should be prepared to lay out specifically how much money a firm will need, where the money will come from, and what the money will be used for. Normally, a portion of the startup funds is provided by the founders or the initial management team; a portion is contributed by an early investor such as a friend, or a family member of one of the founders (Barringer 2015, 235). If any of the funds being received will come from unusual source, you should substantiate the source of funding.

Bivet Services' business plan was created from a combination of a template recommended by the Finnish enterprise agency and a book sample. This was because, the business plan created was going to be used to seek for startup grant from TE Office in Finland. The template used, covered all the elements of a business plan as illustrated by Barringer 2015, although the formatting has been altered. I have found the format recommended by enterprise Espoo more precise and easier to follow based on a personal level of the business and that's the other reason I opted to use both versions rather than only the illustration from Barringer (2015).

3 Marketing

Marketing is the way in which an organization matches its human, financial and physical resources with the needs and wants of its customers (Kotler and Armstrong 2008, 4-5). At the heart of the relationship is what is offered by the organization: the core product or service, which must match the wants and needs of its target customers. If one company offers a closer match, this will be to the disadvantage of their competitors. The process of creating this match, however, is complex. The substance of a matching relationship and the factors which will affect it are at the heart of any organization.

A marketing plan paves the way to reach the intended goals. Burt Wood (2011, 5) defines marketing plan as a document covering a period that summarizes what the marketer has learned about the marketplace, what will be accomplished through marketing and how. She continues that, marketing planning is a process that determines how to provide value to customers, company and stakeholders through researching and analyzing the current situation.

It is important to understand that marketing, more than any other business function, deals with customers, and the twofold goal of marketing is to attract new customers by promising superior value and to keep and grow existing customers by delivering satisfaction. Therefore, the main target of marketing is satisfying customer needs (Burt Wood 2011, 5). In this chapter I will focus mainly on marketing services, financial aspect on marketing and marketing strategies that Bivet Services service company will use to bring awareness to its end users and to reach its desired customers.

3.1 Costs and Budgeting in Marketing

In a strategic marketing plan, there should be a detailed budget for the first year of the plan. The budget needs to follow the objectives. Indeed, budgets need to be related to what the whole company wants to achieve, which makes the resulting budget more likely to be realistic (Richardson, N., Gosnay, R. 2011, 140). The company should use the budget to contribute to knowing the return on marketing investment. Kotler, P. and Armstrong, G. (2008) emphasize that marketing managers must ensure that their marketing dollars are being well spent. In the past, many marketers spent freely on big, expensive marketing programs, often without thinking carefully about the financial returns on their spending. That has changed and in response, marketers are developing better measures of return on marketing investment. Return on marketing investment is the net return from a marketing investment divided by the costs of the marketing investment. It measures the profits generated by investments in marketing activities.

3.2 Marketing Services and its Variation from Products

According to MSG (2019) services marketing first came to the fore in 1980's as the service sector started to grow in importance and emerged as a significant employer and contributor to the GDP; marketing practitioners began to look at the marketing of services in a new light. This was primarily due to the increasing importance and share of the service sector in the economies of most developed or developing countries.

MSG (2019) has explained services as intangible and have argued that they do not have a physical existence; they cannot be touched, held, tasted or smelt. They pose a unique challenge to those engaged in marketing a service as they need to attach tangible attributes to an otherwise intangible offering. The figure below is used to illustrate the nature and characteristics of a service.

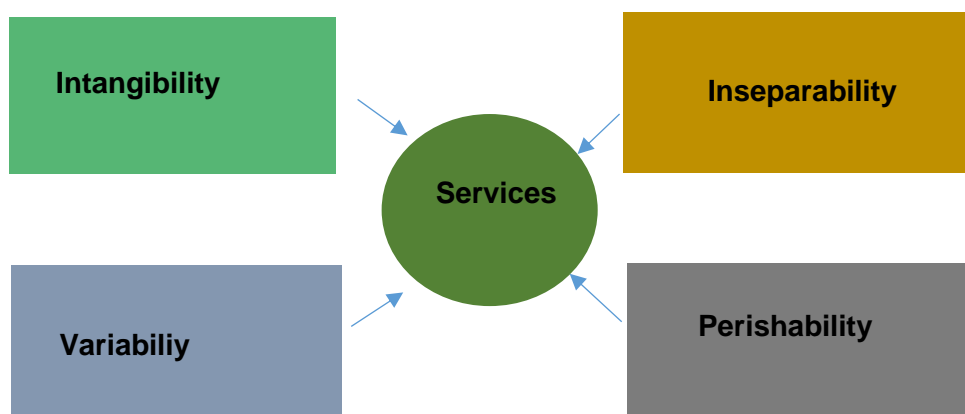


Figure 9. Four service characteristics (Kotler and Armstrong 2008, 239)

Service intangibility means that services cannot be seen, tasted, felt, heard, or smelled before they are bought (Kotler and Armstrong 2008, 239). The intangible nature of a service leads to several other differences of significance for marketing. These include the implications that, services can be easily copied by competitors, since they cannot be patented and specified with drawings and their quality cannot be guaranteed (Meldrum, M., McDonald, M. 2007, 42-43). The nature of service also makes it hard for the customer to evaluate an offer prior to purchase. Unlike a car. It cannot be test-driven; it is difficult to encapsulate in a technical specification.

The problems associated with service evaluation can also be addressed by focusing on reputation, or by enhancing the value of a service through the provision of extra benefits such as free offers. Here word of mouth or third-party endorsement become particularly influential. In the case of Bivet Services, we will depend on people's recommendations after they have used the service by giving feedback. The positive feedback will act as a reference for the clients who will be interested in the service being offered. (Kotler and Armstrong 2008, 240.)

Service inseparability means that services cannot be separated from their providers, whether the providers are people or machines. Physical goods are produced, then stored, later sold, and still later consumed. In contrast, services are sold, then produced and consumed at the same time or during a certain period. If a service employee provides the service, then the employee becomes a part of the service because the customer is also present as the service is produced, provider customer interaction is a special feature of services marketing. Both the provider and the customer affect the service outcome. This will be clearly seen in Bivet Services because, once an order has been made and paid for, it will be my responsibility to go and deliver. (Kotler and Armstrong 2008, 240.)

Service variability means that the quality of services depends on who provides them as well as when, where, and how they are provided. For example, some hotels might say, a certain hotel has a reputation of providing better services than the others. Still, within a given hotel, one registration-counter employee may be cheerful and efficient, whereas another standing just a few feet away may be unpleasant and slow. Even the quality of a single hotel employee's services varies according to one's energy and frame of mind at the time of each customer encounter. (Kotler and Armstrong 2008, 240.)

Service perishability means that services cannot be stored for later sale or use. The perishability of services is not a problem when demand is steady. However, when demand fluctuates, service firms often have difficult problems. Service firms often designs strategies for producing a better match between demand and supply. The table below shows some important clear difference between goods and services. (Kotler and Armstrong 2008, 240.)

Table 6. Difference between Services and goods (MSG 2019)

Services	Goods
Heterogeneous	Homogenous
Non-perishable	Perishable
Production, distribution and consumption are simultaneous processes	Production and distribution are separate from their consumption
A process or activity	A physical commodity
Intangible	Tangible
Transfer of ownership is not possible	Transfer of ownership is possible
Cannot be stored	Can be stored

3.3 Importance of Marketing Services

MSG (2019) suggest that the intangibility of services, marketing them becomes a particularly challenging and yet extremely important task.

A Key Differentiator: Due to the increasing homogeneity in product offerings, the attendant services provider is emerging as the key differentiator in the mind of consumers. In case of similar products, the marketers can leverage on the service offering to differentiate themselves from the competition and attract customers (MSG 2019). Many services

rely heavily on personal interaction between the service provider and the customer or depend on individuals exercising judgement when creating the service and thus customer-experiences of the product may vary enormously (Meldrum, M., McDonald, M. 2007, 43-44). Since the quality of such elements is in the hands of the people performing the service, employees become a vital concern for marketing services effectively. This requires taking an interest in recruitment markets to ensure the right person is hired.

Importance of Relationships: Relationships are important when it comes to marketing of services because the customer's buying decision is based on trust towards the seller. Therefore, the seller needs to listen to the needs of the customer and fulfill them through the appropriate service offering and build a long-lasting relationship which would lead to repeat sales and positive word of mouth (MSG 2019). The close link between production and consumption, and the personal nature of many service products, emphasize this aspect (Meldrum, M., McDonald, M. 2007, 43). In cases where no personal relationships exist, the contrast between membership-type organizations and automated services stark and has led many businesses to seek a means of marketing more concrete affiliations as a substitute.

Customer Retention: Retaining customers is as important as attracting new ones. Since services are usually generated and consumed at the same time, they involve the customer in service process by taking into consideration his requirements and feedback. Thus, they offer greater scope to customization, offering increased satisfaction and leading to higher customer retention (MSG 2019).

3.4 7 P's of Services Marketing

Kotler and Armstrong (2008, 50) explain that marketing mix is the set of controllable tactical marketing tools that the firm blends to produce the response it wants in the target market. Service seem to demand an expanded marketing mix beyond the four p's of marketing; product, price, place and promotion, to include people, processes and Physical evidence (customer service). These additional elements significantly affect the success of a service-based company.

Product: In case of decluttering and organizing services, the product is intangible, heterogeneous and imperishable. Moreover, it's production and consumption are inseparable. Hence, there is scope for customizing the offering as per customer requirements and the actual customer encounter therefore is particularly significance. Care must be taken into consideration when offering the service (MSG 2019).

Pricing: Before pricing the service, there needs to be a consideration on the quality and prices of the competitors; whether the service is better than the competitors. Thus, will the price be higher or lower than competitors. Pricing of services can be based on time required. Bivet Services pricing will be based on the expenses, amount of work based on the estimated time in hours as well as the client's specification. Pricing of services is much tougher than pricing goods. In case of services attendant costs such as labor and overhead costs also need to be factored in. The final price for the service is then arrived at by including a mark-up for an adequate profit margin. (Appendix 5) gives price illustration based on calculating profitability. (MSG 2019.)

Place / Premises: Each business has a unique set of location criteria and priorities. Each industry and business type provide some insight into location issues through trade publications and industry information. What's important to a specialty retailer at a brick-and mortar location might be meaningless for a service business. The challenge is to identify the critical success factors for your business, tempered by the realities of budgetary and other constraints, to find your best available option. The cost of facilities, whether leased or purchased, will be a significant expense among the fixed costs with considerable impact on the breakeven point, operating leverage and overall business viability. The choice of location for service and professional firms will also be affected by customer convenience in correspondence to the on-site to provide the service. (Mariotti and Glackin 2012, 492 – 496.)

Entrepreneurs starting home-based business face numerous special considerations, ranging from allocating work and family time, to space and zoning. Certainly, starting a business at home reduces the overhead associated with leasing or purchasing a separate site. When considering starting a business from home, thoroughly investigate zoning ordinances, deed restrictions, and civic association rules that apply. Often one can operate a home-based business without a problem if neighbours are not disrupted. It is important to clearly delineate business/work area from the family living area. (Mariotti and Glackin 2012, 504.)

At the initial stage, Bivet Services will be a home-based business. The administration work will be carried out at home and customers will be contacted via the website. All factors that might affect working from home have been put into consideration and working from home for this business is therefore conducive. Evaluation of the work and further discussions will be done at the client's homes or premises. A home-based business may be viable from a zoning and space perspective. (Mariotti and Glackin 2012, 505.)

Promotion: Since service offering can be easily replicated, Bivet Services will take crucial measures in differentiating the service offering in the mind of the consumer through great online sales promotion. This is vital in attracting customers in a segment where the service provided has nearly identical offerings. Bivet Services will therefore use special models in the organizing procedures that will stand out and make Bivet Services' services unique (MSG 2019).

People: People are a defining factor in a service delivery process, since a service is inseparable from the person providing it. Customer service training for staff has become a top priority for many organizations today. As the business grows, Bivet Services will put into consideration certain expectations and traits while hiring and training its employees in order to meet the desired quality service (MSG 2019).

Process: The process of service delivery is crucial since it ensures that the same standard of service is repeatedly delivered to the customers. Therefore, most companies have a blueprint which provides the details of the service delivery process, often going down to even defining the service script and the greeting phrases to be used by the service staff. Bivet Services will ensure a high standard when the service is delivered to the customers (MSG 2019).

Physical Evidence: Since services are intangible in nature, Bivet Services will strive to incorporate certain tangible elements into their offering to enhance customer experience such as organizing baskets that will be offered at the best discounted price as well as printed out quick organizing tips (MSG 2019).

3.5 Marketing Ideas that Align with the Financial Plan

The Marketing ideas of every business should align with the financial plan. Every coin used on marketing should be accounted for in order to avoid overspending in the initial phase of the business. Based on the evaluation of costs and the finances available, the best marketing ideas for Bivet Services company will be word of mouth marketing, social media marketing (Facebook) and a website. Bivet Services has a low budget estimation on the amount of money it can allocate to marketing on a monthly basis for the first year in business. Bivet Services will therefore use the marketing channels which will be affordable for the business.

3.5.1 Word of Mouth Marketing

I agree with Sernovitz's statement that people love to talk and especially on products and services. Word of mouth marketing is about earning that good conversation. Word of mouth marketing is about making your stuff and company worth talking about. Word of mouth marketing only works if you have good products and services and if people like you and trust you. It is important to understand the power of word of mouth; realizing that most people if not all will talk to a friend or family member before making a purchase. Word of mouth is 80% face to face influenced and 20% internet influenced. Bivet Services will use word of mouth marketing due to its great presence in service business. Once customers use this service and get great satisfaction, we believe that they will talk about it and hence this will bring awareness in the market. The other reason why this marketing strategy works for Bivet Services is because it costs close to zero. (Sernovitz 2009, xvii-xix.)

During the decluttering process, we intend to reach customer satisfaction by offering the best service in the most creative and simple way that will keep clients motivated and engaged throughout the entire process. By so doing, we will give the customers something positive and interesting to talk about, to pass on to others and help them to maintain and keep their homes and premises tidy. Bivet Services will also ensure the customers are happy by providing excellent services and fixing problems where needed because this will get people energized, excited and eager to tell others. Trust and respect are core when using word of mouth marketing therefore, Bivet Services will ensure that they keep their word when it comes to service delivery, and hence, make ethics part of everything they do to fulfil the needs of the customers. (Sernovitz 2009, 7.)

3.5.2 Social Media Marketing and Cost Comparison

Social media marketing is a term that describes use of social networks, online communities, blogs and wikis or any other online collaborative media for marketing, sales, public relations and customer service. Social media has three important aspects: First, creating buzz and this is what makes social media marketing work; it replicates a message through user to user contact, rather than the traditional method of purchasing an ad or promoting a press release. Second, building ways that enable fans of a brand or company to promote a message themselves in multiple online social media venues such as twitter or Facebook. Third, based around online conversations, therefore, social media marketing is not controlled by an organization, instead it encourages user participation and dialogue. (Barker, M., Barker, D., Bormann, N., Neher, K. 2013, 3.)

When compared to other marketing channels, Social media emerges as the cheapest channel of them all. It also has a great following and when one uses it, they are likely to have access to communication with many people for a little fee. Social media marketing is very interactive and gives an entrepreneur the chance to directly communicate with its customer and get immediate feedback from the questions and answers. In addition, social media marketing cuts printing costs which could be incurred by the other methods of marketing such as posters and flyers (Barker, M., Barker, D., Bormann, N., Neher, K. 2013, 25.)

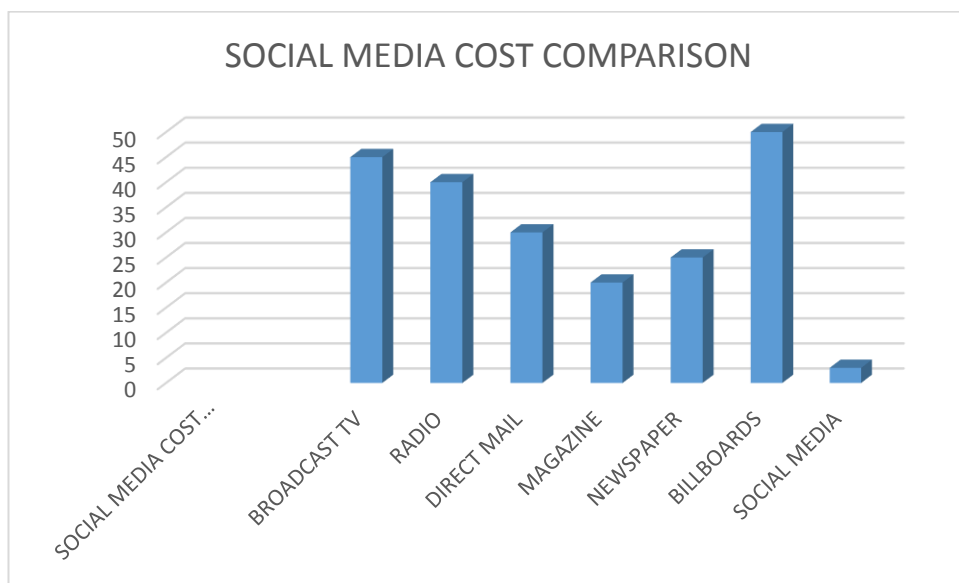


Chart 1. Social Media Cost Comparison (Thande, N. 2020)

3.5.3 How a Service Business can be Successful with Social Media Marketing

The business should first determine what it wants to accomplish and then how best to do it. Without goals, it will be unclear in which direction to go or how to ultimately measure success. Therefore, it is vital to define a social media plan through setting goals. However, with social media it is also important to keep in mind that the goals must be flexible in the light of new developments; be ready and open to evolve with technology. Social media marketers constantly monitor the progress of the social media plan and understanding the social media lifecycle is ideal. It is important to think about all the steps in figure 8. illustrated below when constructing the social media plan. (Barker, M., Barker, D., Bormann, N., Neher, K. 2013, 25.)

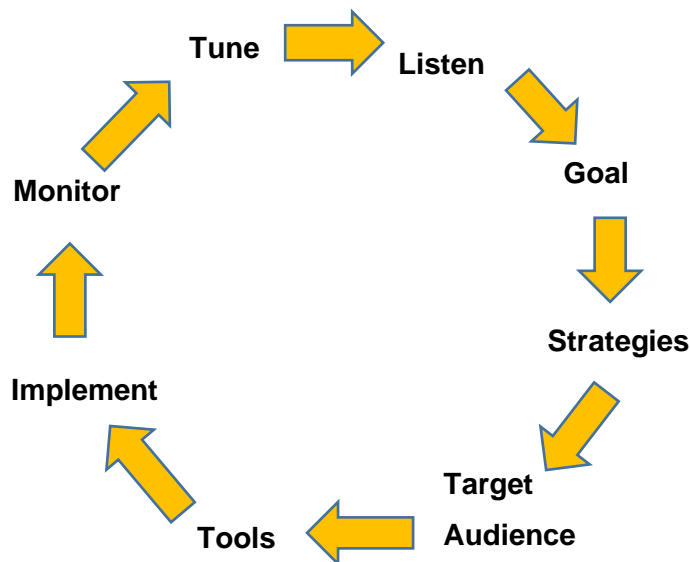


Figure 10. Social Media Planning Cycle (Barker, M., Barker, D., Bormann, N., Neher, K. 2013, 26)

Listening to what people are saying enables the organization to determine its current social media presence, which in turn guides the setting of social media goals and strategies to achieve them. Setting goals is done by pinpointing the location, behaviour, tastes and needs of the target market. Marketers can choose the social media goals that satisfy the unmet needs of consumers and capitalize on the strengths of the company. Defining strategies must be done on a case-by-case basis, using all available pertinent information. Defining the target audience (market) enables a company to organize its marketing strategies to efficiently reach those most receptive and likely to become customers and even brand advocates. (Barker, M., Barker, D., Bormann, N., Neher, K. 2013, 26.)

Selecting tools is accomplished by finding the social media sites where the target audience resides and then focusing the company's social media efforts on those platforms. Implementing is the process whereby the goals, strategies, target market, and tools are taken into consideration in creating actionable social platform specific marketing tactics. Monitoring is the process of tracking, measuring, and evaluating an organization's social media marketing initiatives. Tuning is the constant and continuous process of adjusting and improving the elements of the plan to maximize the chances of success. (Barker, M., Barker, D., Bormann, N., Neher, K. 2013, 26-27.)

Bivet Services will use social media marketing as the top marketing strategy, with a focus on Facebook as the main tool. The reason of choosing social media marketing strategy is because, it will work with our start-up budget, it has a huge potential audience, it will enable effective engagement with our customers, it will give us visible presence in the web, and we'll receive real-time feedback. In 2018, Facebook had nearly two billion users

worldwide with 50% of its users logging on daily (Coles, L. 2018, 31-32). Facebook is the largest social media tool over the years in terms of user accounts, the number of daily active users and the average time spent per month (Looy, A.V.2016, 6). Facebook is classified as one of the social communities which means that a community user can reach out to many people, listen to them, and try to get them involved. Communities can be created for external use. As in the case of Bivet Services, the external connection will be for reaching potential customers and in the future to keep the existing customers engaged. The internal connection will be used to connect the employees and can also be used for communication.

Importance of SEO and Google Analytics on Bivet Services Website

A website will be created and will be used as a marketing tool for Bivet Services. The greatest advantage of Internet marketing is that it pushes traffic back to your website (Coles, L. 2018, 195). Search engine optimization (SEO) is the art and the science of getting a website appear prominently in organic search engine with the goal to making the website popular (Looy, A.V. 2016, 115). Search engines are unique in that they provide targeted traffic, that is, people looking for what you offer. If search engines cannot find your site or add your content to their databases, the business misses out on incredible opportunities to drive traffic to the site (Coles, L. 2018, 196).

Bivet Services will ensure that surfers who are searching for decluttering service in Finland can easily find site by ranking highly in the search engine. Due to costs Bivet Services will mainly use Organic search because the results are driven purely by the relevance of the matches to the query words that the searcher entered. Organic search is an interesting search marketing technique, because utilizing the technique can cost nothing, or it can be expensive, depending on the situation you are in and what you decide to do about it. In order not to pay for SEO in the start, Bivet Services will not hire a consultant because the biggest costs for organic search come from hiring search marketing consultants, changing the content and technology of the site, and paying for inclusion of the pages in the search index. (Moran, M., Hunt, B. 2009, 58-59.)

Google Analytics is the highly used web analytic service and is free. Bivet Services will therefore benefit from it and can use its resources on other matters. Google analytics automatically collects data and makes beneficial reports for the business and allows the businesses to customize the reports for their own purposes in the simplest way. It is easily integrated with other tools and platforms which enables the business to use it from different locations and with the available machines. (Moran, M., Hunt, B. 2009, 58-59.)

Bivet Services will be able to know what people are searching for in the website because google analytics tracks what people have been searching on the site; this can be beneficial in evaluating how to better the services being offered. Google analytics gives detailed information of the age, interest, gender, location and device of the people viewing the site which can be beneficial to know whether the business is reaching the intended target market and also to identify the social platforms that would be suitable to use and the best content to share. All the information retrieved from the google analytics helps to evaluate whether goals are being achieved and how the business can be improved for even better results. (Moran, M., Hunt, B. 2009, 58-59.)

3.1 Literature Summary

The main topics the author has focused on in the Literature review are; Business planning, developing a business idea, funding a business, business legal forms, bookkeeping and financial statements, creating a successful business plan and Service marketing. The importance of these topics was to act as a guideline on starting a service business in Finland. The information gathered was to help the author on testing whether the business idea she had chosen was ideal for a business start-up. The author had an idea of the basic information required when starting a business in Finland and the Literature review has enabled her to gain more understanding on how to go about it and have a clarity on what is needed to start the service business. The topics in the Literature review were divided into two chapters, chapter two and chapter three.

Chapter two described the implementation of business planning and defined entrepreneurship, highlighting on characteristics of an entrepreneur. As the author was deciding on the business idea, theory on developing a finance driven business idea and what comprises a successful business idea was studied. Information on business funding in Finland as well as the most appropriate for the business start-up was discussed. Finland has different legal forms which were compared and the most suitable for the business start-up was selected. Topics on bookkeeping and taxation were discussed and a tax comparison between sole trader and limited liability company was evaluated. Lastly, content that comprises a business plan was gathered and a business plan for the business start-up was developed.

Chapter three mainly focused on marketing and the appropriate topics that would be conducive for the business start-up were studied. Cost and budgeting in marketing was dis-

cussed with an emphasis on return on marketing investment. Since there is a great difference between selling goods and services, a study on marketing services was done and an evaluation on the most suitable financial marketing channels for the business start-up were selected. It was important to learn on the 7 p's of service marketing therefore that information was gathered. Advantages of social media networking were evident and there was a study of how it works in practice. Finally, since business network is vital to every business, the advantages of having a strong network was studied.

3.2 Business Network

Based on Pretorius (2018), Networking has been termed as one of the most powerful marketing tactics to accelerate and sustain success for any individual or organization. Networking is one of the most significant skills that could be learnt to make a business a success story. I agree with Pretorius (2018) that it is not easy for a business start-up to be recognized in the market and therefore having a strong business network can assist at the beginning and sustaining of the business. Business networking also benefits the entrepreneur to stay motivated by surrounding themselves with people who share a similar passion and determination. The entrepreneur can also expand their knowledge and learn from the success of others. A strong business network has advantages that can make a business grow and flourish.

It is expected that networking will result in opportunities even though it is not predictable when it will happen. The opportunities that one gets involved in should be aligned with the vision of the business. Networking is a wonderful way to tap into advice and knowledge that one would not otherwise be able to get hold of. Though it is important to ensure that one is getting advice from the right person, one that knows what the business needs and is all about. For a new entrepreneur, joining networking activities and groups can build business relationships with other business owners, which can lead to hundreds or even thousand connections. In future these connections could become potential customers. Referrals gotten through networking are normally high quality and most of the time pre-qualified for the entrepreneur. (Pretorius, 2018.)

Pretorius (2018) emphasizes that networking is key to growing one's personal profile. Being visible and getting noticed is a massive advantage of networking. An entrepreneur gets recognized by regularly attending business and social events. This assists them to build reputation as a knowledgeable, reliable and supportive person by offering useful information or tips to people who need it and hence creates more leads and referrals. As people meet and help each other, naturally strong friendships tend to form. It is important

for entrepreneurs to know that someone has their back with no strings attached and that is the benefit of having these natural friendships. Linking with people who have business experience and building up your network with these people will certainly help your business grow and become more successful.

4 Research Methodology and Methods

According to Braxter, Hughes and Tight (1996, 69) methodology is the way in which data is collected to answer the research question. Method relate principally to tools of data collection such as interviews and questionnaires. They continue to explain that methods differ by the sources from where the information is obtained as well as what kind of data is to be collected; qualitative data or quantitative data. The diagram below is a research 'onion' that illustrates different research philosophies, approaches, strategies, choices, time horizons, techniques and procedures. A researcher plans the methodology starting from the outer part of the onion and ends at the centre of the onion, layer by layer.

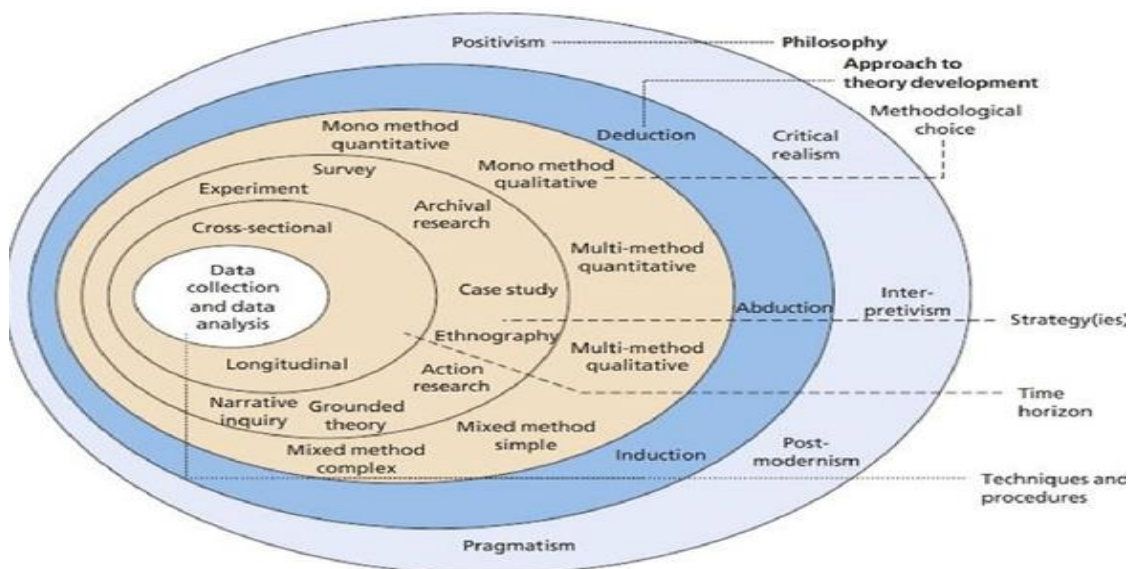


Figure 11. The research 'onion' (Saunders, Lewis and Thornhill 2016, 124)

4.1 Research philosophy and Approaches

Research philosophy and research approach influence how the questions will be answered in the research project. Research philosophy refers to a system of beliefs and assumptions about the development of knowledge as defined by Saunders, Lewis and Thornhill. It is precisely developing knowledge in a certain field. The research philosophy you adopt, contains important assumptions about the way in which you view the world and the assumptions underpins your research strategy and the methods you choose as part of

that strategy. A well-thought-out and consistent set of assumptions will constitute a credible research philosophy, which will underpin your methodological choice, research strategy and data collection techniques and analysis procedures. (Saunders, Lewis and Thornhill 2016, 124-125.)

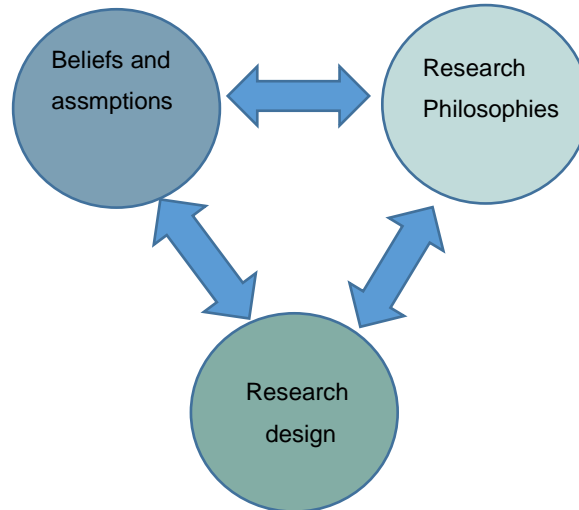


Figure 12. Saunders, Lewis and Thornhill (2016, 124) Developing your research philosophy: a reflective process

There are three types of assumptions to distinguish research philosophies: Ontology, epistemology and axiology. (Saunders, Lewis and Thornhill 2016, 127.)

Ontology is concerned with nature of reality as based on Saunders, Lewis and Thornhill (2009, 110-111). It is a reflection on how an individual interprets a fact. The study is mainly divided into two; objectivism and subjectivism. Objectivism represents the position that social entities exist to social factors. Subjectivism view is that social phenomena are created from the perceptions and consequent actions of social actors. In this research, subjectivism approach is the most appropriate because the research participants largely contribute to the research and the researcher has an insider perspective because she has started a business as a result of the research.

Epistemology concerns what constitutes acceptable knowledge in a field of study as mentioned by Saunders, Lewis and Thornhill (2009, 112). It focuses mainly on what is believed to be true.

There are five major philosophies in business and management: Positivism, critical realism, interpretivism, postmodernism and pragmatism (Saunders, Lewis and Thornhill 2016, 135). Interpretivism philosophy is selected for this research because the researcher will

interpret the information gathered from the interviewees. Interpretivism focuses on narratives, stories, perceptions and interpretations as stated on table 4.3 (Saunders, Lewis and Thornhill 2016, 136).

This is a qualitative research which was conducted as a phenomenon driven research and the philosophy chosen was interpretivism from a subjectivist perspective.

There are three research approaches that can be used in a project; Inductive approach, Deductive approach and Abduction. Both Inductive and Deductive approaches can be used separately in a project, or they can be combined (Abductive) in a project. This project has used Abduction approach. The plan was to use deductive approach but this changed because the research started with theory, which was developed from reading of the academic literature, then data was collected and a research strategy was designed to test the theory, thereafter the theory was reaffirmed which made abduction the best match. (Saunders, Lewis and Thornhill 2016, 145.)

4.2 Research Design

Research design is the process of turning the research question into a research project; it is the general plan on how to go about answering the research question (Saunders, Lewis and Thornhill 2009, 136). It contains clear objectives, derived from the research questions and it specifies the sources from which you intend to collect the data, and consider the constraints that you will inevitably have as well as discuss ethical issues.

Research design consists of three layers as outlined by Saunders, Lewis and Thornhill (2016, 162) namely: methodological choice, research strategies, and choosing time horizons. The choice of these three layers are mainly influenced by the research questions.

The three main methodological choices are: quantitative, qualitative and mixed methods. Qualitative is the chosen methodology because the data collection technique and the data analysis procedure for this research project uses non-numerical data (Saunders, Lewis and Thornhill 2016, 165). In addition, qualitative research is often associated with an interpretive philosophy because researchers need to make sense of the subjective and socially constructed meanings expressed about the phenomenon being studied (Saunders, Lewis and Thornhill 2016, 168). This qualitative research design is a mono-method qualitative study because it has used a single data collection technique and corresponding qualitative analytical procedure.

There are many different research strategies, the research strategy a researcher chooses to use mainly depends on the research questions. The research strategy that has been used in this research project is case study because the research topic has been explored within its context. A case study is an in-depth inquiry into a topic or phenomenon within its real-life setting (Saunders, Lewis and Thornhill 2016, 184).

There two main time horizons that can be applied in a research: The cross-sectional and the longitudinal. One selects the one that will be applicable to their research based on the research question and what data is needed to answer the research question. The time horizon that was appropriately chosen during this research is cross-sectional because interviews were conducted at a certain period during my research process. (Saunders, Lewis and Thornhill 2009, 151-152.)

4.3 Data Collection

According to Myers (2009), interviews are one of the most important data gathering techniques for qualitative researchers in business and management. They are used in almost all kinds of qualitative research (positivists, interpretative, or critical) and are the technique of choice in most qualitative research methods. A good interview helps us to focus on the subject's world (Myers, M. D. 2009, 121). The role of the interviewer is to listen, prompt, encourage and direct. The more the interviewees are, the more they are prepared to open-up and talk, the better the disclosure is likely to be. Other data collection techniques include observation and fieldwork, or library or archival research but they have not been covered in this study because they were not use.

There are many kinds of interviews, all interviews can be classified into three basic types: structured interviews, semi-structured interviews and unstructured interviews. During this research a single data collection technique was used in form of semi-structured interviews. Semi-structured interviews involve the use of some pre-formulated questions, but there is no strict adherence to them. New questions might emerge during the conversation, and such improvisation is encouraged. However, there is some consistency across interviews, given that the interviewer usually starts with a similar set of questions each time (Myers, M. D. 2009, 124). Interviews were conducted with entrepreneurs who own service businesses in Finland. The questions on the interview questionnaire answered the main question as well as sub questions. When collecting the data, ethical issues were put into consideration. Ethical issues are of importance throughout the research to avoid harm or to minimise it (Saunders, Lewis and Thornhill 2012, 230).

4.4 Ethics

Ethics refers to the standards of behaviour that guide your conduct in relation to the rights of those who become the subject of your work, or are affected by it (Saunders, Lewis and Thornhill 2009, 239-243). Ethical principles were ensured during this research; during data collection, truthfulness and openness was encouraged between the interviewer and the interviewee. The researcher developed trust and respect and with that, was able to get the information that was needed from the participants. The research ensured that the rights of the participants were met, and their dignity respected through the language used. The participants shared a lot on their business secrets and ensuring that the information was kept very confidential would uphold the privacy of the participants and make sure that no harm may occur to them or their businesses. The personal names of the participants as well as their business names were withheld in order to maintain anonymity.

The participants were informed that the interview was voluntary and that they could only share what they felt comfortable to share concerning their businesses (Saunders, Lewis and Thornhill 2009, 244-245). They also had the right not to answer a question, or a set of questions as well as to withdraw from participation and possibly to withdraw data they had provided. The participants were given consent forms which provided enough information and assurances about taking part in the interview. Therefore, upholding entrepreneurs' information and their business's privacy was core. There was complete omission of bias and the language usage has been greatly observed. The interviewees expect that the information they gave will be held with great confidentiality and that it will be highly protected. The reliability was enhanced because confidentiality and anonymity were assured. In addition, primary data was not made up or altered and the results were not falsified. The findings were reported fully and accurately. The Analysis and the interpretations were checked carefully to ensure the accuracy of the research report.

4.5 Validity and Reliability

Validity is concerned with whether the findings are really about what they appear to be about (Saunders, Lewis and Thornhill 2009, 157). The methodology was chosen based on the research questions and the research strategies used are appropriate in answering the research questions. I interviewed businessmen/ women with a foreign background to ensure validity in the response due to the universal background. Another factor that was beneficial to ensure validity is the structure of the questions, I asked simple and straight forward questions which assisted the interviewee on how to respond and hence bringing about validity. However, the response might differ from one interviewee to the next due to different line of business, personality, beliefs, experience as well as size of the business.

Reliability and validity are central to judgements about the quality of research in the natural sciences and quantitative research in the social sciences. Reliability refers to replication and consistency. If the researcher can replicate an earlier research design and achieve the same finding, then that research would be being reliable. Validity refers to the appropriateness of the measures used, accuracy of the analysis of the results and generalisability of the findings. (Saunders, Lewis and Thornhill 2016, 202). When considering reliability, sometimes a distinction is made between internal reliability and external reliability. Internal reliability refers to ensuring consistency during a research project. This may be achieved, where possible, by using more than one researcher within a research project to conduct interviews or observations and to analyse data to be able to evaluate the extent to which they agree about the data, and analyse and interpret it. External reliability refers to whether your data collection techniques and analytic procedures would produce consistent findings if they were repeated by you on another occasion or if they were replicated by a different researcher. Ensuring reliability is not necessarily easy and several threats to reliability. (Saunders, Lewis and Thornhill 2016, 202.)

5 Findings

This part of the study describes the data collection process; all interviews that were done, all participants involved and all the relevant data that was collected.

5.1 Participants

During the data collection phase of the study, interviews were carried out between 06.01.2020- 09.02.2020 from 12 candidates. 11 of the candidates were entrepreneurs with a foreign background and the 12th candidate was a bookkeeper. Out of the 12 interviews that were carried out, 6 were face to face interviews and 6 were telephone interviews. 7 of the interviewees were female and 5 were male. All the interviews followed the qualitative approach and lasted between 30-65 minutes depending on every entrepreneurs' enthusiasm and readiness to share.

Prior to every interview, interviewees were handed a participant information sheet, which had information of the researcher, the research topic and the rights of the interviewee (see Appendix 2). After they had read and understood about the interview from the participant information sheet, some asked questions and they got the response. Thereafter they were handed a research consent form which was an agreement between the interviewer and the interviewee, which had to be signed by both parties (see Appendix 3).

The interview questionnaires comprised four main parts (see Appendix 4) the B, C and D parts answered the research questions Q1, Q2 and Q3 respectively. Table 8 and 9 below summarizes the interviewees background, their greatest challenge and their opinion on business plan.

The table 7 and table 8 below illustrate the Interviewees background, greatest challenge and business plan opinion for face to face interviews

Table 7. Face to face Interviews (Thande, N. 2020)

#	TIME TAKEN	GENDER	COUNTRY OF ORIGIN	INDUSTRY & DID THEY HAVE A BOOKKEEPER	GREATEST CHALLENGE	RECOMMENDS BUSINESS PLAN
1	50 mins	Female	American	Photography No bookkeeper	Bookkeeping	No comment
2	55 mins	Female	Chinese	IT Investment Yes bookkeeper	Building Trust with Finnish Companies	Yes
3	50 mins	Female	Brazilian	Home Cleaning Yes bookkeeper	Finnish Language	Yes
4	50 mins	Male	English	Construction Yes, but Bad bookkeeper	Bookkeeping & Taxation Finnish Language	Yes & No Yes, if you need funding
5	45 mins	Male	Pakistani	Telecommunication Yes bookkeeper	Finnish Language	Yes
6	30mins	Female	Chinese	Bookkeeper	Late tax reporting	Yes

Interviewee's background, greatest challenge and business plan opinion for telephone interviews

Table 8. Telephone Interviews (Thande, N. 2020)

#	TIME TAKEN	GENDER	COUNTRY OF ORIGIN	INDUSTRY & DID THEY HAVE A BOOKKEEPER	GREATEST CHALLENGE	RECOMMENDS BUSINESS PLAN
7	30 mins	Female	Irish/ Finnish	Food Industry (cafe) Yes bookkeeper	Paperwork	Yes
8	30 mins	Female	Kenyan/ Finnish	Middleman (coffee) Yes bookkeeper	Network	Yes
9	65 mins	Male	American	Art / Paintings Yes now	Paperwork	Yes

10	30 mins	Female	Philippino	Home and Office Cleaning Yes bookkeeper	Lots of Paperwork Finnish Language	Yes
11	51 mins	Male	American	Education Yes bookkeeper	Filing tax Returns	Yes
12	40mins	Male	Kenyan	Cleaning No bookkeeper	Payment defaults Competition	Yes

5.2 Starting a Business with a Business Plan and Financial Projection

10 of the participants both who had started with a business plan as well as those who didn't, recommended that an entrepreneur should start by writing a business plan. Participant 11 said that he had updated his business plan because it was helpful for him to have a business model that made sense. He also suggested for entrepreneurs to share the business plan with close family members or friends.

To collect data concerning this topic, participants were asked if they had a business plan while starting their business, whether they would term a business plan a prerequisite and if they would recommend it to someone who had a business idea and was going to start a business. 6 respondents had business plans when they were starting their business and would definitely term it a prerequisite and would recommend it, 4 respondents did not have a business plan but from their experience would term it a prerequisite and would recommend it, 1 respondent did not have a business plan and had no comment on it being a prerequisite and wouldn't recommend. This is what the participants had to say about the importance of a business plan:

"Yes and no" for the first part of the question and said "yes, if you need funding if not skill is enough". However, he had one because he needed Finnish start-up. (participant 4)

"You need a business plan to convince the bank. In order to get a loan, the bank need to be convinced that the business will work and that can only be shown using a business plan. A business plan helps one to think through, the financial projection gives perspective and clears the mind on what to do and not what to do." (Participant 5)

"no other way, the business plan is very important." (participant 8)

“In order to get a start-up, grant I had to submit a business plan. You need to be so clear what the business is about before you launch and to know the vision and mission of the company.” (participant 11)

“100% is always advisable. When presenting a business plan, you can already evaluate and know if there is a problem and whether the idea can work. Problems people face can be solved with a business plan.” (participant 12)

Based on the data collection, the interpretation is that a business plan is needed and is very useful when starting a business. Participants 4, 7, 8 and 11 received Finnish start-up grant, which confirms that a business plan is a prerequisite when applying for this form of funding in Finland. Business planning and financial projection is needed to evaluate how much would be needed to run the business start-up and know how the start-up would be funded.

5.3 Funding a Start-up Business Idea

Drawing from the Literature review, there are many sources of funding a business start-up. The three most advised ways of funding a start-up business idea is: start-up grant, own savings, loan or gift from friends and family members. Funding is one of the great obstacles when one wants to start a business because one needs money to support their daily lives when starting a business and also money to buy equipment and all other supplies that will be needed in the on start of running the business. These participants were no exception most of them encountered different funding challenges when starting their business.

Participants were asked to describe their financial starting point as entrepreneurs. 6 of the participants started with their own personal savings; 4 of the participants received Finnish start-up grant and 1 of the participants used the Finnish start-up grant and loan from family members. The 6 participant who started with their personal savings all had different reasons why.

“My starting point was very basic because I was working for another company and studying at the same time.” (Participant 1)

“I didn’t know about the start-up grant because I had just moved to Finland.” (Participant 3)

“I started with 0 € because I had a young child and was receiving child benefit.” (Participant 10)

“I was young, and banks didn't accept to give me a loan.” (Participant 5)

Participants 1 and 10 were not eligible for the start-up grant as seen on Table 1. Participant 5 couldn't get a loan because he was a minor and because banks need a guarantee that the business one is starting is profitable. Due little or no funding, these participants have started small service businesses which don't need premises so that rent is not a requirement. They have started their businesses in their own homes, they also minimized on buying equipment and supplies so that their own savings would be enough for them to start.

Participant 10 who runs a home cleaning business, started with 0€ and she ensured she didn't need to buy anything, she showed up at the client's home to clean the house and the client supplied all the cleaning equipment and detergents at the time. Participant 5 is a middleman exporting product, after the loan was denied, he made sure that the clients paid for the orders before he delivered the products. Therefore, he only supplied what the customers had bought, ensuring that the purchases catered for all the costs. Participant 7 who owns a restaurant needed to buy the restaurant and therefore needed more capital, she got a loan from family members to purchase the café and also used the Finnish start-up grant for one year to help in the day to day running of the café. Despite this, her greatest fear is what will happen after the grant period ends and whether the business will be able to sustain itself.

The interpretation on funding services businesses is that funding varies from one business to the next. There is not a single form of funding that would be suit the different business models. There are many considerations to put in perspective such as the line of business as well as the size of business. Funding has been a problem which discourages people to start small service business because some have little or no capital at all.

5.4 Importance of Proper Bookkeeping and Taxation

Bookkeeping

According to the interpretation of the participants response, bookkeeping is one of the key factors to consider and should be up to date in order to run a business peacefully. The participants were asked if they had bookkeepers. 6 of the participants had good bookkeepers from the on start of the business and they stressed that having a bookkeeper was a must have. 2 participants had bookkeepers, but they were not good and keen in bookkeeping. 2 of the remaining participants now have a bookkeeper but

didn't have any when they started the business, they stressed that it was one of the greatest mistakes they had made while starting the business. 1 of the participants didn't have a bookkeeper but had one when starting the business.

The 6 respondents that had a bookkeeper from the start of the business firmly indicated that they didn't have financial issues when keeping the books because they had good bookkeepers. Out of the 6 respondents, only one had received a fee due to poor bookkeeping, indicating that the bookkeepers were effective, and they followed the books as they should. One respondent from the 6 who had good bookkeepers said, "a bookkeeper is very important in many different ways, even when am invoicing I check with my bookkeeper." (Participant 11)

2 respondents had bookkeepers that weren't keen, one of the respondents said,

" I changed the bookkeeper because he didn't understand how it works and I ended up with huge tax bills." (Participant 4)

"I had problems with the bookkeeper for one year because she didn't understand bookkeeping and had mixed up owners' equity with the child benefits." (participant 10)

It is therefore important to have a bookkeeper who knows their work and understands the business law.

The two respondents who had bookkeepers but did not have at the start of the business had many problems. These is what the two of the respondents said,

"We did the bookkeeping ourselves because we thought it was expensive to hire a bookkeeper, but we were wrong. It was very stressful without a bookkeeper. We had to study bookkeeping and business laws. There was no help whatsoever even when we tried to get contacts. We got huge tax bills, and we spent too much time on bookkeeping than we did on rolling the business which kept the revenue down". She added that, "with a bookkeeper we are more at peace and we can use that time in areas like marketing that increase our revenue." (participant 1)

"For two years I was without a bookkeeper, my wife was trying to help but we always got frustrated. We lived in the fear of whether we were doing things right. There was too much work with the filing and too many problems." (participant 9)

The respondent who had a bookkeeper and decided to discontinue said,

“there were restrictions with a bookkeeper, and I felt the bookkeeper was not helping.” (participant 12)

Based on the responses from other entrepreneurs, I would interpret that this respondent (participant 12) probably had a bad bookkeeper and was therefore not satisfied with the outcome.

Taxation

It is evident from the response of the participants that the outcome when handling taxation and filing taxes is highly influenced by whether an entrepreneur has a bookkeeper or not. The 6 respondents who had good bookkeepers did not have trouble handling taxation because the bookkeepers advised them on what to do and when they did as they had been asked, they ended up well and with no issues with the tax office. Out of the six who had good bookkeepers only one had received a fine of 30€. The rest had not been in trouble with the tax office. The two respondents who changed their bookkeepers mentioned that they had gotten in trouble with the tax office and had to pay some fines during that time. One of the respondents who didn't have a bookkeeper at the start of the business said,

“The business had a tax bill of 10,000€.” (participant 4)

This amount of tax bill had not experienced by those who had good bookkeepers. One of the respondents said,

“If you keep the government happy, you will do business in peace.” (participant 5)

Which meant handling taxation as it should.

Language Barrier as a Challenge Associated with Taxation

Language is a challenge that the participants associated with taxation especially because this study covered on entrepreneurs with a foreign background. Participants 1,3,4, 5 and 11 clearly spotted out that, language barrier has been a challenge when keeping the books. The participants were asked what difficulties they had faced in the process of handling taxation.

“Language barrier, in terms of understanding laws and regulation as well as understanding the tax system.” (participant 4)

“In the beginning filing was problematic especially on how tax worked and also because of Finnish language.” (participant 5)

“It was difficult to get information because most of the information was in Finnish.” (participant 1)

5.5 Marketing Strategies

The respondents indicated that marketing was vital for every business to succeed. If clients / customers are not aware of a company’s existence, then it’s all meaningless because there will not be any sales. Different respondents used different marketing strategies for their different line of businesses in order to reach their desired customers. The participants were asked what marketing channels they used and how marketing had impacted their business financially.

Participants 2,5 and 8 stand out because their businesses are in the line of business to business. They mainly used direct marketing to their customers through email, telephone and face to face marketing. Participant 10 has a home cleaning company, and this is what she had to say,

“I get customers through recommendations. Good reputation has impacted my business financially.”

Participant 3 who is also in the home cleaning industry said,

“Recommendation is my most influential channel through trust. When working in people’s home, people need to trust you because, they have their valuables and that’s where they have their privacy”.

Participant 4 owns a construction company, he said

“It’s through word of mouth and recommendations that I get my customers. In Construction, people need to be sure that you can do the job. People rely on others to see your job or to hear what you can do.”

Participant 7 has a café, and this is what she said on marketing,

“I use Facebook, word of mouth and posters and it has impacted my business.”

Although Marketing strategy might differ from one business model to the next, its however inevitable that it's a necessity in every business. All participants expressed the importance of marketing and how positively it had impacted their business. Based on the size of their businesses, they used marketing strategies that use little cost or no cost at all.

Benefits of Business Networking when Marketing

Based on Literature review, having a strong business network can have a massive benefit for an entrepreneur. It benefits an entrepreneur to build connections with other entrepreneurs which can lead to referrals and customer connections. The participants also expressed the importance and usefulness of having good business network. All the participants' businesses have been impacted by networking in one way or another. Below is what the participants had to say.

“Network has directly impacted the business financially; I did not need advertising because the first person or contract that I made led me to other customers. My network is built of existing customers, family, friends and housing companies.” (participant 4)

“Getting in the circles was difficult, I contacted friends and people personally and because I am very social, I started linking with people which helped the business a lot.” (participant 8)

“My network is really vast, I got my network through my father, he referenced the company; he advices and helps with networking. I have also gotten connections through attending conferences in Messukeskus in Pasila.” (participant 5)

“I have business connections through past relationships, colleagues and workplaces.” (participant 12)

“In this industry I have very good network which I have acquired through past work experience and past school.” (participant 2)

“I use influential marketing through digital marketing therefore my network is in social media, I have 250 followers on Instagram.” (participant 9)

Participants 1, 3, 7 and 10 also agreed that a good business network was beneficial to their businesses. All four participants had gotten new customers through recommendations from the networks they had.

6 Discussion

The aim of this section of the study is to answer the research question.

6.1 Key Financial Challenges when Starting a Business in Finland

Qs. What are the key financial challenges faced by sole traders with foreign background when starting a service business in Finland?”

Based on the data collection analysis, the key main challenges that entrepreneurs face is, funding, lack of good business planning, bookkeeping and taxation. There is great financial fear on entrepreneurs when they are planning to start their businesses. Funding is one of the greatest fears for entrepreneurs, they wonder where they will get enough financial funding to turn their business idea into a business. For instance, applying for start-up grant. Drawing from the Literature review, there are requirements and conditions for getting a start-up grant. One must adhere to the requirements, therefore getting the grant is not a guarantee. For those who apply for the start-up grant, they also must show some cash reserve, that would cater for their personal expenses for the first two months because the fund is barely enough to do so. If one is eligible to the fund and they get a positive decision, there is worry on whether the one-year support will be enough for the business to continue running on its own.

Bank loan would be another option to get funding, but it also comes with its own limitations. First and foremost, banks ensure that the person is eligible for the loan. The banks usually ask for a kind of security or guarantee that would be used to cover for the loan if the payment is not met as agreed. The banks also ask for interest to be paid on the loan and before processing the loan, there is a fee charged for the process. In case the business is running at a loss, the bank still expects the payments to be made according to the initial plan (Finnish Enterprise Agencies 2019, 24).

According to Barrow, C., Burke, G., Molian. D., Brown, R. (2005, 215), the days when you could expect to cultivate a lifetime relationship with either a bank or a bank manager are long gone. Banks are into market segmentation and profit generation, meaning they are only up for their own interests.

Borrowing from friends and families is a good alternative but just as the other different form of funding this can also come with a cost if not done well. One must ensure that the

payment is done as agreed with the family member or friend. If the promise is broken, the relationships can also break or end in a conflict.

Bookkeeping is another great challenge when starting a business in Finland. Based on the results, entrepreneurs face many problems when they start to do the bookkeeping themselves. First, it's very time consuming, meaning that, they end up spending most of their time doing the bookkeeping rather than running the business. Most of them take a lot of time to learn bookkeeping in order to do the filing themselves which also costs them time and money. Due to lack of enough time, they are late to invoice and they also forget to ask for payments from their clients on time. Second, according to a bookkeeper, many entrepreneurs don't do what needs to be done and they don't have the right tools to carry out the work. There are systems that would make their work easier, but they don't use them. This is because they don't know or don't have business knowledge on how to use those tools. In addition, they don't prioritize the bookkeeping and therefore they end-up getting fines.

Drawing from Literature review, bookkeeping is also tasking even when one has a bookkeeper because, the entrepreneur carries the ultimate responsibility for the correctness of the books. Even if the calculations are done by an accounting firm, the entrepreneur must confirm that all the data and figures entered are correct (Finnish Enterprise Agencies 2019, 76). Another challenge is when the tasks between the entrepreneur and the accountant have not been agreed; this causes great conflict between the sole trader and the bookkeeper.

Taxation can also be problematic if the entrepreneur is not well informed on how to take care of their taxes and the amount that they need to pay. If the taxation is not well done, entrepreneurs end up paying tax fines which lowers their earned income and would sometimes affect the business's finances. Entrepreneurs also struggle with on time tax reporting. A bookkeeper complained that most of the entrepreneurs that she supported with bookkeeping were always late with tax reporting and they always called her after they had received fines which disturbed her a lot.

Another problem that was clearly stated by participant 6 who is a bookkeeper, is lack of punctuality with sending invoices and following up for the payments. She stated that many entrepreneurs forget to ask for the payments.

Based on the data collection results, a business plan is a prerequisite when starting a business and those entrepreneurs who start without one are bound to face difficulty in their businesses. Poor business planning could lead to various problems from funding to taxation. Drawing from Literature review recommendation, without a business plan it's difficult to navigate what to do and to know who the customers will be. One cannot get positive funding decision without a business plan. Without a business plan and proper calculations entrepreneurs cannot know how much they will need nor how they plan to allocate the money. Since financial projection of the business acts as a guideline on the path the business should take without one, entrepreneurs end up without a clear guideline. (Finnish Enterprise Agencies 2019, 25.)

Without a good business plan, an entrepreneur is not able to plan for the business well because, drawing from Literature review, a business plan acts as a road map for the entrepreneur. As one respondent put it, "one needs to be so clear what the business is about before you launch" and this can be clearly stated and seen on the business plan. By the time one completes to draft the business plan, one has a clear view of where the business is headed in terms of finances, quality of product or service, as well as expectations. Therefore, without a business plan, it is like driving on a foggy road not knowing what's ahead but taking a step at a time. This can slow down the start of the business, it could also lead to poor decision making and bad financial planning.

6.2 Benefits of a Bookkeeper

Qs. How does having a bookkeeper benefit an entrepreneur when starting a business in Finland?

Based on Literature, it is wise and worthwhile for an entrepreneur to hire a bookkeeper from an accounting firm to take care of the bookkeeping because the entrepreneur can better concentrate on the business activities that are more revenue generating. Bookkeepers are better specialised and skilled with information on bookkeeping, taxation and Value Added Tax. (Finnish Enterprise Agencies 2019, 77). A qualified bookkeeper knows the business law and can guide the entrepreneur with information concerning taxation so that the entrepreneur doesn't end up in problems with the tax office and the government. The accountant works closely with the entrepreneur and makes sure that all the calculations and reporting are done according to the business law. A bookkeeper saves an entrepreneur from losing money which could be caused by poor calculation or bad reporting which could lead to fines on the business and hence more expenses. The bookkeeper knows the best software to use for the business and updates the information

needed on the reports. By the help of a bookkeeper, the entrepreneur can make proper business analysis and evaluates the performance of the business. Through great analysis, the entrepreneur can plan on the business growth and future way forward for the business.

6.3 Importance of Creating a Business Plan

Qs. How important is creating a business plan before starting a business and how does the business plan help with the financial challenges?

Based on the results from the participants as well as Literature review, a business plan plays a big part when starting a business. It describes the business in terms of what it will sell, to whom and how it will sell. A business plan evaluates the market in terms of the competitors and the competitive advantage as well as the expected number of customers in the market. The information of the value of the product or service as well as the customer needs that will be satisfied by what is being offered will also be researched. Competencies are also checked and evaluated in order to know whether the entrepreneur has the needed education and experience or whether some expertise will be needed to run the business efficiently. Information on marketing is also gathered, to ensure that, there are right channels for the customers to be reached and informed about the new business and in terms of finances, which will be the perfect strategy to be used (Finnish Enterprise Agencies 2019, 17). Risks can also be mitigated with good planning and evaluation of current risks can also be done. Hence reducing future risks expectation.

A business plan can help an entrepreneur to evade financial challenges through estimations of funding, profitability and sales. A financial statement shows calculations on the money needed in establishing and running the business. See (Appendix 5). It also shows the purchases and investments that need to be in place before starting the business. The amount needed at the beginning with an estimation of three months including expenses and costs should also be listed. The funding available should balance with the estimated amount of all the costs. The amount that an entrepreneur gets as a start-up grant should be used for the entrepreneur's personal needs to be covered during the initial phase of the business. (Finnish Enterprise Agencies 2019, 18-19.)

6.4 Financial Impact of Marketing

Qs. How does marketing financially impact a business start-up?

Marketing has a great financial impact when starting a business because, it is through marketing that customers are enlightened on the existence of the business as well as what the business is offering. It is after the customer knows about the business can the customer make a purchase and hence sale for the entrepreneur. Marketing includes all the actions that aim to promote sales. Marketing planning specifies what has to be done, who to do it and by when it has to be accomplished. Planning will be developed for major functional areas within the marketing function. Marketing planning action will be expressed in terms of budget, in which responsibility will clearly be identified. The marketing budget will include targets and will allocate funds for expenditure on marketing. The behaviour of the target market is driven by the marketing strategy used. In order to increase revenue in a business, the marketing strategy must focus on developing and retaining strong customer relationships. (Jewell, 1996.)

Social media marketing plays a major role in finding new clients for a business start-up. One can utilize their existing friends and family network by sharing content that would be beneficial to them. The existing contacts can also be helpful in giving honest feedback which can strengthen the relationships and build a strong network. Through social media, one can identify the target audience and be able to contact them easily. One can also find influencers who usually have a large following and that can help one get exposure to a bigger targeted audience. Once social conversations have been found, one can engage with relevant audiences. However, one must be careful not to disrupt through finding the appropriate opportunity to share their perspective. Through social media marketing one can get recommendations from well-wishers which can be sent and seen by a large audience and, hence cultivating new clients. (Davis, A. 2020.)

Drawing from data collection, most of the interviewees have previously used Facebook and Instagram to get feedback and recommendations from existing customers in order to attain new clients. They have also used pictures and graphics of their past work to attract new customers and by showing their work, new customers have easily by drawn to them. Social media marketing enables entrepreneurs to get leads and customers through references.

7 Conclusion

The aim of this section of the study is to conclude the research project in connection to the objectives and achievements. The author has also given recommendations and the lessons learnt have also been shared.

Recommendation

These recommendations are specifically for an entrepreneur who is interested in starting small and wants to open a service business in Finland. First and foremost, the person should book an appointment with the Finnish Enterprise Agency because they have most if not all the answers, they need in starting a service business in Finland. The service that the agency offers is paid for by the Finnish government and therefore the entrepreneur can enjoy the service free of charge. Next the entrepreneur should draft a business plan to get a clear view of the mission and objective of their business idea. This helps the entrepreneur to understand their business model and be certain whether to continue with it or change to something else before putting money into it.

While drafting the business idea, the entrepreneur will also have an estimation on the funding needed for starting that kind of business. I would recommend that if the person is starting a service business, it is best to utilize the resources they already have and therefore reduce on their expenses. For example, they can start the business from their homes which will cut on premise expenses. When it comes to funding, it is best if they use some savings or gift from family and friends in addition to the Finnish start-up grant if they are eligible, instead of taking a loan from the bank. A loan should be taken in the cases like construction industry because even before the on start of the business, the returns are almost guaranteed.

Another recommendation is to get a bookkeeper on the onset of the business to reduce complications with the Finnish tax system. The benefit that one gets when using a bookkeeper outweighs the cost of the bookkeeper. A new entrepreneur must get in touch with other entrepreneurs either through organized activities or groups in order to have a strong network and learn from them.

The entrepreneur must have a clear understanding on the best legal form for their business and know what it entails. Based on the size of the business, the requirements, advantages, disadvantages and ease of formation, the entrepreneur can hence choose the legal form that is conducive for their business start-up.

The final recommendation is “start”, whether a person thinks their business idea is big or small, they need to start. “Better to try and fail than fail to try” because one will never know if they never tried. If the entrepreneur tries the business idea, it might surprise them. Testing the business idea quick and early helps them to wrap it up quickly if they realize it’s not good and they would have enough time to jump onto something else.

The figure below illustrates the financial requirements that I would recommend being considered when starting a business.

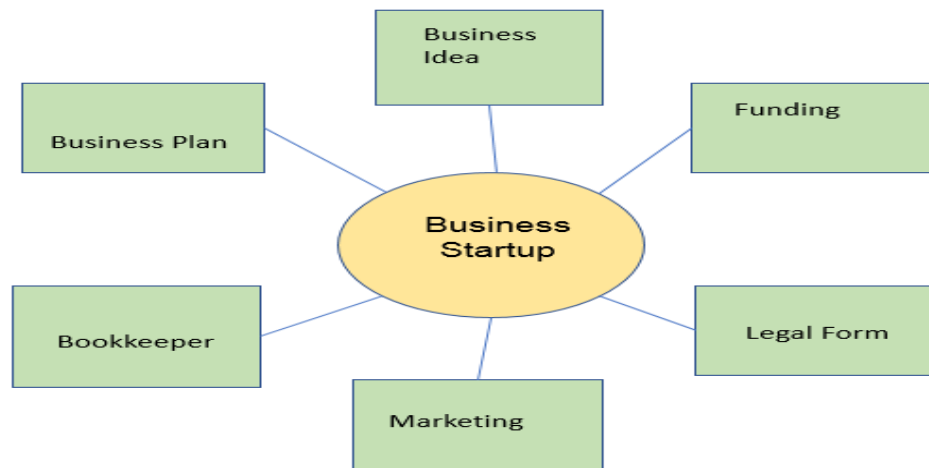


Figure 13. core financial requirements for a business start-up (Thande, N. 2020)

Evaluation of the Thesis Process and Own Learning

The spirit of the kick-off and the ending of the thesis writing was high, and the positive spirit was maintained all through the thesis process because it was not just a project but a business that the researcher wanted to establish. The aim of the researcher was to gather as much financial information that would be utilized for the business establishment and to learn from different existing entrepreneurs through their experiences. The researcher had learnt from previous mistakes and was going to do whatever it would take to establish the start-up the best way possible by learning from books and others.

The estimated thesis time didn't progress as planned because of different changes faced by the researcher which lead to long breaks in between. However, the researcher was able to put in approximately one year and 6 months' time of good work through Literature review and data collection. On literature review, the researcher was deeply interested in various library business books, online articles and websites. On data collection, the researcher was able to meet various entrepreneurs in different industries.

Theory reading, writing and analysis was done on the first 7-8 months. Data collection preparation, interviews and analysis took another 5 months. Discussion and Literature re-affirmation took 4 months. The last month was used for presentations, corrections and conclusion.

The researcher was glad to have done the research because all the information gotten was beneficial to the business start-up and entrepreneurs and potential customers gave positive feedback concerning the start-up which motivated the researcher. Besides the information for the business start-up establishment, the researcher got valid lessons such as time management and importance of financial management when starting a business. The whole process was worthwhile, and the researcher was happy to have been part of it.

Conclusion

The main objective of this study was to gather financial information on entrepreneurship that would be beneficial to the author when starting a service business in Finland. The author divided the objective into two main sub-objectives that would make the whole process achievable. The sub-objectives were to create a business plan and to interview entrepreneurs on the appropriate topics that would be ideal for the project. The objective for this research project has been successfully met according to plan. The business plan was completed based on Literature review as well as help from the Finnish Enterprise Agency. The Finnish Enterprise Agency is an organization aimed at assisting new entrepreneurs with business start-ups in Finland. The author got more than enough advice and guidance through the organization for no fee at all. The Finnish Enterprise Agency is willing to work closely with people who are planning to start a business in Finland, and they have more than enough network to assist the entrepreneur the best way possible when establishing the business.

The author was able to interview 11 entrepreneurs and a bookkeeper who were willing to share their business experiences and hence they answered the questions the author had on core financial challenges when starting a business in Finland.

The author had a great learning experience from the Agency as well as from the participants. The participants were a great eye opener on things that the author had not thought about when considering entrepreneurship. The participants also helped to get rid of some fears the author had on entrepreneurship. It was helpful that both the participants and the people from the Finnish Enterprise Agency were very open and positive and were willing to share all the information that was needed for the start-up and the research project. The author is excited to start Bivet services; the business has officially been registered and 6 months start-up grant has been promised.

The objective has been achieved according to plan and the outcome has be great. The author will continue with marketing the business and more learning is expected when starting and running the business start-up.

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Appendices

Appendix 1. Bivet Services Business Plan

1 Executive Summary

Professional organizing as an industry was started in 1984 in Los Angeles and can be incorporated in home cleaning industry. This industry can be classified as residential and commercial cleaning meaning homes and office space. This industry is utilized in organizing homes and office space to improve the quality of life and increase productivity as well as efficiency in offices and people's homes. In residential cleaning, the growth of organizing industry has largely been driven by working mums who hardly have enough time to put into organizing their homes. Awareness of this industry has been brought about through television programs. In Finland the industry is not yet popular as a business and there is still great need. Bivet organizing company comes in to fill the opportunity gap in Finland.

At the initial stage, Bivet will be a home-based business. The administration work will be carried out at home and customers will be contacted via the website. All factors that might affect working from home have been put into consideration and working from home for this business is therefore conducive. Evaluation of the work and further discussions will be done at the client's homes or premises depending on the project's location. This will be beneficial for me at the start because I will not need to budget for office space expenses of the business. It will also be of great convenience because it will reduce on transportation costs due to less movement.

In countries where this industry has been in the market for a longer time, growth has been driven primarily by an increased awareness of the importance of the service. People have realized how they can benefit by outsourcing this service and using their time in other things that would be more productive in their businesses or homes. This business also includes the sale of home organizing products which reached 17 Billion dollars in 2018 and is expected to be around 21 billion dollars in 2021. The key success factors are excellent service delivery, top-notch customer service, and effective service marketing.

The marketing strategy is to reach our desired target group through word of mouth and via social media marketing. Bivet will also build a website which will offer information on the service business and in the future will also be an internet shop for the organizing products.

At the beginning I will do the organizing as well as the paperwork with the skills that I have acquired from my past studies and through past working experience. As the businesses grows, more work force will be hired depending on the demand of the service.

Bivet Service Business is seeking 3,420 € in capital.

2 Company Description

Bivet Service Business is a sole trader start-up company that will be in Espoo Finland. The mission of Bivet Service Business is to offer Organizing Services to people's homes and business premises in the City of Espoo, Helsinki and Vantaa. The business tag line is "Hands on services".

Bivet is internally stimulated, meaning that the idea came about because I love to tidy and declutter. Friends always asked how I was so organized and after sharing some tips, they always got motivated to tidy their own homes as well. At the time I didn't know of Marie Kondo and a friend recommended me to check her out. I was thrilled by her work with an exception of the religion part. Thereafter I recognized the opportunity gap in Finland that needs to be filled.

Bivet business will offer decluttering and organizing services in people's homes as well as business premises. The idea into practice, will be to take away all the stuff they don't need, and organize the stuff that remains in a way that will be easy to find in order to help them in their day to day lives. There will be two alternatives on how it could be implemented: the first option is to organize with the customer's lead and the other option is for the customer to seek advice and implement it by themselves. Although the service offered will be different for every customer depending on the customer's needs, the service will be carried out using the same procedure in terms of customer satisfaction but in different settings. The price of the service will be measured depending on the location size and the time allocated for the project.

I have a bachelor's degree in business administration and am currently pursuing a master's degree in business administration which is relevant for entrepreneurship. During my studies I have gained knowledge in communication skills, organizational skills, time management, financial management, leadership skills, Microsoft office and social media management skills all of which will be beneficial in running the business as well as dealing with clients and employees. In addition, am organized, a self-initiator, a multi-tasker and curious, which are all good and strong characteristics of an entrepreneur.

I have working experience from cybershop where I worked as a sales attendant in a brick and mortar shop as well as in the web shop part of the company. During my time at Cybershop, I learnt the day to day running of the business, I dealt with customers first-hand and therefore was able to practice my communication skills and customer service. I also participated in the inventory process of the business and learned how to keep track of sales and be on the lookout for losses. My experience of working at the web shop will be utilized while setting up the web site which will be part of the marketing strategy.

3 Industry Analysis

Bivet falls under professional organizing industry incorporation with home cleaning industry. Cleaning services is expected to grow to 74,299 million dollars by 2022 with a compound annual growth rate of 6% between 2016-2022. Residential and Commercial comprise the focus in cleaning services. The growth of this industry has been propelled by the increase of disposable income and the increase in the number of working women. Residential segment is expected to rise faster because of higher disposable income, change in people's lifestyle as well as the need of the service by the dual income homes.

Professional organizing industry is affected by changing environmental trends. When the economy is strong, people have more money to spend and are willing to buy discretionary products and services that enhance their lives. In contrast, when the economy is weak, not only do people have less money to spend, but they are typically more reluctant to spend the money they have, fearing the economy may become even worse. Paradoxically, a weak economy provides business opportunities for start-ups that help consumers save money.

Social trends are a great contributing factor to the industry because by the use of platforms such as Facebook and Instagram end users can view the completed work and the customers can give a recommendation for the service. This is utilized to bring awareness and to increase and grow the market.

4 Market Analysis

Bivet will target the organizing segment of the cleaning industry. The target market for residential cleaning will be working women and the target market for the commercial will be small and medium enterprises. Bivet will provide services to Helsinki, Espoo and Vantaa with a focus on the Espoo city. Bivet strong competitors are established home cleaning

businesses with a flow of customers, who could easily collaborate the organizing service with the home cleaning service that they offer. 5 main competitors in Espoo are: Washup, Dust and shine, Keradur services, Pieni puhdistuspuoti and Tafallatmi. The difference between the organizing service and home cleaning service is, in home cleaning, there is a lot of surface cleaning by the use of water and detergents while organizing consists of arranging and labelling items while giving the items convenient locations in order for the items to be easily accessed when needed. In home cleaning the procedure takes a shorter time to accomplish but needs to be repeated often while in organizing, the procedure can take a longer period of time to accomplish and when well done could take a long time before it can be repeated again.

BIVET SWOT ANALYSIS

<p><u>Strengths:</u></p> <ul style="list-style-type: none"> - New in the Finnish market - Past Business exposure and skills - Passion - Service focus 	<p><u>Weaknesses:</u></p> <ul style="list-style-type: none"> - Limited resources - Lack of tenacity - One person running the business - Weak Finnish language skills
<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> - Opportunity gap; organizing service not offered in Espoo - Many working moms in Finland 	<p><u>Threats:</u></p> <ul style="list-style-type: none"> - Home cleaners collaborating the organizing service with cleaning - Poor economy and low disposable income - Money running out

5 Marketing Plan

Bivet's main objective is to make working mums and SME's aware of the benefits of outsourcing organizing services and to sell them our organizing idea by use of word of mouth, social media and other free channels available. The plan is to ask our customers to send recommendations for our service on Facebook after the organizing is done when satisfied with the service. Bivet will also have its own website which will be used as a marketing tool through photography of the completed projects with off course the customers' consent. Facebook will also be an important tool for marketing due to the great people

presence and connectivity. Instagram and Pinterest will be used to display our work through photography.

The main goal in the first year is to have at least 5 hours of work a day in order to reach the desired income to match the annual estimated profit and expenses. This calculation is a good motivator to keep the marketing going on all the time.

6 Management

At the start, Bivet will only have one person managing the business and responsible of all legal aspects of the business. As the business grows, Bivet will employ other people to help in the running of the business. The skill that really stands-out and will be beneficial to Bivet at its' initial stage is experience and exposure. I have been involved in people's businesses at an early age, I have seen businesses been started and how they grow over the years. This is a skill that cannot entirely be taught. It makes a great difference when one is part of a business start-up to see and experience it all together. I have learnt that entrepreneurs need a lot of patience, tenacity and passion while setting up a business, as well as customer focus while selling the product or service. At the start, a business takes more than it can give and during that stage in business, its best to be ready to give more than receive. Therefore, an entrepreneur needs to be well equipped. This skill will be beneficial at start while I will manage and run the business alone.

7 Operations Plan

Bivet Service business will be located in Karvasmäki which is my home due to limited resources and since it will not constitute of many equipment that will need a special place or storage. This will be beneficial to the business at the start because there will be no need to budget for premise rental expenses. The business being home-based will reduce on transportation costs due to less movement. Bivet website will have all useful information that the customers will need including the prices.

When a customer makes an order, they will be contacted to decide and agree on the date and time of the first meeting. The location of the meeting will be at the home or office where the organizing will be carried out. The evaluation of the work will be done during the first meeting and details concerning size and time marked on the evaluation sheet. During the meeting the customer will have the opportunity to ask questions concerning the project. After the meeting the pricing will be evaluated at Karvasmäki and the price quotation

will be sent to the customer via email. The customer will then confirm the agreement by paying 40% of the bill, and 60% of the bill will be paid after the completion of the project. If the customer doesn't accept the price on the quotation, there will be room for further discussion by email or phone meeting. After the project is complete, the customer will be requested to give a recommendation on the Facebook page.

8 Product (or Service) Design and Development Plan

If Bivet gets the funding from the TE start-up grant, the plan will be to open at Karvasmäki on 1st April 2020.

Completed milestones

August 2019 – January 2020

Business Plan

Selected the legal form of business

Milestones to be Completed

February 2020

Apply for the start-up grant

March 2020

Register the business

April 2020

Register the domain

April 2020

Start building the website

April

Start marketing & Operating

9 Financial Projections

Bivet capital projection

	A	B	C	D	E	F	G
13	FOR MONEY = MONEY SOURCES.						
14							
15	NEED FOR THE MONEY (before starting the business)				€		
16	INVESTMENTS						
17				If applicable, purchase price of the business			
18				Means of production/IT	600	computer, registering the co	
19				Telephone/internet	200		
20				Installation work			
21				Car			
22				Furniture			
23				Office material	20		
24				Initial expenses	200	vacuum cleaner, other clean	
25	WORKING CAPITAL 1-3 MONTHS						
26				Internet site, brochures, marketing	800		
27				Office rent/rent guarantee			
28				Apparatus/leasing			
29				Entrepreneur's own income	1 500	1 month	
30	CURRENT AND LIQUID ASSETS						
31				Employees' wages			
32				Initial stock	100	cleaning liquids	
33				Cash reserve			
34	MONEY NEEDED IN ALL				3 420		
35							
36	MONEY SOURCES (how are you going to finance initial costs?)				€		
37	PAID-UP CAPITAL						
38				Own apparatus			
39				Own investments	0		
40				Share capital			
41	BORROWED CAPITAL						
42				Bank loan			
43				Finnvera loan			
44				Other loans (my husband - Martin Thande)	3 420		
45	MONEY SOURCES IN ALL				3 420		

The figure above is an illustration of the capital needed when starting Bivet Service business. Personal savings and investments will be used at the start and the company will depend on the startup grant in the first 6- 12 months.

Profit projection

	per month	per year (12 months)	
TARGET PROFIT (own need for net income)	1 500	18 000	+ €
+ Loan payments		0	+ €
= INCOME AFTER TAX	1 500	18 000	= €
+Tax payments (state + local)	450	5 400	+ €
= NEED FOR FINANCING (own gross income)	1 950	23 400	= €
+ Interest on business loan		0	+ €
A = IN ALL	1 950	23 400	= €
	↓	↓	
<u>FIXED COSTS (without VAT):</u>			
Entrepreneur's pension insurance (YEL)	200	2 400	+ €
Other insurances	50	600	+ €
Employees' wages		0	+ €
Additional costs for wages (about 40 %)		0	+ €

Rent + electricity		0	+ €
Marketing	100	1 200	+ €
Telephone, internet	30	360	+ €
Car / travelling expenses	100	1 200	+ €
Bookkeeping	60	720	+ €
Office costs		0	+ €
Training		0	+ €
Newspapers and magazines		0	+ €
Repairs and maintenance		0	+ €
Other costs	50	600	+ €
B = FIXED COSTS IN ALL	590	7 080	= €



A+B NEED FOR GROSS MARGIN	2 540	30 480	= €
+ Acquisitions (excluding VAT)		0	+ €
= TURNOVER	2 540	30 480	= €
+ Value added tax (varies, the most common 24 %)	584	7 010	+ €
= SALES / INVOICING IN TOTAL	3 124	37 490	= €

TARGET FOR INVOICING	37 490	= €
Target for monthly invoicing (e.g. 11 months/year)	3 408	= €
Target for daily invoicing (e.g. 5 days/week)	170	= €
Target for hourly invoicing (e.g. 5 hours/day)	34	= €

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Appendix 2. Participant Information Sheet

Participant Information Sheet

- The purpose of this research is to gather information on challenges that entrepreneurs encounter while starting a service business in Finland.
- Nelly W. Thande is the researcher responsible for data collection of this study.
- This study is not funded or sponsored.
- The interview takes 45 – 60 mins. The interviews will take place between 9.1.2010 – 9.2.2020
- The data will be collected from entrepreneurs who are in the line of service business.
- In order to complete this study, 6-12 entrepreneurs are needed to participate in interviews.
- The data required will be on the financial scope of starting a service business in Finland and the experience of the chosen entrepreneur. Areas of study covered are Funding / Capital, Taxation, Business Plan and Marketing. A short description of the company background will also be required.
- Participation to the interview is voluntary.
- The participant has the right to decline to answer a question.
- The participant may withdraw at any time without giving a reason.
- The data collected from the entrepreneur is confidential and will only be used in the research project of the researcher.
- The project work will only be accessed by the tutors and supervisors of the researcher.

Thank you for your participation 😊!

For further questions concerning this research, please contact the project supervisor Christina Palomäki (christina.karlia-palomaki@haaga-helia.fi).

Appendix 3. Research Consent Form



RESEARCH CONSENT FORM:

Title of Research project:

Business Planning for a Service Business Start-up in Finland

Name and position of researcher:

Nelly W. Thande, Masters' student at Haaga-Helia University of Applied Sciences (Pasila)

1. I confirm that I understand the information about the project as provided in the participant information sheet.
2. I confirm that I have had the opportunity to ask questions and the researcher has answered my questions to my satisfaction.
3. I understand that my participation is voluntary and that I am free to withdraw from the project any time, without having to give a reason, without any consequences.
4. I understand I can withdraw my data from the study at any time.
5. I understand that any information recorded in the investigation will remain confidential and no information that identifies me will be made publicly available.
6. I consent to use of the data in research, publications and archiving as explained in the participant information sheet.

I agree / do not agree to take part in the above study.

Name of Participant

Date

Signature

Researcher

Date

Signature

Appendix 4. Interview Questionnaire

INTERVIEW QUESTIONNAIRE

A. Company background

1. What industry is your business categorized?
2. Which year was your business registered and established?
3. How many employees do you have in your company?
4. How would you describe your financial starting point as an entrepreneur?

B. Key challenges of starting a service business in Finland

1. What challenges did you face while starting your business as a sole trader?
2. Do you have a bookkeeper?
3. How have you handled taxation and what difficulties have you faced in the process?
4. Do you need employees, and would you hire if you needed to?
5. What Kind of network do you have?
6. Describe your network and how it was found or established?
7. What financial impact does your network have directly or indirectly to your business?
8. Do you have some wishes in terms of growth and how do you plan to go about it? Would you consider internationalization through investing?

9. What is your financial core issue when you have been running your own business?

10. What is your financial situation now?

C. Business Plan

1. Did you have a business plan before you started the business?

2. Would you term a business plan a prerequisite and would you recommend it to someone who has a business idea?

3. What financial scope did you include in your business plan and how was it beneficial?

4. How would you group the financial themes in order of your priority?

D. Marketing

1. How has marketing impacted your business financially?

2. What marketing channels do you use?

3. How important is premises to your company?

4. Where is your company located and does marketing play a part in your chosen location?

E. Other comments / words of wisdom as an entrepreneur?

Appendix 5. Calculating the Profitability

Yritysespoolu (2019) an example of Calculating Profitability in a Service Business Budget

This calculation estimates the company's 1st year's sales target

	per month	per year (12 months)	
TARGET PROFIT (own need for net income)	1 700	20 400	+
+ Loan payments		0	+
= INCOME AFTER TAX	1 700	20 400	=
+Tax payments (state + local)		0	+
= NEED FOR FINANCING (own gross income)	550	20 400	=
+ Interest on business loan		0	+
A = IN ALL	2 250	20 400	=
	↓	↓	
<u>FIXED COSTS (without VAT):</u>			
Entrepreneur's pension insurance (YEL)	200	2 400	+
Other insurances	30	360	+
Employees' wages	0	0	+
Additional costs for wages (about 40 %)		0	+
Marketing	100	1 200	+
Telephone, internet	30	360	+
Car / travelling expenses	150	1 800	+
Bookkeeping	100	1 200	+
Office costs	0	0	+
Training		0	+
Newspapers and magazines		0	+
Repairs and maintenance		0	+
Other costs	100	1 200	+
B = FIXED COSTS IN ALL	710	8 520	=
	↓	↓	
A+B NEED FOR GROSS MARGIN	2 960	28 920	=
+ Acquisitions (excluding VAT)		0	+
= TURNOVER	2 960	28 920	=
+ Value added tax (varies, the most common 24 %)	681	8 170	+

= SALES / INVOICING IN TOTAL	3 641	37 090	=
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TARGET FOR INVOICING	37 090	=
Target for monthly invoicing (e.g. 11 months/year)	3 372	=
Target for daily invoicing (e.g. 5 days/week)	169	=
Target for hourly invoicing (e.g. 5 hours/day)	34	=