

Adam Sanchez El Khalifa

## **DEVELOPING A FINANCIAL PLAN FOR AN INTERNATIONAL START-UP COMPANY IN FINLAND**

Case Study

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Business  
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## ABSTRACT

Oulu University of Applied Sciences  
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This research is a case study of a start-up company operating in Oulu (Finland) aiming to increase the company attractiveness in order to find potential investors. The aim of this thesis is to create a preliminary plan with financial data which could be used and developed later, since the organization doesn't currently have one. The second aim is to state what and how a financial plan can benefit a start-up company for in the investor's point-of view.

This thesis has been divided into two main fields, the first one being the theoretical background and the second the creation of an investors plan. The research of this thesis followed a qualitative research standard and the data collected was mainly secondary, the primary data was obtained through threw a semi-structured interview with the CEO of the firm. The main research topics are how to start a financial plan, what approach should be taken into the plan in order to increase the organization attractiveness and how could it help getting potential investors. The plan was created based on a reliable theoretical background and the results of the interview were taken into consideration to create the investors plan for the company.

The thesis states that a financial plan increase can positively benefit a start-up company when it comes to finding potential investors, especially if the firm create a networking plan to directly interact with investors through events, seminars, or business pitching contests. Since the market is new and competitors are mainly indirect, few aspects should be taken into consideration to add reliability and credibility to a financial plan likely market analysis or market research.

This thesis contains information commonly available while creating financial plans in addition to core concepts about investors, getting funding and the current start-up situation in Finland.

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Keywords: Financial plan, Investors, Start-up company

## ABSTRACT

Oulun Ammattikorkeakoulu  
Degree Programme in International Business

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Tekijä(t): Adam Sanchez El Khalifa

Oppinäytetyön: Rahoitussuunnitelman laatiminen kansainväliselle start-up-yritykselle Suomessa

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Tämä tutkimus on tapaustutkimus Oulussa toimivasta start-up-yrityksestä, jonka tavoitteena on lisätä yrityksen houkuttelevuutta mahdollisten sijoittajien löytämiseksi. Tämän opinnäytetyön tavoitteena on luoda alustava suunnitelma taloustiedoilla, jota voidaan käyttää ja kehittää myöhemmin, koska organisaatiolla ei tällä hetkellä sellaista ole. Toinen tavoite on todeta, mitä ja miten rahoitussuunnitelma voi hyödyttää aloittavaa yritystä sijoittajan näkökulmasta.

Tämä opinnäytetyö on jaettu kahteen pääalaan, joista ensimmäinen on teoreettinen tausta ja toinen sijoittajasuunnitelman laatiminen. Tämän opinnäytetyön tutkimus noudatti kvalitatiivista tutkimusstandardia ja kerätty aineisto oli pääosin toissijaista, ensisijainen data saatiin yrityksen toimitusjohtajan puolistrukturoidun haastattelun kautta. Tärkeimmät tutkimusaiheet ovat rahoitussuunnitelman käynnistäminen, millainen lähestymistapa suunnitelmaan tulisi ottaa organisaation houkuttelevuuden lisäämiseksi ja miten se voisi auttaa saamaan potentiaalisia sijoittajia. Suunnitelma laadittiin luotettavan teoreettisen taustan pohjalta ja haastattelun tulokset otettiin huomioon yrityksen sijoittajasuunnitelman laatimisessa.

Opinnäytetyössä todetaan, että rahoitussuunnitelman korotus voi hyödyttää positiivisesti aloittavaa yritystä mahdollisten sijoittajien löytämisessä, varsinkin jos yritys luo verkostoitumissuunnitelman ollakseen vuorovaikutuksessa sijoittajien kanssa tapahtumien, seminaarien tai bisnespitching-kilpailujen kautta. Koska markkinat ovat uudet ja kilpailijat ovat pääosin epäsuoria, tulee ottaa huomioon muutamia näkökohtia, jotta rahoitussuunnitelman todennäköinen markkina-analyysi tai markkinatutkimus lisää luotettavuutta ja uskottavuutta.

Tämä opinnäytetyö sisältää rahoitussuunnitelmia laadittaessa yleisesti saatavilla olevaa tietoa sijoittajien, rahoituksen saamisen ja Suomen tämänhetkisen startup-tilanteen ydinkonseptien lisäksi.

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Avainsanat: Taloussuunnitelma, Sijoittajat, Start-up yritys

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# 1 INTRODUCTION

The main subject and topic of this thesis emerged when the author got interested about the field of finance and accounting in its overall. With a sales background in diverse positions, namely, sales development manager for Liana technologies, plus experience in marketing for Unfair Advantage Oy, the writer has decided to go across his comfort zone and obtain new theoretical background in finance.

Moreover, going through different channels and scholar network resources, an opportunity of developing a topic on the desired field was available in oiva, and this resulted with the idea of analysing the requirements, needs, and contact the according commissioner.

A day after, the commissioner replied positively back, for this reason, an online meeting has been arranged with the aim to discuss about how the author could find answers to a specific problem within the firm collecting and using empirical and theoretical information.

Further, an agreement has been concluded from both parties, the aim of the thesis is to provide enough qualitative material in finance and accounting that could attract potential investors in order to develop the start-up.

In this case, the commissioner is Ritva Rundgren, the Chief Executive Officer of Mrs Santa Claus Finland Ltd Oy. According to the CEO, the Finnish start-up has been struggling for the last six months due to a lack of financial resources and assets, nevertheless, the firm is still showing positive outcomes from their customer's feedbacks, that is why, it has been concluded that qualitative material from different business fields could result as an opportunity to get investors and public founding for the future.

## 1.1 Commissioner

Mrs Santa Claus Ltd Oy was established in 2020 in the city of Oulu, the limited company has been created by its CEO Ritva Rundgren with the idea to produce creative content under the brand, Mrs Santa Claus. The commissioner describes herself as member of PINONetwork and senior entrepreneur with a teacher background and studies of entrepreneurship at the university of Oulu.

Further, the great impact through her participation in the courses of InnoOK, in addition to her winning participant group during the 6Aika contest in 2018 resulted as considerable outcome to start this new project.

Mrs Santa Claus currently has an island residence at Hailuoto, precisely located in the north of Oulu where the touristic activity has been held. The idea emerged when Eeva Nikkola, Ritva's fellow student, realized that there was a niche in Finland considering the cultural impact of winter traditions in the country. Moreover, after further considerations and fellow student's feedbacks, the decision of creating the start-up has been undertaken by the commissioner.

During the semi-structured interview, that will be reviewed in the next pages, the lack of financial resources has been pointed as one of the major issues of the mentioned start-up by Ritva, especially considering the current pandemic that would significantly reduce the presential content, for this reason, the online activity became the most reliable activity channel for the firm. Currently, the main products are creative content, designed and created by the CEO and industrial designer, Mari Pohjanvesi, such as personalised videos, photos, Christmas souvenirs, house tours, live drawing online, artistic pieces or unique presential performances.

As reported by Ritva, the firm growth didn't increase in the past six months due to a lack of financial resources, and for this reason, the principal aim for the start-up is to attract potential investors that could boost the company with a certain amount of external capital. The company goals for the next two years are to reach more global brand visibility using AR and VR and develop their online assets within the firm organizing online visits in Hailuoto and live sessions.

## 1.2 Start-ups and Investors

Start-ups, considered as young organizations, often see the light from creative ideas and get developed with time in order to provide a unique product or service with the aim to compete in a rude and established market, nevertheless, it is always possible to find a niche that could result with a great investment due to its lack of availability, increasing the chance to make it irreplaceable for its customers. As stated by Mikkel Draebye (2019,8), the thing most start-uppers have in common is that they are venturing into new territory, most often the venture team has no experience in launching and running a business of their products and services. (Draebye.M. 2019)

Nowadays, it is relatively challenging to overcome the development of a start-up to medium-sized corporation without a significant starting capital, particularly in this time, considering the current pandemic. According to Huoponen (2018,20), even it is a myth that 80-90% of the start-ups face their death, it is still considered according to her, relatively close to reality. In addition, time and money are finite resources, which can result with considerable issues if a failure to allocate them is present. (Huoponen.O. 2018)

Moreover, a lack of information while managing effectively its financial resources directly impacts on the prosperous development of an organization, that is why, it is relevant to explain what a financial plan is and why it is needed. According to authors, a common financial plan might include information such a balance sheets or cash flow statements due to its importance to have an idea of what's the company's current financial situation and in addition, expose positive results that would create attraction for future potential investors.

Investors tend to maximise their investment minimizing the risks, that is why it can result challenging to find a corporation that would meet the cited criteria. Moreover, a significant number of tools and financial instruments are available to provide a certain warranty, and consequently, help the investors to conclude with their final decision.

As start-up, angel investors are considered the most suitable type of investors in the industry, this is due to their high contribution in small start-ups and young entrepreneurs with the aim to finance and boost the starting cycle, where in return a small ownership equity of the company will be claimed. (Ganti.a. 2020)

Finland is considered as one of the biggest players in term of fastest growing-start-up scenes, where a pleasant ecosystem joins a significant offer of angel investors, VCs and public funding in order to boost and accelerate business activities of local start-ups. Therefore, Finland remains one



of the most attractive business landscapes for international investors, and results with the arrival of new accelerators, incubators and venture capital funds, ready to support promising young entrepreneurs.

Socially, the country presents positive outcomes since the society is considered safe, stable, transparent in addition to a low level of bureaucracy, tech-savvy highly educated professionals and prepared infrastructures for new corporations with innovative ideas. Moreover, innovative and unique concepts are highly rewarded as can be seen with the government funding process according to BusinessFinland.fi. Geographically, Helsinki as capital and centre of business activities, is strategically located due to its proximity to Asia, opening several opportunities for the immersion of local products to new markets, and in the other hand still have a consequent proximity to highly targeted business countries in Northern-Europe such as Stockholm or Oslo. Further, Finland have been organising every November in Helsinki an event called Slush with the aim to connect potential investors to promising companies, which results with the yearly presence of 20000 people from 100 different countries. (Business Finland. 2021)

Alternatively, Finland remains a country with a high start-up development policy and funding programs, according to Tarnjit (2020,14), the Finnish Government is the top institution providing funding for new enterprises. Entities like Business Finland, ELY Keskus, Finnvera are all government funded.

To summarise, a reliable and consistent financial plan could significantly be considered as a consequent argument from the investors and funding organisation's perspective, as The Ministry of Economic Affairs and Employment of Finland supports new entrepreneurs providing varied grants such as, a monthly wage of 700€, in addition to a clause of commitment with a full-time work-based schedule for the entrepreneurs. (Tarjnit.S. 2020)

## **1.3 Research**

### **Research aim and Question**

The thesis topic is “Developing a financial plan for an international start-up Company in Finland: Case study”. The expectation of the firm with the contribution of this thesis, is the obtention of enough financial resources to develop the start-up and have a structured plan where the company could reinforce its financial bases, since the mentioned problem by the representative is the challenge to develop an international start-up in Finland with a small starting capital and without a well-structured plan due to its lack of attractivity and material on the investor’s point-of-view, for this reason this topic has been approved by the CEO.

Given the above, after defining the corporation’s aim, the thesis aim is, based on the empirical and theoretical data and going through the research methodology, providing reliable and substantial material in finance with, in addition, a concrete conclusion that could answer the targeted issue.

Research Q: How a financial plan could attract potential investors?

### **Focus and Limitations**

Since there is any universal answer or definition of creating a financial plan or structuring an investor plans either, the author will create and design a subjective financial plan based on the information and company’s need in order to increase investor’s attractivity. Alternatively, this plan will include core concepts available in the field of finance and accounting from diverse sources. Concerning the existent opinions of creating a financial plan, since opinions are mainly subjective, the writer concluded that in all cases, the structure of the financial plan will be founded through author’s subjectivity.

### **Structure of the study**

The thesis starts introducing the main actors, research problem, question, aim and locating the reader in a defined context. Secondly, the primary theoretical background for the development task is illustrated by creating a financial plan, explaining what it is, why it is needed and what will be

included. This segment includes what's the company's current financial material and situation according to the CEO, what are the Sales Forecast in addition to the Business Ratio and Break-Even Analysis. Moreover, the last chapters introduce the research methodology and obtention of data, including the analyse of available results obtained according to the literature review, and conclusion. The discussion, as last part of the thesis will outline the research process together with author's suggestions for the commissioner of this study. All the questions of the interview with secondary information are available in the appendices.

## **2 CREATING A FINANCIAL PLAN**

This section will introduce the core theory that has been collected in order to add essential concepts based on reliable sources, or in other terms, the theoretical background. This chapter will cover simple questions for instance, what a financial plan is, why it's needed and how it is constituted. Moreover, as expected by the commissioner, firstly all the concepts will be defined and explained to prepare and provide the tools to fully understand the development task, with the aim to further present relevant information in finance that the company could use as foundation and create an investor plan, increasing the firm attractiveness.

### **2.1 What is a Financial Plan and Why it is needed?**

Regarding various investors, bankers and experts, a financial plan is one of the most important part of a business plan, and since the commissioner has covered most of the other business plan sections, the thesis author got charged of the mentioned part. According to Alhabeeb.M.J (2015.74) "It is money talk in numbers, that may make or break the whole business plan", a financial plan serves the business providing statements such as, elements to judge if the business performance is efficient enough and its health, tools to prove if the business can generate positive returns on a defined period of time, resulting with evidences that the inversion is safe with a satisfying rate of return. (Alhabeeb.M.J.2015)

The aim of this plan is to show the full potential of Mrs Santa Claus oy and prove that it is economically viable. Given the above, universal financial plans doesn't exist, many tools, concepts and ideologies are available to create a financial plan, that is why, this one will be adjusted in consideration to a current need, missing theory and final goal. Further, as discussed during the interview with the CEO and stated in the appendix, the organization already have strong bases in subjects such as income-expense statements, cash flow and balance sheet, and this is the reason why the author have decided to narrow the plan and focus on sales and forecasting.

## 2.2 The Company

As introduction of the investor's plan, a detailed overview of what are the direct functions of the company in addition to its nature and business activity will result available for the reader.

The subjects of this field are company description, a detailed explanation of the products/services, and personal/business operations, allowing a clear understanding of the business intentions and vision on the long term.

A description of the company surrounds subjects such as the company background, what is the company about, the time and explanation of its creation, where it is located and its field of business. Moreover, the scope and ambition of the firm on the long and short term will be introduced, illustrating its goals, aims and values. It also illustrates the key points of differentiation from competitors, what are the distinctive experiences, competences, features, and why the company business idea is unique and reliable. It relates why the company will succeed, what are the identified problems based on customer targets feedbacks and what is the methodology to solve it. (Nordea 2020. Williams 2012, chapter 2)

As stated by James Chen "A mission statement is used by a company to explain, in simple and concise terms, its purposes of being", for this reason, it is generally short, summarised and understandable in few sentences. The core aim will reside into answering a dual function which is firstly, help the employees or founders to stay focused on their primary tasks, and alternatively, follow an innovating standard way of working toward increasing their productivity, in order to achieve the company goals. A mission statement reveals the culture, ethics, values agenda and fundamental goals of an organisation. This will provide clear information for potential investors allowing them to see if the mission statements are aligned with their goals for the company. (James.S. 2021)

The company may pass by different stages to find its mission statements, evaluating what could be the best goals and targets in terms of efficiency:

1. Have a clear understanding of what the company is offering and why would it complete the company's growth
2. Why the company is operating differently, what does the firm stand out from current existing products, nevertheless, keeping a simple approach and avoiding technical terms.

3. Define what values goes into the core business, likely quality over quantity or innovation over creativity. Once answers are available, it will be considered as key points to mention in the company mission statements
4. Ultimately, a mention of the reason of each of the answers of the mission statement will be provided, allowing an image of transparency and security for potential investors.

Once again, according to James Chen “A company’s mission statement differs from its vision statement, while the mission statement remains unchanged for the most part”. Accordingly, a distinction will be done by the firm between its vision and mission statement. (James.S. 2021)

Given the above, a description of what products and services the organization is offering states a part of the value proposition, why does it exist, what is the added value, and what could it potentially bring to a target segment or customer. A reliable product or service description solves an existing customer issue and bring positive outcomes of its existence in the market. (Barrow. 2009) Forecast As indicated by his name, sales forecast is a prediction of the future in terms of sales and revenue based on information such as historical data, the current market and company sales results. Given the above, a forecast is always an estimation which means it is rarely 100% accurate, this said, the aim is to get the higher percentage if possible. Further, it is relevant to mention the difference between a sales-goal and a sales prediction since its two different concepts, goals are set to overview what the author would like to happen when in the other hand, a prediction is close to reality in its intentionality. (Bishop.K.2020)

As stated by the figure 1 bellow, sales forecast has been chosen, firstly because it helps the organization to have a clear understanding of its financial resources on a specific amount of time, this allows a better planning of purchasing procurement, and organization of its assets.



### *Figure 1. Sales forecast*

Moreover, concerning sales forecast, based on collected material through the interviews, a focus on revenue a profit forecast will be provided in the investors plan to have a clear mention of sales forecast and its profitability. In its calculation, sales forecast will be processed estimating the amount of customers x the average value of customer purchases. (Alhabeeb.M.J.2015)

The obtention of answers and information is gathered using sales forecasting tools and formulas, methods that will allow the organization to predict potential future sales. It states data for likely, a guess of the profits, the number of customers in the long and short run, rate of deals in a specific period. The calculations start after an examination of the data and insights of the firm provided by a specific department or team management. Sales forecasts are reliable indicators of a company health and results crucial for potential investors or stakeholders. Although, given the key reasons of doing sales forecasting, the firm can still get other types of benefits such as: (Indeed Editorial team. 2021)

- Financial bureaucracy: The answers provided by a sales forecast affects positively on the obtention of financial documents such as a financial statement, cash flow statements or profit-loss statements. These documents is a strong argument of a company's success for potential investors.
- Set reliable and realistic goals: With a deep knowledge of the number of possible sales the firm is going to make, it allows the team management to take the right decisions in terms of who and what to hire and set the budgeting strategy of the year.
- Increase the attraction: Sales forecast, can result as an impressive outcome for investors, increasing the attractivity and convincing a larger number of potential investors providing of different types of funding. A positive sales forecast ratio is a prove of success on the long-term
- Efficient business operations: It allows the founders to make decisions that might increase the incomes and benefits of the company.

## 2.3 Business Ratio and Break-even Analysis

The business ratio is the practical part of financials, using specific formulas and calculations will allow the possibility to analyse different financial statements and understand various ratios, for instance, the profitability ratio in addition to operational ratio. All these calculations and results will be available in the investor plan in the appendix, aiming to increase the transparency and consequently the investor's trust. In the firm's point-of-view, ratios could result as reliable indicators to assess its performances. Given the above, break-even analysis states how many units of a product must be sold to cover all the according expenses, this includes fixed and variable costs.

(Alhabeeb.M.J.2015)

As summarised by Adam Hayes: "Break even analysis entails calculating and examining the margin of safety for an entity based on the revenues collected and associated costs". The calculation is efficient by examining what would be the margin of safety of the firm revenues and costs. The aim of a Break-even Analysis is to be aware of how many sales must be closed to compensate the cost of production. The existence of a break-even point allows the calculation of different ratios such as the break-even point, and it is considered as a safety indicator for investors, that is the reason of why it must be included in the investors plan.

In terms of calculations, as introduced below by the second figure, two types of calculations are possible to create a complete break-even analysis, the contribution margin and break-even point. A break-even point states how many units need to be sold to cover the cost of production while the contribution margin, as first step of the process informs about what is the excess between the selling price of the product or service and the total variable costs.

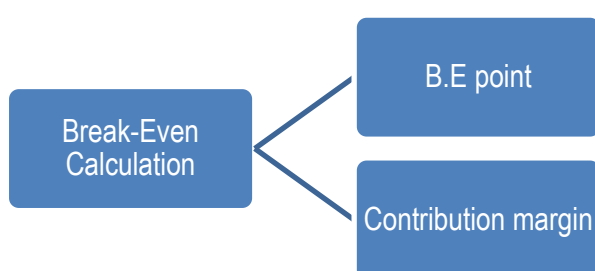
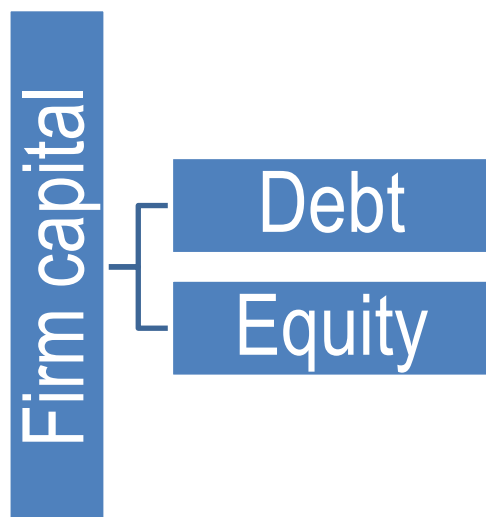


Figure 2. Break-even calculation



In the other hand, the study and calculation of the company's break-even analysis is considered as internal data, it's exclusively for the management's use only, nevertheless the results might be shared with external parties. There is a lack of interest on the investors point of view concerning a specific individual company's break-even analysis, however the calculations will be used to determine at what price there will be a break even on investment. (Adam Hayes. 2021) Funding needs As stated by Will Kenton, it is considered a funding when this one gets an investment from a corporation or trust engaged in the business of investing the pooled capital of investors in financial securities. (Kenton.W.2021). In this section, the author will identify and quantify the funding need.

The team core management ensures that the funding is correctly assigned and calculated due to its consequent impact on the organisation growth, including each step of the process. Currently, there are several ways of founding a start-up, it can either be by a founder's capital or debt as it can be observed, the (figure 3.) illustrates the firm's capital structure.



*Figure 3. Capital structure*

Further, calculations and estimations are defined to answer three specific questions to possess a structured and realistic plan concerning investors funding. The according questions are:

- What is the need in terms of money?
- What are the different options and what are the pros/cons?
- Define the kind of structure the company wants to be and the relationship between equity and liabilities

Concerning the potential source of investment, the team management while investigating different sources of funding/investors for the firm, the motivation in addition to their vision of how the company can benefit them is taken into consideration for the final decision. Private funding tends to have a more personal reason to believe that the company can benefit him while the public funding is more interested with the idea that a product can successfully get exported and enter new markets. (Lông Eemeli. 2018)

According to CFI, the equity is the sum of the founder's and stakeholders funding since the first steps of the life cycle of a company to its continuous growth. Given the above, the concept of total equity is the residual value left from the assets eliminating all the possible liabilities, it is all saved and documented in a balance sheet. (CFI. 2022)

## **2.4 Investors Plan**

The investors plan, as previously mentioned it is not an existing universal concept in the current financial topics, nevertheless the idea of increase the attractiveness of an organisation by presenting data, documents or plans exists and have different definitions, likely financial plan for investors, stakeholders plan or external funding strategy. Correspondingly, a plan must include financial statements guided by reliable and viable financial goals in addition to a clear understanding of the company's strength and needs, allowing potential matches with the targeted investors. (Voigt.K, Benson.A. 2022)

Given the above, due to a very specific case and thesis questions to answer, the author have decided to gather different information from varied sources and ultimately create an adjusted plan to increase the attractivity of Mrs.Santa.Claus Oy for potential investors, sharing reliable facts about the company and naming the described plan Investors Plan. The table of content (figure 4) includes:

### The Company, Mrs.Santa Claus Oy:

- Company description
- Products and services
- Mission statement
- Investor target

### Break-even analysis

- Break-even point
- Contribution margin

### Sales forecast

### Funding needs

- Funding estimation
- Types of funding
- Equity and liabilities

*Figure 4. Investors plan*

### **3 RESEARCH METHODOLOGY**

During a thesis writing process, the sum of all the strategies, concepts and tools used for the research are considered as research methodology or research design, allowing that the mentioned research could be possibly adjusted, repeated, and judged objectively. Further, the different applied strategies will have a significant role, guiding, measuring, and narrowing the author's decision's concerning which choice to make regarding the collection of data, sampling, and analysis. Designing for research is part of every empirical study, acquiring its base from research questions and subjective hypotheses. As stated by Lapan.Q, "Research methods are tools that the researcher uses in order to investigate the research topic and the methods used are selected based on the research questions". (Lapan, Q.2011)

As previously mentioned, every research contains a research methodology, data collection is a crucial part of the research designing process, and will consequently impact on the results, analysis and conclusion. A data collection evolves analysing through observation, reading and measuring the gathered information using different formats or techniques that can possibly go from simple questions to a specific interview. Data collection tasks may vary according to the subject, giving the option for the author to choose if the gathered data may be numerical, written or simply defined by illustrations or pictures. Given the above, data could possibly be something never gathered before or on the contrary be information collected by someone else and reused by a new author. The data collection methodologies are defined by the author, and it evolves tasks such as gathering information through questionnaires, interviews, records, experiments, polls, or surveys.

#### **3.1 Qualitative Research**

During every thesis writing process, gathering information to provide credibility, cohesion and reliability is considered as a crucial part of its content, that is why researchers must choose the type of approach in order to obtain precious information, the options are based on either quantitative, qualitative research or little parts of both. Concerning the different information gathering strategies, depending on the case, tools likely documents, observations, questionnaires, or interviews are available for the author. Quantitative research tends to quantify and measure thesis data and objects with the aim to observe and analyse them. It is frequently measured in a larger scale and

concerns testing of hypotheses or theories where the data is collected in a numerical form or scientifically called empirical research. In the other hand, qualitative research is the complete opposite, it is a specific exploration of a topic using varied sources with the aim to observe and analyse non-numeric data, it is considered more specific and deeper than qualitative research. (Blaxter,L. Huges C & Tight,M. 2010)

## **Case study**

In research, a case study is the approach that the author uses to have an in-depth understanding and knowledge concerning on or multiple cases in a practical real-life context. Due to its close link to a real practical case, this approach is used in a multitude of subjects specially in social sciences. While choosing a case study, the limits and objectives are defined and specified according to specific thesis questions to answer. Defining limits and narrowing them is the most efficient strategy to stay focused on the main topic and avoid confusions. Because of its nature, a case study is most of the cases following qualitative research standards since the authors idea is to gain an in-depth knowledge of a specific case description. (Crowe.S & Avery.A. 2011)

Given the above, in this particular case, since the thesis is following qualitative research standards, the author has chosen a single case study which means the observations and data are gathered and analysed from one specific company.

## **Interview**

An interview can result executed in different channels and methods depending on the author's choice, physically through face-to-face interviews for instance or distantly via phone/video calls and electronic mails. The places are flexible depending on respective actors' agreements likely from their offices, in a coffee place or even from their home. Concerning the structure an interview can be the source of a simple discussion with generical answers or a specific questionnaire with the aim to obtain specific answers, in the first case it is called open interview while in the other hand the second case is a structured interview. The mix of both is a semi structured interview. (Blaxter,L. Huges C & Tight,M. 2010)

Given the above, in terms of content, since the study case is an emerging start-up with less than 10 employees and that the writer judged that it wouldn't necessary be needed a broad quantity of answers for qualitative research, the interview was directed to the CEO, Ritva Rundgren. To achieve the main goal of this research, which is developing a financial plan for a start-up company in Finland, Mrs. Rundgren was according to her the most competent person in the firm to attend this interview. The interview was mainly semi-structured, it was crucial for the author to obtain very specific and reliable answer for the development of the research. The questions are available in the Appendix 1. The interview was online through the application teams where both the thesis author and the CEO of Mrs Santa Claus were present. Although, according to structure interview standards, all the questions were prepared and thought in advance, covering precisely 3 topics:

- **Company:** This section was an introduction of the company with a detailed description of the background, vision, mission statements and operations. This part of the interview contains four questions
- **Financials:** It's an overview of the current financial activities of the organisation, it's the core data that will be used for the investors plan. This part of the interview contains three questions
- **Investors:** The CEO shared thoughts about what type of investors would match with the company vision and goals in addition to the method employed to attract them. This part of the interview contains 1 question.

The interview lasted after two hours and was recorded with the agreement of both parties with the aim to miss any possible useful information for the research. Afterwards, the author has added the most relevant parts of the interview according to him, nevertheless not every piece of information is available in the appendix due to its broad length.

## **Desk and Field Research**

According to Blaxter, in a research desk tasks which are done while sitting on the desk likely a collection or analyse of interview. The data analysis is guided by a variety of literature searching, it

aims to apply the theoretical background to understand the collected data. Every internet search and thesis writing process is considered as desk task. (Blaxter,L. Huges C & Tight,M. 2010)

Correspondingly, all the gathering and analysis of secondary data and pieces of information where hold during the desk research. The aim of this process was to find and compare the development of different financial plans and strategies and pick specific parts of each to create a personalised investors plan. Given the above, the information was collected and provided keys to know what should be taken in consideration while collecting the data in order to solve the thesis issue. In the other hand, structuring the interview, writing all the recorded answers, and analysing them was also part of desk tasks. The flexibility and availability of the client contributed positively to obtain qualitative and reliable answers for the development of the thesis. In addition, the author was provided by confidential documents via Google Docs in order to gain as much knowledge and awareness about the company situation.

The field of research is considered as all the tasks that involves the author to go into the field surrounded by all the topics that are mentioned in a thesis report, nevertheless all the questionings or observations during this process are in any place that doesn't include the desk. (BlaxCfter,L. Huges C & Tight,M. 2010) .Considering the theory, all the introductive part where the author got to find a thesis topic, question, problem, and client company is part of the field of research. It is in addition considered field of research tasks all the meetings with the according supervisor with the purpose to adjust and redirect thesis patterns.

### **Reliability and Validity**

The term validity and reliability state the accuracy and coherency of a research, in other terms, if two researches relates to a same topic, research questions and problems, the most a conclusion or results will be similar, the most it's reliable. Concerning the validity of a research, if the tools, methods, and approaches follow the research issues, it is called accurate or validated. (Blaxter,L. Huges C & Tight,M. 2010)

Moreover, the author has judged reliable to choose this subject because it had been reviewed through different classes for the current degree of International Business that is still currently on-going. Due to this factor, a part of the preliminary knowledge was already covered in the past and

affected the research methods and collection criteria. Further, all the core concepts and definitions of the theoretical background has been thought at OAMK (Oulun Ammattikorkeakoulu), through courses likely “Financial Development”, that is why, it is assumed that the gathered information is supported by the institution.

The academic sources or literature review were selected by the author depending on the quality of content and how could it be beneficial for the thesis. Different kind of sources were chosen, articles, books, and reports for instance. In addition, the electronic sources were picked from scholar data bases or from reliable and recognized institutions. The main idea of the author was to use already reviewed sources during different classes, adding approved sources by the supervisor and concluding with online articles written by reputable authors. Correspondingly, the information is still the same even the authors are different, this was a core indicator for the author while structuring the financial plan.



## **4 RESULTS AND CONCLUSION**

In this part of the report, the thesis research results provided by the empirical background, theory and qualitative research are presented in addition to a conclusion that possible answers the thesis questions and solve a defined issue. In other words, it's an overview of the most important findings pointing out from the research.

### **4.1 Results**

The first core answer concerning this research is that companies should take their financial plan into consideration, having an updated and consistent financial plan enlarges the chances of success by increasing its attractiveness and reliability allowing the company to have a better sight on what decisions to make for future operations. In this case, getting outside funding was part of the problematic, as start-up company it is easier to find potential investors that share the same vision by the presentation a financial plan. In addition, it will also demonstrate the company's motivation and expertise to succeed. The second key founding is that it is preferably better while working as a new start-up to aim for public founding before private founding. The reasons are that Finland remains a country with a high start-up development policy with funding programs and the Finnish Government is the top institution providing funding for new enterprises, meaning that the company is eligible to succeed according to government policy. Having the approval of a public funding and a strong capital as a start-up, can result as a considerable argument for potential investors.

According the theoretical and empirical background (literature) a preliminary financial plan was created, that is why the author decided to name it investors plan. The aim of this report is to provide bases which the company could use for a possible developing plan in the future and increase its attractiveness for potential investors. The plan is available in the (appendix 2). The according investors plan is a compilation of information concerning the company obtained during the interview with the founder of Mrs Santa Claus Ltd Oy in addition to basics following the structure introduced in the theoretical framework and answers the topic of developing a financial plan for a start-up in Finland. As this is the first financial plan of the company, the author decided to have a more generical approach concerning the information available in the plan. The idea was to provide an idea of what points could be pointed and developed in the future and what are the most interesting arguments

in order to get investors. The author was responsible of its visual representation, resulting with a format that contains tables containing data for further calculations and an illustration of the product the company is selling in for the company description.

## **4.2 Conclusions**

After discussing with the commissioner, it was found out that the company didn't have financial plan or reliable financial bases to develop. In the other hand, the necessity of attracting potential investors was present with the aim to increase the organization capital and improve the business development and operations. For this reason, the author decided to create an adjusted plan called investors plan that will include attractive factors concerning the company and financial bases that could be developed later. Nevertheless, it is relevant to understand that after a second analysis of the theoretical background that the investors plan does not include a complete financial plan since it does not include all the necessary aspects that is why, the company after its use should develop it.

Concerning the investors, financial information results as one of the most attractive arguments when it comes to choosing a company and invest, it provides important values such as safety, reliability and proves that the company is serious and committed. This said, besides having information, sharing it is also a considerable part of the process, having a direct interaction with potential investors increases the chance to find the right investment, that is why a networking strategy might benefit the financial plan on the long term. In the appendix 2, the investors plan pointed out positive outcomes and results that could be shared with investors, likely the break-even analysis or sales forecast, nevertheless, the lack of primary data states that the calculations could be more reliable. Since there are few competitors and this business is entering a new market, that is why a deep market research might provide more specific numbers and solve the reliability issue.

The investors report contains diverse information that once developed will result as a serious investing argument for the company, a clear description of the company, mission statements and products/services and the investing requirement, gives the knowledge to understand if the investors share the same vision and want to go in the same direction on the long run. The financial information states that the company is able to produce and sell successfully without liability.

## 5 DISCUSSION

During this thesis writing experience the author realised the important and complexity of creating a financial plan and the impact that this could have for the development of a start-up. The thesis writer was surprised going through theoretical background that there is any theoretical plan adjusted that company could use to attract investors, simplifying the decision-making process for both parties. This research conducted to find multiple answers for the question “How a financial plan could attract potential investors”, firstly it is primary a question of image and consideration from the investors point-of-view, a structured and complete financial plan could directly impact on investors decisions and impressions. Positive sales results states that the company is ready to be successful and provides an impression of being a safe and reliable investment. Nevertheless, it is crucial to prove that all the results and calculations are realistic and viable, that is why, the data obtained from market analysis, or even other departments has a role on the plan.

While researching and gathering information to answer the thesis question, the author discovered that other questions in the same field of research were appearing and resulted as a help for the development of this case. The first emerging question was about the relation between the company commitment to network and the success of a financial plan to increase the company attractiveness. It has been concluded that a very qualitative financial plan cannot be effective if there is an issue reaching investors, that is why, the company must attend events, seminars or pitching contents to have a direct interaction with potential investors.

Concerning the development tasks and research, the author deduced challenging the creation of a financial plan for this specific case, due to varied reasons. The first one concerns the lack of reliable data on the market, firstly because its new and secondly due to its lack of competitors, that is why, it is recommended to have a stronger focus on the values and mission statements than numbers. Given the above, this research allowed the author to go out of his comfort zone, developing targeted skills likely, setting an interview, research of reliable information using scholar sources, understand the analysis process of gathered data.

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## 1. Company

- What's the current situation of the company?

Nowadays the company is increasing its network, last weekend for example, we got a stand in a well-known fish market in Oulu, this gave us the opportunity to interact with potential customers and get constructive feedbacks about Mrs. Santa Claus Oy. Personally, I really believe in this project, and in the end, I feel that I do what I like and work as I want, I have been already doing a lot in my life and this is a moment when working on something that passionate me is important.

- How is the company organized?

For the moment, I have around 4 students helping me with the theoretical content of the company, but as employees, there is only my daughter in law that is principally architect and that helps me with the designing part of the process.

- What are the key values of the firm?

The image and values that we try to spread are one of our biggest strengths, we live in a world where we sometimes forget essential feelings like love, positivity or well-being, that is why we try to stick into these feelings and bring a bit of magic in children's hearts. Further, I would say that the visual and design of our products are also precious to us.

- How do you see the company in 1-2 years evolving?

I would have a popular YouTube channel, where I could advertise about various lighthouse books that I could already start to sell and deliver worldwide. I would like also to have a special guest house in my studio in Hailuoto. The final goal would be to also provide VR

and augmented reality animations to our customers, I truly believe in this technology, and I aim for it in the future.

## 2. Financials

- Who is currently managing the accounting of the organization?

Concerning the tax declaration, unfortunately the person that used to help me with that had to let it down because of its complexity, that is why I had to do it by myself, this gave me the opportunity to understand better financials. This is due to a receipt issue, in the beginning I used to mix my personal receipts with the company's which made the task more laborious, but in the end, we fortunately managed to solve it.

- What are the financial barriers?

For the moment we have got many since I want to keep the company running without any kind of debt, that is very important to me, this means that all the costs are paid by me and the benefits that we are slowly getting. One barrier are the salaries, until now my daughter in law have been working without income, so the first thing I would do is make a proper contract with her and offer a wage according to her work. Secondly is the printing of a lighthouse book for children made by Mrs. Santa Claus, I am very excited and ambitious about this project because there are not many lighthouse books for children in Finland, I would say that there is a niche. To end, I would like to have a few mentions about my online content, I'm aware that we are live in an online world and that open up a lot of opportunities for the brand, that's why, we want to upgrade the quality of our digital assets buying new equipment, tools and services.

- What about the incomes?

Well, we have finally got incomes! it is such an accomplishment for me since I have been working without any return for like 4 years, just to understand the business. Starting from May, we got 7000€ in 4 months which is more than expected. With the pandemic, we had to cancel many sources of possible incomes, letting mostly the online assets working, I am happy to see that the project is growing and developing.



### 3. Investors

- How are you currently trying to catch potential investors?

I have to admit that this is my weak point, and I guess that this is part of my nature. I am quite strict concerning the investors, I would like to find investors that would have a part of the company without interfering in my work, this comes from a teaching background. This said, I'm aware that I should change my mind, two years ago I have been present in an event called Slash in Helsinki and I have been presenting the company in pitching contests such as Polar Bear Pitching Contest.



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## THE COMPANY

Mrs Santa Claus Ltd Oy was established in 2020 in the city of Oulu, the limited company has been created by its CEO Ritva Rundgren with the idea to produce creative content under the brand, Mrs Santa Claus. After a teaching school career of 36 years in elementary schools in Liminka likely the comprehensive school of Liminka Bay and a scholar background in the Vaasa University of Applied sciences in addition to a bachelor in the university of Lapland, Ritva got all the necessary tools and knowledge to start a new adventure with Mrs Santa Claus Ltd Oy. All started when back then, in 2015 Eeva Nikkola, a member of the Ceo's student group realized that the idea of creating a brand on behalf of Santa Claus's wife image was a perfect match with Ritva. After many different positive feedbacks concerning this project, the company saw the light in 2020.

In the beginning, international students were working on this project on behalf of their school program, providing different and interesting approaches from their cultural point-of-view, with the aim to create an in-site place where customers from all around the world could visit but unfortunately the pandemic started. Nevertheless, the original idea was to create an online business where customers would dream and travel from their sofa. Technology makes it possible to share content globally. The brand of Mrs. Santa Claus Finland fits well in Hailuoto Island, likely Santa Claus fits in Rovaniemi, allowing children to come virtually. Concerning the team management, besides Ritva's supervision, for the moment there are 4 students working on the theoretical content of the company and as employee Mari Pohjavesi working on the designing part of the process.

Concerning the products and services, the firm is already operational to sell merchandising such as pictures, photos, Christmas products, physical or online visits to the house or customer premises, website ads, online events and happenings, art workshops and performances for Christmas. In addition, the organization is using an old house in Hailuoto, which represents the old rural architecture in the national landscape for those who want to live an authentic real-life experience, here in Finland. The house is an example of the appreciation of old architecture and ecological living, which has sought to operate on the principle of sustainable development. The demand is present, mostly from our target group that aims to get more familiar with the Finnish culture and feel the fairy-tale world of Joulumuori (Mrs Santa Claus) presential or online.

The aim on the long run would be to make content for well-paying target group globally and locally by having co-operative companions that many children could visit, likely charity organizations. It is also important for us to enhance the image of girls and women all around the world having a strong identity, as Santa Claus could have.

As organisation, in order to grow faster and increase the development of business operations, the firm is looking for potential investors that would share the same vision, values and way of working than us. Since the business plan is well structured and clear, our investors would have to grow with the company without interfering on the ongoing work.

The brand of Mrs. Santa Claus has already a core value that will be overviewed in the next pages, the work and faith made in this brand is already significative, nevertheless, this is just the beginning of dream come true.



Christmas card made by Mrs Santa Claus.

## SALES FORECAST

In this context, it is challenging to have an estimation of the sales forecast due to its lack of previous data or calculations concerning the market or potential competitors, that is why, all the numbers that will be available in this report were provided by different digital assets, such as the web-page traffic or the amount of viewers/subscriber on our digital assets. The following table states the number of potential customers in different online channels:

Youtube	Tik Tok	Web-page
1500 Users/month	1200 Users/month	400 Users/month

*Table 1*

Given the above, the next table is an overview of each products and prices, this said, the prices are not completely defined. This data was provided by the CEO and the authors estimation.

Books for children	10€
Personalised letters	5€
Local Presentations (charity) for firms	100€/ hour
Vr solutions for houses	80€
Local presentations of live drawings	250€/ 2 hours
Online presentations	100€
Ar postcards	300€
Global story telling sessions	5€

*Table 2*

Accordingly, it can be observed in the figure 1, that we have a total of 3100 users per month regarding digital assets plus, in the second figure the prices of each product available, this is the data that will be taken into consideration for the next sales calculations. Bottom-up approach is a reliable method that uses guesses for how many customers a company can reach with the following formula:

- Sales forecast = Estimated amount of customers x average value of customer purchases

Sales forecast = 3100 potential customers x 106€ of average purchase

This results with a potential income of 328600€ / year or 27380€ per month.

## BREAK-EVEN ANALYSIS

As previously mentioned, the aim of a Break-even Analysis is to be aware of how many sales must be closed to compensate the cost of production. In order to complete it, the contribution margin is calculated to inform about what is the excess between the selling price of the product or service and the total variable costs. Completing the first step will allow the company to have tools while calculating the Break-even point.

Accordingly, these are the formulas to calculate the contribution margin in addition to the break-even point:

- Contribution margin = Revenue-Variable Costs
- Break-even point = Total fixed costs/Unit contribution margin

Contribution margin =  $328600\text{€} - 7000\text{€} = 321600$ ,  $321600\text{€}/800\text{units} = 411\text{€}$

Revenue=  $328600\text{€}$ / year according to a sales forecast estimation

Fixed costs=  $45000\text{€}$ / year as mentioned in the next page

Variable costs=  $5000\text{€}-10000\text{€}$ /year

Quantity = 800 units

Break-even point =  $45000\text{€}/411\text{€} = 109$ , meaning that upon the sale of 800 units per year, the payment of all fixed costs are complete and the company will report a net profit or loss of  $0\text{€}$ .



## FUNDING NEEDS

The aim of the company financial plan is to strictly avoid indebtedness and seek to pay the costs itself and make an operating profit without social subsidies, that is why, calculations have been made in order to create awareness about how the funding will benefit the company on the long-term.

Most of the costs are fixed, due to the online activity of the company since most of the potential customers are international. According to Ritva, these are the costs of production concerning each of the core products:

Products	Cost per year
Christmas cards	5000€
Books for children	10000€
Vr solutions	20000€
Ar postcards	10000€
Local presentations	500€

*Table 3*

Given the above, the table states that with an annual funding of 45500€, all the costs of production are covered. Nevertheless, the author decided to create another funding that included exclusively variable and fixed costs.

- Variable costs: Costs that changes in proportion to what the company might buy or sell such as → Outsourcing, financial agencies, delivery costs,
- Fixed costs: Costs that doesn't change regarding company's decisions such as → Rental in Hailuoto, transports, bills, digital content material, wages and cost of production

These costs are currently entirely covered by the company, that is why, the funding amount is more flexible in this case, depending on the investors. With an estimation of a funding of 50.000€ per year, all the costs included production costs would be covered.