



Exporting dried fruits and nuts from
Afghanistan to Finland
Business plan for a new Company



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Exporting dried fruits and nuts from Afghanistan to Finland Business plan for a new Company

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Exporting Dried Fruits and Nuts from Afghanistan to Finland; Business Plan for a New Company

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The objective of this thesis is to create a business plan for a small-sized company named Paktia that will be specialised in export of dried fruits and nuts from Afghanistan to Finland.

The main purposes of this study are to define whether this business plan is profitable and to function as a manual for inaugurating and operating a company. The author of the thesis is planning at evaluating different aspects that are related to business planning in international trade organisation. He intends to obtain a wider picture of business planning in general and its practical part. The author's own learning objective is to use in practice the knowledge obtained during the study in Laurea University of Applied Sciences.

The fundamentals of business planning are outlined in the theoretical framework. This study's theoretical objective is to define the concepts of business planning, to create a general understanding of the relevant theories of a business plan and the offer a theoretical base for the empirical section. This study's empirical objective is to construct a business plan for a new company by analyzing the theoretical section, literature, Internet sources and the author's own knowledge. The thesis represents the main objectives and strategies of business plan, defines the possible competitors and potential customers. The market and industry analysis, financial plan, marketing plan and SWOT-analysis are included in the plan as well.

As this study is a qualitative research, it was operated as a dissertation-type case study. The sources used in the research are formed of interviews, literature and internet sources related to the topic.

As a learning process the study was beneficial to the author. Most possibility the knowledge gathered through analysis of this topic and writing the business plan for a new company will be used by the author in the future when establishing the company.

Key words Business plan, new company, export and import process, international trade, SWOT analysis, customer analysis, strategic analysis

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1 Introduction

In the modern world assumed that business can not be prospered without planning its future. The business plan of a company defines how the business will be conducted and how it is going to operate. (Westwood 2004. 1-3)

To be able to be successful in the current business environment, organisations are forced to analyze their operations in more detail. The author believes that careful preparation and business plan creation can create competitive advantage for any business.

1.1 The main objective of the study

The main objective of this study is to create a business plan for a small-sized company that will be specialised in import of dried fruits and nuts from Afghanistan to Finland. The intention is to make a plan for three financial years from 2010 to 2012. However the plan will mainly concentrate on the establishment of the company step by step and it's first financial year.

There are three most important purposes that will be discussed in this business plan:

- 1) To define whether this business plan is profitable
- 2) To function as a manual for creating and operating a company
- 3) To attract possible investors or convince a bank in cost-effective business idea and receive a loan

The author's intention is at evaluating different aspects that are related to Business plan of International trade organisation. The plan will be created by analysing the field of dried fruits and nuts and international trade, possible competitors, the potential market, potential customers, financial factors and thus building the business plan in accordance with the theoretical framework in question.

The author is planning at obtaining the wider vision about the business planning and its practical part. With the help of a theoretical framework it will be defined what actions are needed to initiate and operate a small-sized international trade company in Finland.

The author's own learning objective is to use in practice the knowledge obtained during the study in Laurea University of Applied Sciences. Business planning is a very extensive, diverse and interesting subject. The author's learning purpose include the understanding of business planning, the comprehension of alternatives for the new businesses and the ability to apply

this knowledge in practise. As planning and business planning in particular are nowadays very usable working tools, the author believes that the knowledge gained while writing the thesis will be useful and valuable in his future working life.

1.2 Background of the thesis

The topic of this thesis took place from the background of the author who was born in Afghanistan in 1979 and lived there until 2000. Recently living in Finland for 8 years the author would like to start his own business and decided to establish a business related with his home country and international trade.

Nowadays Afghanistan offers a potential possibility for investors and businessmen as a fast growing emerging market which is located in the middle of some largest and fastest-growing markets in the world. There are a many challenges to confront when starting doing business with Afghanistan, but a proper planned and well organised business has good opportunities to achieve it's objective.

The research of this thesis will be conducted as a dissertation study. Firstly, a theoretical framework will be produced based on contemporary literature (published sources and Internet). Secondly, in the empirical section of the study, a business plan for the international trade company will be constructed. This model will act as a tool to create and operate a company.

1.3 Methodology and delimitation

Based on different materials and various business plan structures the author draws the business plan structure for the case international trade company. Thus, this study does not give a universal model for the marketing plan for other companies; still it gives a brief understanding of the main components related to an international trade company business planning. This study's objective is to create a business plan. The author is going to put this business plan into practice and open a small-sized international trade company in the Helsinki capital area if the thesis proves that the idea is profitable.

The theoretical and empirical issues discussed in the study are focused on reviewing the business planning for a non-existing company that will export dried fruits and nuts. The subjects of markets analysis, industry overview, financial aspects, marketing, SWOT analysis and export/import processes are discussed in more detail.

1.4 Structure of the study

This thesis consists of four main sections: introduction, theoretical framework, research methods and finally the most important part empirical framework.

This thesis' empirical section is the biggest part of the whole study and it takes the form of a business plan: based on the theory of business planning examined and information gathered, the business plan of the case international trade company is built.

The introduction section gives an overall perspective of the subject, the objective and background of this study. It also defines the essential concepts used in the study, describes the limitations and the structure of the work.

In the second section of the thesis the fundamentals of business planning are outlined. The theoretical objective of this study is to define the concepts of business planning, to create a general understanding of the relevant theories of planning and offer a theoretical base for the empirical section of the study. This sector also refers to key questions of all planning work and different types of business plan.

The research methods section describes the construction process of the study, which includes gathering and analysing literature and articles, combining the existing information with the theoretical framework, evaluation and reliability and validity of the study.

In the fourth section the theoretical base described is put into practice. The study's empirical objective is to construct a business plan for the case company by analysing the theoretical section and the data given about the markets of Afghanistan and Finland. The study represents the main objectives and strategies of a business plan, defines the possible competitors and potential customers. The market and industry analysis, financial plan, marketing plan and SWOT analysis are included in the plan as well. Thus, the empirical section intends to create a real business plan that will be applied for a new company for three years from 2010 to 2012. The study's last section consists of the risk analysis and controls, and also the conclusions and discussions.

2 The theoretical framework: creating s business plan

2.1 Why a business plan is needed

Number of people who is considering establishing a company asume that a business plan writing is too timing consuming and not worth doing. But in practice it is a wrong way to

think. Planning has one of the most imperative roles in any company establishment. A business plan helps keep person focussed, as well as giving a way of measuring the business performance.

Preparation of a business plan is the initial and most important task to be undertaken by any business starter. The process of preparing a business plan makes it possible for a businessman to test his energy, motivation and commitment. There are indeed some advantages and disadvantages in having own business (like in any other business). It is usually quite intense, time-consuming and non-rewarding work in the phase of company establishment. But a well designed business plan and properly organised management usually brings outstanding result and good income. In addition to this in own business gives independence and possibility to do everything in own way.

Any business plan has three main purposes:

As a communicational tool, a business plan functions to attract possible investors, strategic partner and secure bank loans. Through a well designed business plan a person can see whether the idea has potential to make a profit. It is important to mention the problems and threats that the company might confront.

As a management tool the plan helps the company establisher to track, monitor and evaluate the progress. As the plan must comprise the schedule and objective, the company can pursue the written documents, evaluate the progress and compare the projections to actual accomplishments.

As a planning tool the business plan gives the guidelines for all the phases of the business.

(www.learnthat.com. 22 January 2009)

A well prepared business plan will help the writer to evaluate his level commitment to exporting and the product's potential for the international trade market. There is a lower risk to fail when following the plan prepared for the business.

2.2 The key questions for all planning

According to Cathy Ace, before undertaking any planning (including business planning), all organizations regardless of their size, type or age should define the answers to following six key questions, which has to be done in order to be effective and efficient in the market.

There are rising many stages concerning the all process of a company as where its operate, the location and position of the company in the market, how did the company approach here, where does the company want to be, how might the company reach there, how would be

feasible to approach there and how will the company monitor and manage its progress. There is a brief definition for each process as:

About the operation of the company, its present position in the market, the internal and external aspects of the organization's position have to be audited. It has to decide where the company intends to be operating in.

In order to approach your objective or aim of the position at the market, the organization should be able to identify the factors that influenced its current position ultimately.

Regarding where the company want to be, the organization is able to decide what its aims and objectives are. It is always important to remember when defining the aims that the organization should be able to achieve them.

How might the company approach there, this issue is about different alternatives and choices of the organization that can obtain its aims and objectives.

How it is possible to approach its objective. The organization decides on its strategic path and set of activities. It is essential that there must always be some flexibility in proceedings. However, vision should not be lost due to the fact that constancy might bring effectiveness.

It is crucial for the company to know about, how will the company monitor and manage its progress and it is important to remember that it is not wise to wait until the end of the process constant. Monitoring of the progress has to made from time to time in order to achieve effective management.

With the help of this standard planning, the organization can implement a marketing audit, reviewing possible objectives and strategies, and choosing the direction of where to operate in. (Ace 2002, 4-5)

The answers for six key questions mentioned above will be defined in section four for the business plan of the case international trade company.

2.3 Written business plan

When writing the plan there is need to be answered to the question: What is the purpose of business? It is advisable to imagine that someone who wants to become acquainted with the purpose of the business does not know anything about the field the company is going to operate in, the potential customers and competitors, market situation, financial aspects etc.

The business plan should answer all of the questions that the reader might have to be able to understand how the company is going to operate. (Sullay 1997. 67-68)

In order to function, the business plan has to be composed in written form. As a rule, a number of information obtained during the research. However, the written plan has to be clear and concise, simply written and easy to comprehend.

Some plans can be short, some long. However, all plans must have a common structure and similar format. All the plans' key information has to be connected to each other. (Westwood 2004. 24-25)

Preparation of the business plan for the case international trade company started from the collecting of the data about the field of dried fruits and nuts in Afghanistan and Finland. Writing the business plan itself take place after investigating and analyzing the literature about the topic. The business plan's objectives and strategies to reach them are outlined.

2.4 Different types of business plan

There are several types of business plans, each useful for different purposes and prepared for a certain group. It is crucial to select the correct one that suit a specific situation. Here six types of business plan are listed:

- 1) The start-up plan is the most popular type of plan that describes the steps for a new business. This plan includes information about standard issues as product or service, market, competitors, marketing, strategic and financial analysis.
- 2) The internal plan, which is not prepared for the outside customers (banks, investors, business partners etc.) It does not usually incorporate the detailed description about the company or management team. The internal plan usually presents the information as bullet points in slides (for example, PowerPoint presentation) rather than detailed texts.
- 3) The operations plan may also be called an internal plan or an annual plan. Usually is represents more detailed information on certain events, dates, deadlines, implementation goals, and responsibilities of teams and managers.
- 4) The strategic plan is generally also an internal plan that focuses more on high-level options and setting main priorities than on the detailed dates and specific responsibilities.

- 5) The growth plan may also be called an expansion plan or a new product plan. It can be both internal and external depending on the purpose of the plan. The growth plan focuses on a specific area of business or a subset of the business, and must always include detailed forecasts of sales and expenses for the company.
- 6) The feasibility plan is the more simple version of a start-up plan that includes minimum information about the business: mission statement, keys to success, basic market analysis, and preliminary analysis of costs, pricing, and probable expenses. It is worth writing this plan in order to identify whether or not to
- 7) The proceed with an appropriate plan, to reveal if there is a business worth pursuing. (www.startups.co.uk 20 January 2009)
- 8) The plan that the author is going to prepare is clearly a start-up plan because it will be made for a new business. In this plan the purpose of importing the dried fruits and nuts from Afghanistan to Finland will be described.

2.5 The templates of the plan

There is number of literature on business planning as the number of entrepreneurs is growing year by year. Internationalisation, globalisation, Internet, travel possibilities, new fields and industries give many people new ideas and prospective to create businesses. Manuals, books, articles and other sources facilitate their work while preparing the business plan.

In this section the author will demonstrate two business plan templates from two different authors, compare them and create an own plan template. It is important to have a clear structured construction of the template and comprehensive understanding of the business idea before the process of writing the plan starts.

Grahan Friend and Stefan Zehle state that the plan's length, style and content depend on the business decision or activities that the plan supports and also the readers that are going to read the plan. The author of the plan must try to make it as short as possible, and at the same time meet the main needs of those who will read it. Friens and Zehle suggest the following template for the business plan:

- 1) Executive summary (including vision, mission, objectives; current state of the business; product and services; customer acceptance; summary financial forecasts)
- 2) Basic business information (title; contents; contact information; document control; professional advisers)

- 3) Current business situation (business and its market definitions; core competencies; business organisation and infrastructure)
 - 4) Strategic analysis (political, economic, social and technological analysis; core competencies; configuration of resources; value add analysis; human resources; financial resources; industry life cycle; industry structure; competitor analysis; SWOT analysis)
 - 5) Strategic plan (vision, mission and objectives; competitive position; market positioning; brand strategy; portfolio strategy; business design)
 - 6) Marketing plan (market segments, size and growth; description of customers and customer needs; target market segment; product positioning and value proposition; marketing mix; description of products and services; pricing and discounting; advertising and promotional plans; channel and
 - 7) distribution strategy; guarantees and warranties; comparison with competition; marketing forecasts)
 - 8) Operations/production (physical location; the production process; facilities, equipment and machinery; engineering and design support; quality control plans; staffing requirements)
 - 9) Research and development (objectives; organisation; plans; resources)
 - 10) Management and organisation (organisation chart; top management; staffing; recruitment; training; labour relations; employment and related costs)
 - 11) Forecasts and financial data (sales forecast; profit and loss account or income statement; balance sheet; cash flow statement; payback, breakeven; benchmarking; sensitivity analysis)
 - 12) Financing (current shareholder loans outstanding; funds required and timing; use of proceeds; exit route for investors)
 - 13) Risk analysis (risk overview; limiting factors; critical success factors; alternative scenarios and strategic responses; specific risks and risk-reduction strategies)
 - 14) Business controls (information technology; financial; sales and marketing; operations; other controls)
 - 15) Appendices (details on market research; products specifications; marketing collateral; orders in hand; organisation chart; curricula vitae; detailed financial forecasts etc.)
- (Friend & Zehle, 11-12)

PlanMagic Corporation suggests the following template for the business plan of an export/import company:

- 1) Introduction (including business description; business formation; directors; management team; business goals and mission; business philosophies and identity; geographical markets; vision of the future)

- 2) Executive summary (main objectives; sales summary; strategic positioning; strategic alliances; licenses; key advantages; funds required)
 - 3) Marketing (product mix; sales estimates; analysis current product mix; competitive research; market analysis; marketing goals and strategies; pricing policy; advertising and promotion; sales management; distribution and service; SWOT analysis)
 - 4) Historic analysis (general view; market position; income statement historic; balance sheet historic)
 - 5) Organizational structure (management and personnel; administrative organization; contingency planning)
 - 6) Import/export operations (import/export identity; import/export location; import/export premises)
 - 7) Financial plan (investment budget; statistical data; return on investment; financial projections)
 - 8) Risk management (risk reduction; exit strategy)
 - 9) Appendices (personal income statement; and other documents)
- (www.planmagic.com 24 January 2009)

Both of the templates mentioned above (by Graham Friend and Stefan Zehle; and by Plan Magic Corporation) include an executive summary, marketing and financial plan, and also risk analysis. Other issues mentioned in both plans are SWOT analysis, marketing mix, market and competitors' analysis, risk reduction strategies. Based on these two templates the author's own business plan template is drawn and will be presented in the next part of the thesis.

2.6 The structure of the business plan for the case company

- I. Introduction
 - Business description
 - Business goals and mission
 - Geographical markets (Afghanistan and Finland)
 - Business style of the markets
- II. Executive summary
 - Objectives
 - Current state of the business
 - Funds required
- III. Strategic analysis
 - Core competences
 - Financial resources
 - Industry life cycle

- Competitor analysis
- IV. Operations
 - Import/export process
 - Facilities and location
 - Transportation
 - Staffing requirements
- V. Management and organisation
 - Management and personnel
 - Contingency planning
- VI. Marketing
 - Marketing strategies
 - SWOT analysis
 - Customer analysis
 - Marketing mix
- VII. Financial plan
 - Investment budget
 - Sales forecast
- VIII. Risk analysis and controls
- IX. Conclusions and discussions

There are plenty of reasons why this type of structure was chosen for the business plan. In the beginning the description of the business, its objective and mission are given. After that the field of the business and geographical markets are analysed. The plan also includes information about the export process and operations, management and organisation of the company. The marketing plan consists of marketing strategies, SWOT and customer analysis, and also marketing mix. The financial plan includes an investment budget and sales forecast. In the end of the business plan of the case company risk analysis and controls and also conclusions and discussions are presented.

3 Research method

The objective of this study is to create a business plan for a new company that will export dried fruits and nuts from Afghanistan to Finland. The theoretical section's objective is to give a clear understanding of the concepts of business planning. The objective is implemented by outlining the existing theories into a clear theoretical framework.

In the empirical section the main objective will be achieved by creating a business plan for a company named Paktia (the home town of the author which is located in Afghanistan). In the

empirical sections the author will combine the theoretical framework and his understanding about the exporting process in order to create a business plan for the case company. The nature of the research is qualitative research and it will be implemented as a dissertation study. The theoretical framework is constructed by analyzing the latest literature. The study's empirical framework is constructed by creating a business plan for a new company Paktia. This study's purpose is to lay a foundation for the company for the potential implementation of this business plan in the future.

This study's theoretical framework is constructed based on the literature and Internet sources related to the theories of business planning and exporting processes.

The research method is a case study. The case study can be defined as detailed intensive information from a single case or from a small group of interrelated cases. Typical features of this research method include choosing a single case, situation or group of cases; as an individual, group or community. The interest in the subject often processes a singular case, which is research in relation to its environment, from which a singular case is a part; the research material is gathered by using several methods i.e. by observations, interviews, and documentation research. The objective is usually the description of phenomena. (Hirsijärvi, Remes & Sajavaara 2000, 123)

3.1 Gathering and analyzing literature and articles

After making the decision start to write the business plan for the company that will import the goods into Finland, the author began to gather required literature. The author divided the theoretical section according to the theoretical issues, which the author was willing to improve in the empirical section.

The theoretical framework was produced with the help of various business planning theory sources - mainly books. They are available in huge numbers in Finnish libraries in English as well. All the used literature was gathered from the library of Helsinki School of Economics and library of Laurea University in Leppävaara. Different articles were available in the Internet as well.

The situation with the empirical framework was a little different. Recently the condition in Afghanistan (the importing country) is complicated. The country is confronting the phase of changing and renovations. For this reason there are not many statistics and studies available about Afghanistan. The theoretical base for the business plan for the case company was produced with the help of the theoretical framework.

3.2 Combining the existing information with the theoretical framework

After constructing the theoretical framework, the author applied the existing theory by combining it into the data available about the field and his professional plans regarding Paktia. By doing this, the purpose was to create a business plan which will be implemented in real life. Ideally the research made for the company would be used when establishing the company and starting the exporting process.

The first step was providing materials about business planning and international exporting processes, and also some statistics about the field of dried fruits and nuts in Afghanistan and Finland. The next step was the translation and modification of the materials from the data available in Finnish and Afghan into English. After this, the translated material and data given in English was reconstructed and modified in accordance with the theoretical framework.

3.3 Evaluation of the study

After preparing the theoretical framework and the empirical section, the material was analyzed by reading it through and by making sure that the content of the theoretical section and the empirical section were in consensus with each other.

The theoretical section was updated by gathering more literature about the issues that were not discussed well enough in the study. The theoretical section affected the business plan section of the empirical framework the most.

After making a general overview about the study, the author analyzed how the study answered the problem questions set. Subsequently the conclusion section was produced, where the author analyzed the results and scrutinized the discussion and conclusion of the study.

At the end the author examined the study's technical issues. This included study layout, the study's grammatical issues and revising of the references used.

3.4 Reliability and validity of the study

Reliability of this study means the repetitiveness of the measured results. The reliability of the measurement or research means its ability to avoid random results. (Hirsijärvi, Remes & Sajavaara 2001. 213)

This study was conducted as a qualitative case study, where all the used reference material is clearly marked in the study. Considering the qualitative nature of this study and its individuality, the author approached to the result as was planned in the beginning of research.

The validity of the study observes the capability of the research method to measure exactly what is meant to be measured. Measuring instruments and research methods are not always equivalent to the corresponding reality of what the researcher is researching. (Hirsijärvi et al. 2001. 213)

In this study, the validity is quite difficult to indicate. As the objective of this study was to construct a business plan for a new company, it can be concluded that the chosen measuring instrument was valid.

4 The empirical framework: constructing the business plan

4.1 Introduction

4.1.1 Business description

The business idea is to export dried fruits and nuts from Afghanistan to Finland. The company Paktia is going to act as an intermediary between the Afghan producer of dried fruits and nuts and Finnish distributors. Afghanistan is one of the leading producers of dried fruit and nuts in the world. The ranges of dried fruits and nuts vary with different taste (sour, sweet, hot and salty) and colors. Afghan people have been in this business for generations. After decades of war and economic isolation the country is in the middle of the process of re-integrating into the international market of dried fruits and nuts. (Ajmal Zarmal 13.05.2009)

Correspondingly Finland became more familiar with foreigners and international aspects during last decades. Many new exotic cuisine restaurants and oriental shops were opened lately. Finns started to travel more and visit new countries where they eat exotic products. Recently people in many countries began to think about their own physical condition - and it is known that dried fruits and nuts are very healthy and good food for children and adults. That is why the author believes that this business idea has very good potential to succeed in the Finnish market.

4.1.2 Business goals and mission

The goals of the company include:

- To enter into Finnish market with Afghan dried fruits and nuts. Later if possible other Scandinavian countries can be penetrated
- To find and start cooperation with at least one product distributor in Finland
- To offer high quality products at a affordable price
- The mission of the company can be explained as follows:
 - To provide support to the cooperation partners in the form of expertise in Afghan products and market
 - To provide a wide range of dried fruits and nuts (those that already exist in the Finnish market, and also new ones) adapted to customers' needs
 - To increase cultural interaction between Finland (and later other Scandinavian countries) and Afghanistan

4.1.3 Geographical markets (Afghanistan and Finland)

The two markets chosen for this business idea are Afghanistan and Finland. The reason is that the author of this thesis was born in Afghanistan and presently is living in Finland. It is planned to export dried fruits and nuts from Afghanistan to Finland. In this section these two countries will be analysed. The field of dried fruits and nuts and the market situation will also be described.

The Islamic Republic of Afghanistan is situated in Central Asia. The capital is Kabul. Border countries are China, Iran, Pakistan, Tajikistan, Turkmenistan and Uzbekistan. The total area of Afghanistan is approximately 647 500 square kilometres, which is almost twice bigger than Finland. The population in the year 2008 was almost 33 millions inhabitants. (www.cia.gov 03 February 2009)

Since the collapsed of the Taliban regime the economy of Afghanistan has improved significantly. The main motive for the recovery is the international support, development of the agricultural sector and the growth of service sector. However the country continues to endure from poverty and unemployment, the shortage of housing, clean water, electricity and medical care. The living standard is still very low. Afghanistan as a landlocked country is highly dependent on foreign aid, agriculture and trade with neighbouring countries. Challenges that need to be tackled are corruption, economical and political instability, unemployment, drugs export overseas, after war destroyed the infrastructure etc. (www.pdf.usaid.gov 03 February 2009)

Despite all these negative matters the Afghan government with cooperation of other countries continues to improve access to basic necessities by prioritizing infrastructure

development, education, housing development, employment's programs and economic reform. Reconstruction projects include national and provincial road construction, water management studies and alternative power initiatives as micro-hydro power stations.

(www.aed.usace.army.mil 03 February 2009)

Afghanistan is an agricultural country with approximately 80% of the population living in rural area. For example the agricultural value added was approximately 2 billions Euros in 2006 (almost 38.2% of GDP). The year 2006 was very successful for agriculture: the harvest was exceeded after the drought in 2005. That years the production of cereal increased by 52.7 per cent and wheat by 78.4 per cent. In the other section of agricultural products' production (as vegetable, fruits, livestock and forestry) increased slightly. (www.cso-af.net 03 February 2009)

Despite all the problems listed above Afghanistan is growing significantly and has an excellent potential future for new ideas and businesses. In the world of high technologies and globalisation, new systems and techniques have to be applied in Afghanistan as well. Many business niches are still not occupied and give a good possibility for those who are familiar with Afghan culture and having the courage to confront new challenges in the market.

Finland is located in Northern Europe and is bordered by Sweden to the west, Russia to the east and Norway to the north. The capital is Helsinki. Total area is approximately 338 145 square kilometres. The population of the country was about 5.3 million inhabitants in 2008. (www.cia.gov) 03 February 2009)

Being a relatively small country Finland has a highly developed industrial economy. The Finnish economy has developed comparatively quickly despite the economic recession and crisis that affected the country in the years 1990 - 1993. Finland is one of the leading manufacturers of cellular phones, machines, paper and medical accessories. The development of infrastructure is very high. Finland has been a member of the European Union since the year 1995. (www.worldwide-tax.com) 04 February 2009

Even though the climate in Finland is not favorable and its geographical location permits a very short growing period, agriculture is well developed. However due to advanced agricultural technologies the number of farms are decreased gradually and started to employ fewer people year by year. Agriculture contributes only approximately 4 per cent to the country's GDP. Other GDP sources in Finland are industry (approximately 32 per cent) and services (about 64 per cent). (www.worldwide-tax.com) 04 February 2009

4.1.4 Business style of the markets

In general Afghanistan has a very different business style comparing to European countries and Finland in particular. It is very important to be aware of Afghan business culture before starting to manage with local people regarding trade.

As mentioned above Afghanistan is continuing its efforts to revive and maintain political and economical stability. Recently the country has gained interest from foreign investments and there are more opportunities for international business. Personal relationships are considered very important in Afghanistan and establishment of close personal contacts is crucial to all business transactions in the country. Local people are preferably willing to know partners before going for any transaction. And therefore the business would take place better between two Afghans than between an Afghan person and a foreigner. That is why the author of this thesis can benefit from his background.

Correspondingly Finns are even more used to international businesses and foreigners. However they are usually unsure to cooperate with people from a country with an unstable economy and problematic political situation. They would rather pay more for the product and obtain it with higher price through an intermediary. This is another advantage for the author of this business plan.

However it is noticed that it is quite easy to do business with Finnish people as they are usually direct, pragmatic and punctual people who prefer to follow rules and laws. They highly emphasize equality between people of different genders and backgrounds and believe that everyone equally deserves to have the same opportunity. (Windmeyer 2008)

4.2 Executive summary

4.2.1 Objectives

“Business objectives are the stated, measurable targets of how to achieve business aims.” Objectives provide the business with a clearly defined target. It is advisable to prepare a plan to achieve these objectives and follow the plan in order to measure the progress towards to its stated aims. (www.tutor2u.net) 12 February 2009

In order to be useful and functional the business objectives have to meet the following criteria:

- S - Specific (an objective that is specific to the nature of the business)
- M - Measurable (the values and sums can be set)

- A - Agreed (by the parties involved in the project and interested in achieving the objectives)
 - R - Realistic (the resources to achieve the objectives have to be available)
 - T- Time specific (schedules and limits have to be set)
- (www.tutor2u.net) 12February 2009)

As stated above the company Paktia is aiming to have a profitable business and expand it into the Scandinavian market in the future. The objectives set for the company are the following:

- Surviving in the market in the beginning of operations (it is assumed that first three years are the most critical period for any new established company)
- To maximize the profit by trying to make the most income possible (however the objective is to collect at least enough profit to maintain the company functioning)

4.2.2 Current state of the business

The company that will be established for this business idea will function from beginning (not bought as an existing business). The type of business will be sole entrepreneur. The reasons for choosing this type of company are due to that the owner is responsible for undertaking all the decisions himself, and this is form of business that is easy to register. Thus the owner can keep all the profit of the business and this form of business gives more flexibility comparing to other forms.

In the present the situation in the market of dried fruits and nuts in Finland is so that there are several companies selling the products in question. However the difference will be that the company Paktia is planning to offer in the future some new products that were not presented in Finnish market before.

On the section 2.2, the answers for six key questions of planning should be found for the company Paktia. The products are dried fruits and nuts and the answers are presented as follows:

1) Where is the company now? In the present the company Paktia exists already in Finland. It was founded by Ajmal Zarmal in May 2008 and performing in the market with the business that is not related to import and export trade. Therefore the correct answer for this question would be to state that the company is in no position yet.

2) How did the company approach here? Being a foreigner in Finland the owner of Paktia had some difficulties to find a proper work in the end of his studying at Laurea University of

Applied Sciences. Different business ideas, ambitious for own company's establishment encouraged the plan of exporting dried fruits and nuts from Afghanistan to Finland.

3) Where does the company want to be? The company Paktia is willing to have well-established cooperation with at least one product distributor in Finland. Later if possible other Scandinavian countries can be penetrated.

4) How might the company approach there? The company is intending to reach its objectives with the help of this business plan. Different marketing tools will be applied in order to approach there.

5) How it is possible to approach there? The company Paktia is willing to be a reliable partner by offering high quality products at an affordable price and on time. Being a small company in the market the company needs to be flexible and try to adjust to customers' needs and demands as often as possible.

6) How will the company monitor and manage its progress? The monitoring will be implemented by continuous analyzing of the business plan progress. The financial situation is one of the most important tools to analyse the successful operations of the business.

4.2.3 Funds required

After the assessment concerning the idea of a new business, understanding the importance of having a marketable plan and achieving a background on customers' needs, need to think about raising the money. Many decisions and activities of the business depend on the amount of capital available. It usually happens that the funds are needed more than it has been financially planned. The funds are needed, for example, to provide with the following expenses: acquiring raw materials, paying production, marketing, distribution, transportation, office rent, call charges, labour and administrative costs etc. (Sullay 1997, 37)

Start-up capital is a very important subject for the one who is going to establish a new company. It is important to identify what options does it have, where the capital can be arranged and the prerequisites for receiving the money.

The funds needed for this project are approximately 45 000 Euros. Only small pre-payment for the products will be needed. The main expenses will be spent on transportation costs, custom duties and also some administrative expenses (as finding co-operation partners in

Afghanistan and Finland, paper work, telephone costs.) More information about the financial aspect of the business will be presented later in the thesis.

The main expenses in this project will be applied on the transportation payment from Uzbekistan to Finland by the Russian company Akbar Ltd. All responsibility will be relied on the transportation company and thus the transportation costs will be the biggest expenses after product purchase expenses. From Afghanistan to Uzbekistan the cost of transportation, safety of the product, customs and taxes will be the responsibility of the suppliers (Pamir Ltd).

When applying for a loan it is crucial to contemplate such important aspects as: how the loan will be used and how repayments will be made. That is why the financial plan for the three first years will be made. The author will try to make as realistic calculations as possible. The initiative is to pay the loan back during four years.

4.3 Strategic analysis

4.3.1 Core competences

Core competences are those features that the company is able to do better than its competitors in the main business areas where the most value is added to the products. Core competencies are the most significant value-creating abilities within the corporation and those key areas of expertise which are unique to organisation and important to the company's long term growth in the future. (Prahalad. and Hammel. 1990)

The company's core competences are the elements that can perform well than the competitors in the critical, central areas of the company. These areas of expertise may be in any area from product development to employee dedication.

If consider about the author's core competences, there are some number of features that he can benefit of and bring competitive advantage to the business:

- Knowledge of Afghan and Finnish market and culture
- Afghan background brings an advantages when undertaking business with the local traders
- Afghan, Finnish and English language skills
- Improved business education in Laurea University of Applied Sciences

4.3.2 Financial resources

The author 's intention is at minimum risk regarding loan taking for the business mainly due to the fact that he does not have much knowledge and experience in the international export-import market.

In Finland a new entrepreneur has at least the following options for obtaining start-up capital: First own savings is imperative prior to applying for a business loan. Finnvera, which is owned by the State of Finland, specializing on financing, the organization provides its clients with loans, guarantees, venture capital investments and export credit guarantees. Commercial banks, Insurance companies and private investors (Rahoitus 2009) are the alternative for financing, issuing the loan for the project as well.

The one who is planning to take a loan for establishing a company has to consider that in long period the company should function only with income funds that receiving from customers. When taking a loan estimate realistically the schedule of down payments. (www.kirjanpitaaja.info/rahoitus) 12 February 2009)

The following organizations can assist a new entrepreneur with information about the subject:

The employment office, which is proceed together by the labour administration, municipalities and the Social Insurance Institution of Finland and has more than 200 outlets all over Finland. More information on: www.mol.fi 28 April 2009

T&E Centre, which consists of Employment and Economic Development Centres. The centre functions for the entire economy of the country by offering the customers expertise and regional services of the Ministry of Employment and the Economy, the Ministry of Agriculture and Forestry and the Ministry of the Interior. More information at: www.kesko.fi 28 April 2009

Uusyrittyskeskus is the network of centers organized to provide confidential and frees of the charge services for new established companies. More information on: www.uusyrittyskeskus.fi

Yritys-Suomi is a free public portal for enterprises, entrepreneurs and future entrepreneurs, which is organized by the Ministry of Employment and the Economy. More information on: www.yrityssuomi.fi

The author is planning to use his own savings (approximately 15 000 Euros) and take a loan from Finnvera (approximately 30 000 Euros). The sum of 45 000 Euros will be enough for the financing first operation of the new business of dries fruits and nuts export from Afghanistan to Finland.

4.3.3 Industry overview

Agriculture and agriculture-related industries are very important for the Afghan nation and has a fundamental means of livelihood in Afghanistan, especially in rural areas. At the present agriculture supports almost 85 per cent of all people in the country and generates about half of the country's GDP. The climate in the country is suitable for horticultural crop cultivation and it is the geographic origin of number of high-end crops as raisins, pomegranates, pistachios and almonds. There are approximately one million farms and over 2 000 wholesalers of horticulture products in Afghanistan. (Afghanistan Investment Support Agency 2009)

According to statistical data 57 per cent of all goods exported from Afghanistan in the year 2002 were dried fruits. Other big groups of products were fresh fruits (9 %) and carpets (14 %). approximately 75 per cent (34 310 tons) of dried fruits were represented by raisins (including red, green, black, abjosh and other types of raisins), 17 per cent (8 060 tons) by nuts (including almond, walnut, pistachio, apricot nut.) and 8 per cent (3 503 tons) by other dried fruits and berries (including dried apricot, cherry, fig, berries, damson.) (www.cso-af.net) 03 February 2009

According to the Custom of Office and Central Statistics Office of Afghanistan export of dried fruits has increased significantly from the year 2002 to 2008. Afghanistan had exported in excess of 100 000 tons of dry fruits in the year 2008 (Table 1). Almost a third of the exported products went to Pakistan. (www.cso-af.net) 03 February 2009

	Thousand Tons	Million US Dollar
Saudi Arabia	2,56	3,56
Iran	1,00	1,50
Pakistan	33,24	40,26
India	17,80	23,80
Commonwealth countries	30,60	27,00
Other countries	18,14	26,00
TOTAL	103,34	122,12

Table 1. Exports of dries fruits from Afghanistan by countries (Year 2008)

Accordingly there is a growing demand for dried fruits and nuts in Finland. According to the research made by vegetable wholesaler Veikko Laine Ltd. in the year 2007 almost 35 per cent of Finns purchase more vegetables and fruits than before. The main reason for this is the desire of people to eat more light and healthy food. Nuts are considered to be very healthy because they contain large amounts of unsaturated fats and vitamins. (www.viisitahtea.fi 27 February 2009)

Christmas is the most popular holy day of the year for Finns. Christmas is the peak season for almonds and nuts, though they are an increasingly popular item all year round. People add almonds and raisins into Glögg - traditional Scandinavian Christmas beverage. Nuts can also be used in main food and desert preparation, salads, eaten with muesli or as snack. (<http://www.meira.fi>) 27 February 2009

4.3.4 Competitor analysis

Basically the direct competitors of Paktia are those companies that export dried fruits and nuts into Finland in bulk. But because it was extremely inaccessible to the information about them, the author presents here the companies that produce (and sell) packaged dried fruits and nuts in Finland. The companies will be shortly reviewed below.

Rainbow is one of the major labels of Inex Partners Oy. Inex Partners is the S Group's sourcing and logistics company, a subsidiary of SOK. In the year 2006 the turnover of Inex Partners Oy was EUR 1 863.40 million. The company employed approximately 2 200 employees that year.

Rainbow is quite familiar among food products as equivalent to the leading brands in terms of quality but 20-40% less expensive. Among other products Rainbow has the range of the following dried fruits and nuts: apricots, damsons, dates, raisin, figs, almonds, different mixes of fruits and nuts and also nuts in yoghurt. The products are packed in colorful plastic bags of 100, 200, 250 and 500 grams. The production of Rainbow is sold all over the country in S Group's shops (like Prisma, S-Market, Alepa).

The contact information of the company:

Inex Partners Oy

Kutojantie 2, 02630 Espoo (or PL 230. 02631 Espoo), Finland.

Tel. 010 76 87 000 Fax. 010 76 87 190 (www.inex.fi)

Meira Oy is part of one of the biggest coffee producers and distributors in Europe - Italian Massio Zanetti Beverage Group. In Finland Meira has a spice company and a roasting plant. Meira produces and markets coffee brands and spices in the retail and Horeca sector. In the year 2007 the turnover of Meira Oy was EUR 65.5 million. The company employed almost 162 employees that year.

Meira presents a wide assortment of nuts, which are suitable for baking and nibbling. Meira's nut range includes cashew, almond, hazelnut, coconut, walnut, different nut mixes, nut powders and nut chips. The assortment is presented in packs of 50, 70, 80, 100, 160, 180, 300, 350 grams and 1 kilogram. The production of the company is sold in different grocery shops all over the country.

The contact information of the company:

Meira Oy

Aleksis Kiven katu 15, PL 32, 00511 Helsinki, Finland.

Tel. 0207 44 3500. Fax 0207 44 3601 (<http://www.meira.fi/>)

Reilukauppa (meaning Fair Trade) is a trading partnership that was created to improve the status of developing countries' producers and workers in international trade, offering better trading conditions to them and securing their rights. The company pays attention to the following factors among others: fair salary, no child labour must be used, the origin of all the products should be known. Reilukauppa has more than 900 different products that are sold in common or special grocery shops all over the country.

Reilukauppa presented nuts in Finnish shops in May 2007. The products are imported from Peru, Bolivia, Brasilia, Burkina Faso, El Salvador, India, Nicaragua, Malawi, Mozambique and others. Reilukauppa's nut range includes cashew, brazil nut, walnut and also different nut mixes. The assortment is presented in packs of 40, 50, 75, 100, 200 and 250 grams.

The contact information of the company:

Paasivuorenkatu 2 A (5th floor), 00530 Helsinki, Finland.

Tel. 09 5658 680. Fax 09 5658 6850 (www.reilukauppa.fi)

Eldorado is one of the labels of Tuko Logistics Oy. Eldorado specializes in retail and institutional kitchen food products. The turnover of Tuko Logistics Oy in the year 2007 was EUR 844.8 millions and it employed almost 800 people. Tuko Logistics Oy provides the customer companies efficient logistics and an extensive range of products at competitive terms as well as to support the customers in developing their sales and business activities.

Eldorado presents a wide range of dried fruits as raisins, apricots, damsons, figs, dates. Eldorado's assortment of nuts has almonds, peanuts, cashew, walnuts and also different nut mixes. The assortment is presented in packs of 100, 200, 250, 500 and 800 grams. The production of Eldorado is presented in the following grocery shops in Finland: Stockmann, Euromarket, Valintatalo, Siwa etc.

The contact information of the company:

Postlarinkatu 4, 04200 Kerava

Tel. 020 77 111 Fax 020 771 2060 (www.eldorado.fi)

There is also a number of other companies that offer some dried fruits and nuts products on the market (for example, Dr.Oetker, MakroBios, LIDL etc.). Their share on the market is rather small and those companies will not be mentioned in this analysis.

4.4 Operations

4.4.1 Import/export process

International business is a broad and interesting topic, and also challenging at the same time. Each country has its own laws and regulations that need to be examined beforehand in order to export the products into the importing country and to avoid all possible problems while exporting the goods. Other disadvantages that need to be considered include different legal aspects, extra administrative costs, travelling expenses, long payment terms and the risk to wait for first incomes for long time. (www.myownbusiness.org) 13 February 2009

It is quite difficult to approach a reliable supplier in Afghanistan, a company that can be trusted and make business with in a well-organised way. The main reasons are the situation in the market is not very stable, laws and regulations do not function properly, the currency rate change and inflation. Due to the cultural aspect, personal relations are vital when doing business in Afghanistan, it was decided to work with people whom Paktia's owner knows personally. The company named Pamir has been in Afghan market of dried fruits and nuts for almost 10 years exporting its products to Pakistan, India, China and other Asian countries. The company's management has been interested in expanding its business overseas for a last two years.

Taking into consideration that the main procedures and documentation will be managed in Finland, and the main challenges would appear while taking the goods across the Finnish border, the topic will be explored from the point of view of exporting of goods to Finland, not importing from Afghanistan.

Generally the importation of goods from outside the EU to Finland is subject to value added taxation (VAT). VAT is a general tax on consumption that the entrepreneur transfers to the consumer in the price of goods or services. The entrepreneur is responsible to pay VAT to the State. Entrepreneurs can make a deduction of VAT levied from them by another entrepreneur if they have purchased the goods or services to be used in a taxable business. However this is not the case with Paktia and VAT is not subject to deduction. The VAT is levied by the Customs authorities in connection with Customs clearance. In Finland a seller of the goods is liable to pay VAT. (Legal aspects - Finland 2009)

In Finland the general VAT rate is 22% of the price, excluding tax or other tax base. The reduced tax rate of 17% is applied to the following goods and services: foodstuffs, animal feed, and will be used for the products Paktia is going to import to Finland.

The amount of duty paid on the import of goods depends on the product. The duties are determined on the basis of tariff headings defined in the common EU customs tariff.

According to Anne Salonen from the National Board of Customs duty for dried fruits varies from which fruits the company is going to import. For example for apples it is 3.2% and for looms 9.6%. First the duty should be applied from the price of the goods and freight. And after that VAT 17% should be added from the price of the duty, price of the goods and freight. For nuts the highest duty is 5.6% (depending on what kind of nuts will be imported into Finland). (Salonen 13 February 2009)

Paktia will have the certificate of origin for goods from Afghanistan. In this case the sender can apply in Afghanistan the GSP certificate of origin from the authorities. Anne Salonen advises that it is also wise to be prepared for a possible laboratory inspection. In case the inspection will be done, it will cost an extra 490 Euros for the company. There is also a rule for the companies that are not Customs' credit client - they have to pay taxes and duties by bank card or cash as Visa Electronic or credit card are not accepted at Customs. (Salonen 13 February 2009)

Nowadays almost 10 per cent of foodstuffs examined within customs' enforcement proved to be noncomplying. More than half of customs laboratory controls are targeted at fruit and vegetables and products thereof. The main reasons for foodstuff rejections were included pesticides, microbiological quality, package labelling, additives and heavy metals. Peanuts were found to contain excessive residues of gassing substances. The amount of mycotoxins, which are due to moulding, was excessive in almonds, pistachios, and hazel nuts. Dried apricots contained more sulphite than allowed. The overwhelming majority of the examined lots contained in fresh fruit and vegetables, and frozen berries and vegetables. Also cereals,

nuts, dried herbs and tea, as well as slightly more processed foodstuffs were examined. (www.tulli.fi) 24 March 2009)

4.4.2 Facilities and location

In most cases the location is very important for the business. This is critical for service businesses as retail, restaurant, and bank. Many factors have to be taken into consideration when choosing a location for example, cost, safety, facility requirements, traffic, place accessibility and parking zone. The location should be suitable and also convenient for one or more “influence” groups: customers, employees, co-operation partners, potential investors. (Allen.2009)

Regarding Paktia Ltd. the owner is going to work from home at least in the beginning (in case that if the business grows and extra employees are needed, an office will be rented). Basically no customers’ suppliers’ or possible partners visits are planned (the company’s owner will generally be visiting the possible partners here in Finland), the business not be full-time work, that is why there is no need to rent an office and spend extra money for the rent and extra time for the commute. All business meetings can be in the co-operation partners’ premises or on natural territory.

The location in a broad way (meaning the location in Finland) is quite important for the business as the majority of product distributors are located in the Helsinki capital area. This is not an issue for Paktia Ltd. as the owner lives in Espoo and will be operating there.

4.4.3 Transportation

As the distance from Afghanistan to Finland is quite long, the transportation costs will be rather high. Therefore it is crucial to contemplate the route in advance and calculate all the expenses carefully. Out of several options the following route was chosen for exporting dried fruits and nuts from Afghanistan to Finland: Afghanistan - Uzbekistan - Kazakhstan - Russia - Finland. The approximate distance between Kabul and Helsinki in detour will be 4300 km. (Akbar Zarmal 01.05.2009)

Due to security reasons and unrest in some parts of Afghanistan (especially on the road from Kabul to the north city of Mazar-sharif, which has the border with Uzbekistan), in the contract with the products’ supplier it will be agreed that the goods’ handover take place in Uzbekistan. From Uzbekistan to Finland a company named Akbar Ltd. will take care of transportation. The company belongs to Paktia’s owner’s older brother. It is based in Ufa (Russia) and has experience in international business since 1992.

Akbar Ltd will be in charge of overall products delivery and transportation to the final destination. The delivery of the product will be organized by road from Kabul to Helsinki. This type of transportation is the most suitable in terms of finance, time and safety. (Zarmal 01 May 2009)

4.4.4 Staffing requirements

The need for staff in Paktia Ltd will not be big. The plan for the nearest future is to operate this company as a family business and use other companies for some of the services needed. For example, transportation company's services will be needed in this export process regularly. Possibly that one part-time worker will be hired during the second year of the operations.

As was mentioned already above if the business functions well, it will be expanded to the markets of other Scandinavian countries. In this case there is possibility will be a need to employ one or two full-time employees more.

4.5 Management and organization

4.5.1 Management and personnel

Human resources are considered to be the strategic assets of the company. All businesses depend on their staff to succeed. Generally it is assumed that attaining a good workplace is very difficult. But it is also difficult for a company to obtain a good employee. (Friend & Zehle, 50-51)

In long period it is important to consider the personnel of Paktia if the company success in the market and expand. This type of relevant decisions has to be made with a careful planning. However at this stage there will be only one worker in the company - the owner of Paktia, who will be hiring other companies for some services.

In the one-person company the management is managing by the owner of the company and it is crucial that the owner has proper organisational skills, be punctual and accurate. There is no need to direct and lead other people, but the owner has to be able to organise himself. He also should take many issues into consideration and rely only on himself.

4.5.2 Contingency planning

The contingency plan is also known as Back-up plans, Worst-case scenario plans or Plan B. It is advised to have this type of plan for a specific situation in order to avoid unexpected

outcome in business. Businesses that want to be prepared for anything that could happen create a contingency plan. The plan usually includes specific strategies and actions to manage specific variances to assumptions resulting in a particular problem, emergency or state of affairs. (Wikipedia.org) 26 March 2009)

As the owner of Paktia does not have much experience in international business he is intending at proceeding with the whole process slowly, considering every step of the procedure very carefully. To be able to act at minimal risks, he wants to communicate with his older brother (who has a similar business in Russia) as with a mentor.

As the transportation of the products from Afghanistan to Finland is quite risky, the owner of Paktia is planning to insure the goods against lost or damage. In case the custom's laboratory is not passing some or all dried fruits and nuts through the Finnish border the back-up plan will be to sell the products in Russia through Akbar Ltd. The Russian market is several time bigger than the Finnish market and thus the prospect of buyers is much better.

4.6 Marketing

In this part of the thesis the author will describe the marketing objectives and suggests the strategies to achieve the objectives set. The SWOT analysis will be presented as well.

4.6.1 Marketing strategies

When considering regarding marketing of any company it is crucial to remember that the marketing objectives set by an organisation have to be realistic and achievable. Paktia is intending at finding its niche in the market on dried fruits and nuts. The ideal would be to find bulk buyers for the products and supply them with the products continually. For a new company the marketing budget is very limited and the owner of Paktia is planning to spend as a small amount money as possible in marketing purposes. As in this case business-to-business marketing is in question, it is possible to market the company at minimum expenses.

As mentioned above the marketing for the case company and case product will be business-to-business (B2B) marketing, meaning the type of marketing when both the buyer and the seller are business entities. As Paktia will not be selling the dried fruits and nuts to end-user consumers, it is clearly a case of B2B marketing.

Paktia is a new company. That is why the marketing strategy will be different than it would be for a company or a product that already exists. It is critical to make an analysis of the company's possibilities in the market, define the threats and evaluate them.

The company's choice of strategy is the main choice and usually it extends for many years ahead. Several tactical actions are incorporated in the strategic route. If some tactical actions proved unsuccessful, the strategy will not necessarily fail. But if the strategy was chosen wrongly, even good tactical actions will not help to save the whole image. (Markkinointisuunitelma. 2005)

There are three different types of marketing strategies:

- Growth strategy
- Competition strategy
- Profitability strategy (Markkinointisuunitelma. 2005)

Based on the information obtained and objectives set for this marketing plan it was decided to choose the competition strategy out of the three types of strategies presented above. Paktia has to compete with the companies present already in the market in order to find its own niche and sell the products successfully.

In the future Paktia strives to be one of the premier providers of dried fruits and nuts in the Finnish market. The marketing strategy intend at successful communication with the customers - the companies which will be distributing the goods on the Finnish market. The marketing strategy will continue to identify the needs of the market and communicate with customers in the most effective and positive manner possible. Paktia will be constantly working on improving its services through developments and changes in its structure and implementation. Quality and efficiency are the two main objectives of these changes.

4.6.2 SWOT analysis

There are plenty of marketing assessment techniques and there is numerous material written about them. However, the most popular analysis is the SWOT analysis. With the help of SWOT analysis a company is able to create a general understanding of its strengths, weaknesses, opportunities and threats.

The strengths and weaknesses refer to the company and its products whereas the opportunities and threats are usually considered to be external factors over which the company has no control. The ideal would be for the company to attempt to exploit the strengths, overcome the weaknesses, take the opportunities and defend the company against threats. This is one of the most important parts of a whole planning process. The SWOT analysis asks the questions that enable the company to decide whether it and its product will

be able to fulfil the plan and what the constraints will be. It is really important for the company that all the factors in the SWOT analysis listed objectively. (Westwood 2004, 78)

The following outlines the most significant internal strengths and weaknesses for Paktia, and the opportunities and threats that exist in the environment (Table 2). The Company's objective is to leverage the strength to take advantage of the opportunities the market presents; develop those areas that are weaknesses, and devise contingency plans to address threats if those should become a reality.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> - Flexibility of Paktia as a small company - Location of Paktia in the capital area of Finland - High-quality product - Availability of the product - Reliability issue - Paktia's owner has proper education, background and language skills 	<ul style="list-style-type: none"> - Competitors in Finnish market - Popularity - Incomplete and inadequate external sales organization - Limited target group - Country of origin of the products
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> - Affordable price - Selling the product that does not exist in the market yet - Expansion of globalization and internationalization worldwide - Development of new products and expansion into new markets 	<ul style="list-style-type: none"> - General threats - Strong competition in the market - Alternative products - Lose of international supplier

Table 2. SWOT analysis of Paktia

First the strengths of the case company will be discussed (See Table 2).

The flexibility of the company Paktia as a small organisation gives it flexibility and many opportunities to operate its business effectively (in financial, strategic, operational and other senses). The company has prepared its financial, technical and R&D (research and development) base to be able to function effectively in the market in Finland.

Paktia has an advantageous location - it is situated in the Helsinki capital area, approximately 30 minutes drive from the centre of Helsinki city. This factor can be crucial for this type of business, as the majority of product distributors have their headquarters in Helsinki as well.

The company offers the high-quality product which produced in the country famous in dried fruits and nuts. Afghanistan has a long history and much experience in producing and exporting such a product not only to the neighbour's countries but also to Europe.

One of the advantages of the product is that it is available all year around and can be exported to Finland as much as demanded by the customer. Should be incorporated that there are seasons for different types of fruits, but once the product is dried it can be stored at room temperature, tightly wrapped in a plastic bag, for up to a year. Nuts can be stored even longer.

The reliability issue is an essential strength offered by the company. It is reliable to have business with Paktia from the co-operation partner's point of view. Even if the company is very new, the objective of the owner is to obtain trustworthy of its partners and to be considered as reliable partner to do business with.

Paktia's business idea is to cooperate in the Finnish market and try to grow the company in the future. The company's owner has proper education, background, language skills and more important motivation and desire to be an entrepreneur and succeed in the market. He is young, innovative and energetic, and these are suitable characteristics for this field of business.

4.6.3 Weaknesses

The weaknesses of the case company are reviewed (See Table 2).

Many companies' weakness is the competition environment. As a small and new company Paktia naturally has competitors who are larger and well-known in the marketplace. As a young company Paktia is not known at all among its potential customers. The building of a good image and reputation and also obtaining new customers will take a longer time compare to the company's competitors.

The company Paktia will certainly have challenging times in the beginning. It will take time to obtain suitable customers and convince them to buy the products. Paktia is not the popular company, importantly it is not known in the market at all, thus the initial phase is crucial for the company.

Paktia has an incomplete and inadequate external sales organization. It lacks experience in marketing planning: the owner has theoretical but not practical experience in marketing. The product that Paktia is selling is something that people can easily live without. Although there is a number of people who like dried fruits and nuts and buy them on a regular basis, the target group of the company is very limited.

Generally Finnish people are still not acquainted well towards foreign people and especially some nationalities. The fact that the dried fruits and nuts that Paktia will be selling, that produced in Afghanistan might have difficulties due to its reputation in Finnish market.

4.6.4 Opportunities

The opportunities of the case company are reviewed (See Table 2).

The price Paktia is going to set for its products gives it an advantage over the competitors. The company is striving to sell the goods at an affordable price benefiting from economies of scale. This is very important and can be a very favorable strategy especially in the beginning of operations. In the future the strategy can be changed and price adjusted according to the situation.

As mentioned there are some types of dried fruits and nuts that are produced only in Afghanistan and in few other countries. Paktia is going to export to Finland some products that do not exist in the market yet.

Recently many companies have noticed an influence of globalization and internationalization on their business activities. These aspects can positively influence Paktia's commerce as well. Due to globalization and internationalization worldwide Finland is becoming more and more open towards foreigners and different foods from exotic countries. This gives a good opportunity for Paktia and better perspective to succeed in the Finnish market. Once succeeded in Finland Paktia is planning to expand its operations into the Scandinavian market. The experience gained in Finland can be efficiently used in the neighboring countries as well. New products can be presented to the customers in the future. One of the most important issues is taking into consideration the needs and requirements of the customers and developing the services according to them.

4.6.5 Threats and their control

Finally the threats of the case company are reviewed (See Table 2).

The company's threats can be divided into two groups:

- General threats, which might influence the field of business where Paktia operates. The company is not able to influence them
- Those threats and risks which the company can prevent or minimize

Possible general threats for the company includes geopolitical conflicts, depression, incidents of terrorism, health related risks (for instance, epidemics as SARS), natural disasters and possible changes in regulations. Another important threat that have to be mentioned is unexpected market factors (for example, possible changes in customer preferences). Next the author outlines those threats that can be prevented or at least minimized by Paktia. The analysis also includes possible controls over them.

One of the most important threats that need to be analyzed is the competition environment of the company. There are several companies in Finland that provide products similar to Paktia's variety of services. As a worst scenario the number of competitors will grow. It is also possible that they reduce the prices below cost for a limited time period to force Paktia out of business.

It is essential for the company to maintain the competitive advantage in the market by continuous analysis of the market, its trends, the competitors and potential customers.

The fact that potential customers can buy alternative products from other companies is a potential risk for Paktia. Paktia needs to be able to market its own products to the target audience in the most efficient way in order to be sure that it will have enough customers.

As mentioned earlier dried fruits and nuts is type of product that people can easily live without. That is why there is a high risk that people will buy alternative products instead of buying Paktia's products. Especially in the time of crisis it is a risk to export the product from Afghanistan knowing that people might prefer to buy alternative products that cost much less (for example, candies, potato chips.)

Lost of the international supplier would not have negative impact on the business, but at least facing certain difficulties. It is possible to state that the company's co-operation partners are the key of success for Paktia. It is very important to attempt to be a reliable and trustful partner in order to make the relationship beneficial for both parties.

This SWOT analysis will be used in the development of the marketing plan. All four sections are very useful for the company. There are sufficient strengths that Paktia has. They can be

further exploited by the company in its advertising and sales promotion in the future if needed. The weaknesses of the company are identified. They offer a list of issues that need to be addressed for improvement and all of them have potential solutions. Paktia has numerous opportunities in the market and they need to be demonstrated in the plan. The threats present a level of risk and the company has to be ready to defend against them.

This SWOT analysis was created mainly based on the author's own knowledge and experience. Information about the products in question, the market, export and import countries, and also competitors was explored for this analysis.

4.6.6 Customer analysis

Customer relationship is one of the key components of each organization's activities. It is a fact that the customers pay the salary to the company's employees, managers and the owner. Simon Knox and his co-authors state in their book "Customer relationship management" that a company's main objective should not be competing on the market. Any company primarily has to focus on its customers. (Knox, Maklan, Payne, Peppard & Ryals 2003, 64)

Information about customers - knowledge about their demands, wants, needs, expectations and behaviour - is one of the primary aspects of present marketing. It is essential for the company to be able to identify and also satisfy wants and needs of its customer. In this particular context, needs are defined as the prerequisites that qualify customers to use a company's goods and/or services. At the same time wants are defined as desirable products and services. This does not necessarily mean that customers' wants are less important than needs: most customers base their purchase decisions on wants, not needs. (Bergeron 2002, 44)

It is essential to use the concept mentioned above when considering the marketing of Paktia's products. In most cases the final customers of the company do not exactly need its products, rather want them. It is important for any company to know or accurately predict its customers' needs and wants so that it can prepare to address them. (Bergeron 2002, 44-45)

As mentioned in the beginning of the thesis there has recently been the tendency in many countries where people start to think more about its own physical condition and health. Healthy living and healthy food became many persons' style of living and everyday routine. Dried fruits and nuts are healthy alternatives for candies and other unhealthy snacks as chips and fat bakery that produce a feeling of satiation, but almost no good energy for the body. As Finland is known for its healthy style of living and pure nature, the author believes that the

business idea of exporting dried fruits and nuts into Finland has very good potential to succeed in the market.

Even with the existence of the internet and statistics sources about the Finnish market, it was extremely difficult to obtain some information about the market in dried fruits and nuts. The size of the market and its growth is almost impossible to identify. Taking into consideration the nature of the product, it is possible to say that almost whole population of Finland (which is about 5.2 million inhabitants) can be the final user of the products that Paktia is planning to export into Finland.

However as the author is writing a B2B plan, the number of potential customers (those who might be interested in buying the products) is only a few companies. Here is the list of possible co-operation partners in the Finnish market:

Kesko Group is one of the leading providers of trading sector services and a highly valued listed company in Finland. It also operates in other Nordic countries, Russia, Belarus and Baltic countries with approximately 2 000 shops. Kesko functions in the following fields of business: food trade (with almost 1 000 K-food stores all over Finland including K-citymarket, K-supermarket, K-market and K-extra chains), home and speciality goods trade (including shopping stores like Anttila, Kodin Ykkönen, Intersport, Budget Sport, Kesport, Asko, Sotka, Musta Pörssi, K-kenkä and Andiamo), building and home improvement trade (including shopping stores as K-rauta, Rautia, Byggmakker, Senukai and OMA), car and machinery trade (represented by VV-Auto, Auto-Span Oy and Konekesko).

Kesko Group's was established in 1940. Its total net sales in 2008 was about 9 600 millions Euros (about 43 per cent represented by grocery trade). The corporation has about 56 millions consumers in 8 countries.

Kesko and K-stores employ nearly 50000 people in the Nordic countries, the Baltic countries and Russia.

Kesko could be most likely a potential customer of Paktia. In fact the author contacted the import manager of the company and obtained the information that the company might be interested to co-operate with Paktia. Kesko with its facilities and trademarks (as Pirkka) has good possibilities to sell the products in a most efficient way.

The contact information of the company:

Kesko Group

Satamakatu 3, FI-00016 Kesko

Tel. +358 10 5311 Fax +358 9 174 398 (www. Kesko.fi)

S Group is well-known in all Finland through its many chains (including ABC, Sokos Hotels, different restaurants and cafeterias, Prisma, Emotion, Pukumies, Alepa and many other places throughout the country). It comprises the cooperative enterprises and Suomen Osuuskauppojen Keskuskunta (SOK) with its subsidiaries. The S Group provides services for the supermarket trade, service station and fuel trade, the department store and speciality store trade, the tourism and hospitality business, the automotive and accessories trade as well as the agricultural trade. The S Group's purpose is to provide services and benefits for members. S Group's retail sales in 2008 was approximately 11 821 million Euros. The organisation has employed 37 735 persons.

The contact information of the company:

Fleminginkatu 34, 00088 Helsinki

Tel. +358 10 76 8011 (www.s-kanava.fi)

Other possible customers might be the following groups: Companies that specialize in bakery production (for example Fazer), Companies that produce chocolate and candies (for example Panda) Big restaurant chains that will be using the products in their food (for example Rosso)

4.6.7 Marketing mix

The marketing mix consists of a various number of marketing mix, four Ps - the four Ps of marketing have been used for a long time already. The further development of five Ps and even seven Ps of the mix developed after. (Ace 2002, 6)

The abilities of a company towards requirements of its customers can be managed by controlling four main elements of a company's operations (often referred to as the marketing mix):

- The product sold (Product)
- The pricing policy (Price)
- How the product is promoted (Promotion)
- The methods of distribution (Place). (Westwood 2004.17-18)

Managers of companies need to control these variables in order to best satisfy customers in the target market. The companies attempt to generate a positive response in the target market by blending these four marketing mix variables in an optimal manner. (Knowledge to Power Your Business 2004) Each of the 4P's variables will be further analyzed in detail one by one.

The first “P” of the marketing mix is product. It is the physical product or service that offered to the customer. Some of the aspects included into the product decision are packaging, appearance, function, warranty. (Knowledge to Power Your Business 2004) The products that are examined in this business plan include, mulberry, apricots, damsons, dates, raisin, figs, pistachio, almond, cedar nuts, walnut and apricot seeds

The list is demonstrated for the issue of the business. Some new products might be added in the future depending on the situation. The intention is to export the product in bulk and find a customer who will package and make appropriate labelling in Finland.

The next “P” of marketing mix is price. The most important factors to be considered when setting a price for the product are account profit margin and the probable pricing response of competitors. Not only the list price, but also discounts, financing and other options are included in pricing. (Knowledge to Power Your Business 2004)

Adjusting the price is one of the most difficult and sensitive parts of marketing strategy. The approach the company takes to pricing strategy determines how price promotion can be used. It also concludes how the organization accounts for the difference between normal and promotion prices. (Cummins 1998, 149-150)

Certain features and characteristics of a product affect its price on the market as seen in Figure 1. (Markkinointisuunitelma 2005)

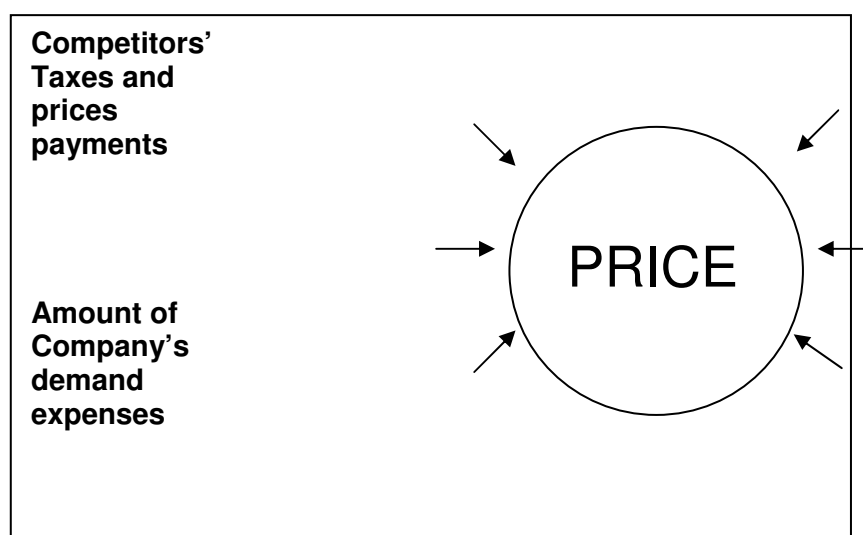


Figure 1. Factors that influence on the price of a product

There are three methods to set the price:

- Based on expenses
- Based on customer demand

- Based on competitors' prices (Markkinointisuunitelma 2005)

According to Roger Cartwright there are three main questions that should be asked when defining the price for the product:

- What is the maximum price that the market can bear?
- What is the price competitors are charging for similar quality?
- What is the minimum price that the organization can charge in order to break even and make the required profit? (Cartwright 2002. 324)

Julian Cummins has defined two fundamental pricing strategies: "target make-up" and "going rate". In the process of "target make-up" strategy the company decides the margin of profit it wants to make, and adds it to the price of product/service. Another method "going rate" is starting from the competition the price is set based on the price that others charge for a similar product/service. (Cummins 1998, 150-151)

There are many aspects that influence the price of the products that Paktia is going to export into Finland. Based on theory obtained and information analyzed it was decided to use the method named "target make-up", meaning taking the initial price and added a certain profit margin. The main reason is that it is difficult to define the bulk price of similar products in the Finnish market. The prices that Paktia is planning to set for its products are shown in the table below.

Name of the fruit/nut	Selling price of the product (EUR/Kg)
Dried mulberry	1.9
Dried apricots	4.9
Damsons	2.5
Dates	4.7
Raison	2.3
Figs	5.3
Pistachio	11.5
Almond	10.1
Cedar nuts	9.6
Walnut	8.8
Apricot seeds	4.5

Table 3. The selling prices of Paktia for fried fruits and nuts.

The next part of the marketing mix that will be analysed is place. Place or placement are about how to reach the product to the final customers. It includes transactional, logistical

and facilitating function. (Knowledge to Power Your Business 2004) The objective of the business of Paktia is to locate one customer that will be distributing the company's products in the Finnish market. As the discussion concerning business-to-business marketing, mass media advertising cannot be used and the channel of connection with the distributor has to be carefully chosen.

The last "P" of the marketing mix is promotion. "Promotion decisions are those related to communication and selling to potential customers. Since these costs can be large in proportion to the product price, it is useful to know the value of a customer in order to determine whether additional customers are worth the costs of acquiring them."

(www.quickmba.com) 20 February 2009

As the number of potential customers for Paktia is very limited, the company intends to contact them one by one and offer its products. In business-to-business a personal connection is the most effective way to reach the customers (if not the only way in the case of Paktia). In addition in the beginning the company will have very limited finances and will not be able to use expensive marketing tools.

4.7 Financial plan

4.7.1 Investment budget

As mentioned in section 4.3.2 the investment for the company will be its own savings (approximately 15 000 Euros) and a loan from Finnvera (approximately 30 000 Euros). It was planned to take a loan for a period of 4 years. According to Finnvera taking into consideration the present interest rate the monthly payment will be almost 700 Euros. Apparently the interest rates will fluctuate, but the financial calculation will be made assuming that Paktia will pay monthly 700 Euros to Finnvera.

4.7.2 Sales forecast

Consider that Paktia will export 3000 tons each of dried fruits and nuts during the year 2010. In table 4 the buying and selling prices are presented and the profit is calculate.

If the plan will achieve, apparently the sales will increase. The author assumes that the sales will increase by 50 per cent during the second year, and will double during the third year (compare to the first year) as shown in Table 5. The owner of Paktia is planning to work alone during the first year, have one part-time employee for the second year and one full-time employee during the third year. No office rent will be needed according to the plan. The

owner is planning to raise its own salary a little each year if the financial situation of the company will allow to do so.

All the prices are given without VAT of 17 %. Custom duty payment is from 3.2 to 9.6 %. An average duty of 6 % is used in this financial plan.

Name of product	Amount in tons	Buying price EUR/Kg	Expenses EUR	Selling price EUR/Kg	Sales revenue EUR	Profit EUR
Dried mulberry	3000	1.4	4200.00	19	5700.00	1500.00
Dried apricots	3000	3.5	10500.00	4.9	14700.00	4200.00
Damsons	3000	1.9	5700.00	2.5	7500.00	1800.00
Dates	3000	3.7	11100.00	4.7	14100.00	3000.00
Raison	3000	1.7	5100.00	2.3	6900.00	1800.00
Figs	3000	4.4	13200.00	5.3	15900.00	2700.00
Pistachio	3000	8.6	25800.00	11.5	34500.00	8700.00
Almond	3000	7.9	23700.00	10.1	30300.00	6600.00
Cedar nuts	3000	7.1	21300.00	9.6	28800.00	7500.00
Walnut	3000	5.9	17700.00	8.8	26400.00	8700.00
Apricot seeds	3000	3.4	10200.00	4.5	13500.00	3300.00
TOTAL:	33000		148500.00		198300.00	49800.00

Table 4. Sales forecast: total revenue for the year 2010

	Year 2010	Year 2011	Year 2012
REVENUE			
Dried mulberry	5700.00	8550.00	11400.00
Dried apricots	14700.00	22050.00	29400.00
Damsons	7500.00	11250.00	15000.00
Dates	14100.00	21150.00	28200.00
Raison	6900.00	10350.00	13800.00
Figs	15900.00	23850.00	31800.00
Pistachio	34500.00	51750.00	69000.00
Almond	30300.00	45450.00	60600.00
Cedar nuts	28800.00	43200.00	57600.00

Walnut	26400.00	39600.00	52800.00
Apricot seeds	13500.00	20250.00	27000.00
Revenue miscellaneous: bank interest	300.00	300.00	300.00
TOTAL REVENUE	198600.00	297750.00	396900.00
EXPENSES			
DIRECT COSTS			
Materials/products	139800.00	209700.00	279600.00
Duty payment (about 6 % of buying price)	8388.00	12582.00	16776.00
Transportation of the goods	14000.00	21000.00	28000.00
Salary (Owner)	19200.00	21600.00	24000.00
Wages and employee expenses	0.00	7000.00	14000.00
TOTAL DIRECT COSTS	181388.00	271882.00	362376.00
GENERAL AND ADMINISTRATION			
Accounting and Legal Fees	1000.00	1000.00	1000.00
Advertising and Promotion	0.00	500.00	700.00
Bank Charges	120.00	140.00	160.00
Insurance	600.00	600.00	600.00
Possible laboratory inspection	490.00	490.00	490.00
Finnvera loan payments	8400.00	8400.00	8400.00
Office Rent	0.00	0.00	0.00
Telephone	150.00	150.00	150.00
Utilities	0.00	0.00	0.00
TOTAL GENERAL AND ADMINISTRATION	10760.00	11280.00	11500.00
TOTAL EXPENSES	192148.00	283162.00	373876.00
NET INCOME BEFORE INCOME TAXES	6452.00	14588.00	23024.00
INCOME TAXES 28 %	1806.56	4084.64	6446.72
NET INCOME	4645.44	10503.36	16577.28

Table 5. Income Statement for the end of the year. Financial Plan for three years (2010-2012)

4.7.3 Risk analysis and controls

International trade is a very complex and multilateral subject that need good awareness and acknowledgement of the risks involved. Possible risks for the company Paktia might include:

1. Unstable situation in Afghan market, including its disadvantageous political and economic situation
2. Lack of know-how and experience in the subject of international trading

3. Failure to consider legal aspects of entering global
4. Failure to know the rules of trade
5. Problems with entering the product into Finland
6. Sudden change of Euro-US Dollar exchange rates
7. Transportation risks (lost or damage of the shipment, especially in the area of Russia)
8. Poor packaging may damage the products
9. Insufficient attention to marketing and advertising requirements
10. Lack of attention to product preparation needs
11. Personal risks include lack of motivation as the author is planning to work from home
(International Trade, Import Export Business 2009)

As it stated in the theoretical framework, it is important to remember that it is not wise to wait until the end of the process - constant monitoring of progress should be made from time to time in order to achieve effective management. The monitoring of this business plan will be implemented by continuous analyzing of its progress. Certain risks exist in any business. The risk of this business plan failing or mistakes implication are possible. To be able to decrease the level of this risk this business plan have to be monitored from time to time and corrected if needed.

As Paktia will be functioning apparently with only one big customer, connection with this distributor is very important. The satisfaction questionnaire is one ways to identify whether the distributor is content with Paktia's style of work.

4.8 Conclusions and discussions

The main objective of this study was to create a business plan for a small-sized company that specialises in import of dried fruits and nuts from Afghanistan to Finland. The purpose was to make a plan for three financial years from 2010 to 2012. The most important purposes of the business plan included defining whether this business plan is profitable, functioning as a manual for opening and operating a company, and attracting possible investors or convincing a bank in a cost-effective business idea and receiving a loan.

The business plan was built by analysing the field of dried fruits and nuts, the market in Afghanistan and Finland, Paktia's possible customers and competitors. The plan was created in accordance with the theoretical framework in question.

The learning intention that the author set for this study was to use in practice the knowledge that was obtained during the study in Laurea University of applied Sciences. The theoretical framework helped the author to understand the theory of business planning and the empirical

framework helped to understand how to use this knowledge in practice when planning a start-up company.

The most essential concepts used in this study were the structure of business planning, strategic analysis for the company, import and export processes, marketing and risk analysis.

The subject of this study was interesting and at the same time challenging for the author. During the process of writing the thesis the author noticed that the subject was not as simple as thought in the beginning. The process of preparing the theoretical section of the study was not complicated, but time-consuming. The empirical section required more analytical work. The most difficult section was gaining information about the field where the case company is planning to operate, in Afghan market and also information about Paktia's possible competitors and potential customers.

The theoretical section of the study concentrated largely on the subjects of business planning and its preparation. This section demonstrated the questions, why a business plan is needed, the key questions for all planning, the structure and different types of the business plan and how to write a business plan. Based on the theory of business planning analysed the author has created the structure of the business plan for the case company Paktia.

As a learning process the study was beneficial to the author. As an extensive, diverse and interesting subject, business planning is nowadays used by many companies. It is obvious that the knowledge gathered through analysis of this topic and writing the business plan for a new company will be used by the author in the future when establishing the company.

The comprehensive use of theoretical sources and knowledge gained during the study in Laurea University of Applied Sciences was useful and helpful when writing the thesis. The author hopes that this study can be beneficial for the students of Laurea University and also for those who are interested in the topic of business planning.

The objective of this thesis was to create a business plan for a new company Paktia. The author believes that the study answered the main question of this study. The structure of the business plan used in this study was one example of how an entrepreneur can establish a new company. However, the author believes that this model offers a favourable development position for the creation of other business plan models as well.

Writing the study was much more difficult than could have been imagined but at the same time it was extremely beneficial to the author and gave him more practical lessons than was expected. The author will benefit from this experience in the future.

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INTERVIEWS

(Sanna Salonen 13 February 2009)

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