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# Effective Business Planning: A Key to Successful Enterprises

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# Effective Business Planning: A Key to Successful Enterprises

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Abstract

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The main objective of this thesis is to have knowledge of proper business plan. Business plan is a backbone of any business. It is crucial to lay down the aims of the business plan; mission, goals, tasks and action plan of the business plan clearly into the proposal. The fundamentals of business planning are outlined in the theoretical framework. The study's theoretical objective is to outline the models of business planning, and to create a general understanding of the important theories of a business plan. This study uses a qualitative approach, which reflects on data gathered via internet sources, literature reviews and a questionnaire. The qualitative research done in this thesis will help readers to know the important of business proposal. The way to prepare a decent business plan is the major objective and component that should be included in the business proposal will be briefly discussed and their uses will be discussed in order to be well known about the business proposal.

The study was conducted as a qualitative case study by first analyzing existing literature and finding best practice guides for making a businesses. The interviews provided an inside view to the existing process and revealed that though most knew the process, parts of it were unclear. To conduct the market research, a survey of 10 questions was prepared. They were already quite mature and well established. The main aim of the survey was to find out the scope of establishing a business for immigrants. The purpose was also to find out the customer and can it be sustain for a long term?

In conclusion, the primary information collected specifies that the business plan is valuable enough to attract potential customers and justify appropriate marketing strategies. Lastly, we come to conclude that without proper business plan it is impossible to establish a business and should have a business plan before they conduct the first deal.

Keywords Business Plan, strategy, aim, objective, restaurant, established, entrepreneurs, mission

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## 1. Introduction

### 1.1 Background of the thesis

We want to conduct research Effective Business Planning: Key to Successful Enterprises as part of the degree program Bachelor in Business Management in Laurea University of Applied Sciences. The purpose of the research is to study how to write an effective business proposal. The authors have been living and studying in Finland for 4 years and are planning to finish our Bachelor's degree in this autumn. After the completion of our studies we would like to use the business skills learnt in this degree program to open an enterprise. Since effective planning is the first step towards any reality and success. We would like to use the opportunity provided by the school in the form of thesis writing to enhance our entrepreneurship skills through effective business planning. On the other hand, the thesis will also study to what extent the foreign entrepreneurs in Helsinki region made a proper business plan and readers will be well equipped with the knowledge of the business plan. The essentialness of the business plan, the mistakes made while making business plan etc. will also be revealed in order to help ourselves to make new business plans in the future. We are planning to open a Nepalese restaurant in Helsinki.

### 1.2 Theoretical overview

Literature review and fact finding will include defining and understanding different terms and concepts co-related with the thesis topic as for example; Business plan, types of the business plan, components of business plan, benefit of business plans etc. Theoretical overview will initially convey a message of the business planning which will be later on get supported by the empirical part. Theory will include the business proposals aim, the types of the business plan, the benefits of the business plan, the components of business plan etc. On the other hand, our business plan of opening a restaurant will also be analyzed accordingly.

### 1.3 Focus

Our research focuses the foreign entrepreneurs in Helsinki region. 10 -12 randomly selected foreign entrepreneurs will be interviewed to know whether and to what extent these foreign entrepreneurs have made a proper business plan. The randomly selected entrepreneurs will be representing the majority of the foreign businesses in Helsinki region. Theory will focus on how to effectively plan and write a business proposal while the empirical part will focus on how the business planning has been done and how effective the foreign entrepreneurs were while doing so. The effectiveness of the business proposal will be revealed through the research. The research aims to generate a good business proposal for ourselves.

#### 1.4 Objective

The objective of the research is to have a clear understanding of proper business plan. The amount of assistance a proper business plan gives to entrepreneur will be revealed through the literature overview. Likewise, the qualitative research done in this thesis will help us and other readers to understand the essential of business proposal. The way to prepare a decent business plan is the major objective of this thesis. The component that should be included in the business proposal will be briefly discussed and their uses will be discussed in order to be well known about the business proposal.

#### 1.5 Research methodology

Knowledge gained through literature review and self-formulated qualitative research design will be the major methodology to accomplish the research. Initial theoretical phase of literature review and facts finding will be followed by empirical study accompanied by field visit in Helsinki. The visits will be done to the business premises of 10 -12 entrepreneurs from the foreign background and then they will be interviewed and their expressions, feelings and experience will be studied and analyzed. This will be supported by qualitative research design as for example: semi-structured interviews along with an in-depth analysis of the foreign born entrepreneurs. The interview questions will be prepared on the basis of the number of years the foreigner is living in Finland, their respective enterprises, business education and skills, use of the business plan etc.

## 2. Business plan

A business plan is any simple plan, not only limited to the business startup plan that helps the management to understand the current situation of the enterprises (strengths, weakness, opportunities and threats) and look forward into the future. A startup plan is business plan which consists of the mission, vision, objectives and action plans for the future of the new enterprises while the business plan drawn during the operation of the firm is vital for running the firm effectively, acquire new customers, partners, loans and so on.

According to Fiore (2005, 10) business plan is two things; an organizing tool to simplify and clarify your business goals and strategy, the second one is a selling document that sells a business idea and demonstrates that a product or service can make a profit and attract funding and company resources. By creating this business plan, a tycoon will have a better outlook of the business whether it could be profitable in Finland, and what steps need to be taken in order to make it profitable. A business plan is a written summary of an entrepreneur's planned business scheme, its financial and effective details, its promotion opportunities, and strategy, and its leaders skills and skills. Generating a business plan is important because an entrepreneur needs to a well-conceived exactly created business plan in order to increase the possibility of achievement. (Scarborough & Zimmerer 2008, 134)

According to Thomas Zimmerer and Scarborough some common business plan details that can be upgraded when needed, as a title page and table of contents, managerial summary, company history, trade and industry profile, business policy, description of company's product or service, upgrade scheme, opponent analysis, explanation of the administration team, plan of procedure, pro forma economic statements, idea and duty statement and the loan or investment proposal. (Scarborough & Zimmerer 2008, 138-146)

### 2.1 Proper startup business plan

A business plan is a formal paper describing the business goals of the firm, the trustworthiness of the goal and plan to achieve the goals. A proper startup plan includes executive summary, company description, and description of the product or service, market analysis strategy and its implementation, sales strategy, management team, financial plan, break-even analysis and so on. This plan helps to formulate the business objectives and plan to achieve those objectives in the period of time. In simple words the business plan describes what the business is, where it is located, what are the objectives of the business, when the business will come into operation, the risks and gains of the business and so on. A business plan will not only guides the management to the success but also provide creditability of the business to the leaders, investors, suppliers, customers. (Cost Effective Solutions 2013).



A successful business plan provides the means to determine whether the business idea is sustainable and how to raise funds for the business, explain the order and values of the company to the new employees and plan the growth of the new services. A business plan works as an outline of company and is written document that explains where a business is heading, how to achieve the expected goals and objectives, why the products and services are necessary in the market and what has to be done in order to meet the business aims. However, the most important reason for preparing a business plan is to secure capital, as business plan is the single most important document to be displayed when meeting with the potential investors and banks, whether it is in the early stages of establishment or when planning expansion on a later stage of the business. That being said, business plan is an evolving document which is being modified by the entrepreneur and the managers over the course of time as the business goes on. The creation of a business plan does not guarantee that there will be no problems, but it gives hope to the managers and the entrepreneur to take action if problems are confronted.

## 2.2 Aim of the business plan



Figure 1: The Pyramid of Business Goals

The above pyramid is originally developed by Colin, Paul & Robert (2001) is the pyramid of the aim the business possess. According to them the business plan should identify clear mission statements and the business objectives. The action plans and the task they are going to perform to achieve their objectives and conquer their mission.

### 2.2.1 Mission

According to Vern McGinis (1981) mission statement communicates about the future organization's values and norms, the purpose, identity along at the same time helps to set up the business goal. A proper business plan is also required to possess the clear and narrow mission for the company in order to give direction for the company. A clear, realistic and achievable mission helps to distinguish the company from the competitors and helps to flourish creative growth of the company.

The mission of our company is to sell the amazing and delicious foods and drinks. At the same time, we need to be careful about the quality as well. It must be sure that the foods and the drinks that we are going to meet the standards of freshness, quality and have both the modern and the traditional varieties. We should make sure that every customer who will come to eat our food should come again and again. We should provide a healthy and friendly environment with the customers and with the staffs to run the business for the long term.

### 2.2.2 Vision

Within, the 2-3 years the company should open a second restaurant in some other place. The vision of the restaurant should be very clear. At least, it should be counted as the top 10 restaurants of the Helsinki city.

### 2.2.3 Objectives

Objectives are the desired results the organization plans, aims and commits to achieve. The business plan must have the objectives and the deadlines the objectives are supposed to meet. The objectives can also be short term or long term. Short term objectives are intended to achieve shortly, i.e. within few months weeks or even days. While the long term objectives are planned to be accomplished during a longer period of time as for example; new clothing store can have an objective of achieving 10% market share in Helsinki within 5 years, or a restaurant business can have an objective of serving 100 lunch in one day within the first year.

Firstly, as a restaurant owner, our company's goals and objectives should be tied to our mission and value statement. Secondly, the main objectives of any business are to make a profit within the social and environmental responsibilities without making any conflicts with other. Thirdly, the restaurant should guarantee the customers satisfaction and should build a

strong bond with customers. Moreover, we should try to make the customers regular through different discounts offers such as buy 5 lunch-dinners and get the 6<sup>th</sup> for free and so on.

#### 2.2.4 Tasks

The tasks required to perform to achieve the objectives of the business falls under this category. The tasks can be long term or short term but should focus to meet the objectives of the company. For example to achieve the objective of serving 100 lunch in a day within the first year a restaurant business can allocate tasks like the best dishes in the town within 3 months, decoration of the business premises within 6 months, good advertisement within the next 4 months and so on.

#### 2.2.5 Action plan

Action plan is an essential part of the business plan as it helps to focus and identify the steps necessary to achieve the organizational objectives. An action plan aids to reach the objectives of the organization by showing the path on what to do and how to do. For example: in the above example to achieve the objective of serving 100 lunch in a day within a year few tasks were allocated, now the action plan will tell how to do the tasks? That is how to make the best dishes in the town within 3 months? Could it be by hiring a new chef from next month? Similarly, decoration of premises within 6 months was the task, so shall we visit the interior decorator this week to make it happen.

Action is the essential of every business plan. It helps to focus towards the goals and to identify the steps necessary to achieve the goals. If we set target to sell the 57 dinners in a day then the action plan will tell us how we should do the work.

## 2.3 Components of a business plan



Figure 2: The Different Components of Business Plan (Cost Effective Solutions, 2013)

There is no universal rule for the components of the business plan but generally a good business plan possesses not necessarily, but not limited to the components in the above mentioned figure.

### 2.3.1 Executive Summary

This section includes general description and introduction to the business plan. The kind of business operation, mission, values, objectives, market, management, staff, product or services along with other general information is briefly described in this section; with detailed description to be obtained under the own particular section.

X Company is going to establish a new restaurant in the center of the Helsinki, Finland. It is a partnership business. There will be more than 2-3 people in the business. The total capital

which will be invested is 100,000€, in which 25000€ is going to be a company's loan and rest of the amount are the personal funds/savings of the owners.

According, to the planning the restaurant is going to place 6 tables and 24 chairs for the startup and also 1 television for entertainment. Moreover, there will be some special menu for each day. Based on the days the menu will be different. To look little bit different we are planning to keep the Italian foods during the weekends along with the normal ones.

During the research we found that all aged of people are interested to come and enjoy the food of the restaurant. So, the main target of the company is to satisfy their customers. The estimation earning of the company during the first year is about ..... € with the average turnover of..... Per year. The income generated from the company helps to develop the company in a better way. If the sales are more than expected then the further planning can be done with related to open a new company again.

The restaurants business is growing very fast in the Finland. It could take a strong hold in the business. In a meanwhile, the company should be established in an appropriate time. Everything must be well organized before implementing a plan into action. There is lots of competitor in this field, but the research was done in order to deal with the competitors.

### 2.3.2 Company summary

X Company is planning to be a one of the most renowned restaurant in the Helsinki, Finland. As, we have mentioned earlier, it is going to be established by us. As, our educational background are from Bachelors in Business Management it will certainly will be fruitful to our business.

The idea for establishing a restaurant came from seeing the other restaurants in the Helsinki city. Several times we had to pass by the restaurant while going for the work and every time we got to see the crowd of the people having their lunch/dinner and so on. All of the sudden we got attracted towards the restaurant business and we started doing the research in a simple way. The place where we are going to establish a business is closed for the renovation at the moment. In every business there is no gain without a risk. There might be some other competitors providing a different Italian food, American, Mexican food etc.

Furthermore, once this business is establish according to the planning and the surveys then, within a year company can generate a profit. Nowadays, people prefer to eat outside rather than making a food by their own. To make business success we made a research on the taste and the eating habits of the customers and on that basis we are going to put the menu.

Undoubtedly, most of the people from Helsinki or from the other region can afford price of the food but there might be a problem of food choices for example Mexican, Indian, American and so on. We need to develop new ideas to run a business for the long term. The business ideas will be discussed in next chapter.

### 2.3.3 Business Description

This section describes history of the company from beginning to the objectives and mission of the company. Initially the business premises, address and contact address are written. Then the history of the company is described if the company is an existing one else wise the start-up-plan is described. The Legal section of the company, partnership, sole enterprise, co-operate is described. Afterwards the business activities the unique selling point of the product and services will be analyzed. Similarly, the competitive edge of the company over the competitors will be described with facts. The long term and short objectives of the organization, management background and the time frame of the business operation is also defined.

X Company is planned to be located somewhere in Helsinki city center to near the official area. We have chosen this area because most of the people shall come for the lunch from offices. If there are no other restaurants near their offices then people have no other option rather than coming to have lunch in a restaurant.

X Company will be equipped with the following tables and the chairs and the other stuffs:

- Tables: 6
- Chairs: 24 for 6 tables.
- 1 Television.

The service provided to the customers is the area within 150-220 m<sup>2</sup> with the equipped and managed tools and services. The opening hours during the weekends and weekdays are slightly different. The timetables are as follows:

Monday-Friday: 11:00 - 23:00 (Will wait for the client if they are not done with their food)

Saturday-Sunday: 12:00 - 23:00(Same in the weekends too as mentioned above)

In fact, according to the restaurant's working hours, the service provided for the customers are 90 hours/ week.

In order, to meet the demand of the customers the company will hire 3-4 staffs including us. The work is divided into the following ways:

Owner of the Restaurant (us) - In charge of Cash counter according to the working shifts.

Cook- 1

Servers- 2 or may be 1 depends upon the situations.

#### 2.3.4 Product or Service

In this section the products to be produced or the services to be delivered are described. Comparison of the products or services with the competitors is done to come up with the advantages the customers get while doing business with the company. The other major questions like uniqueness of the product or service, differentiation of the business activities, features of the product or services are also mentioned. The guarantees and warranties of the product and services if there is any will be followed with the supply chain management to be adopted by the company. If any the patents or any other technical advantages over the competitors is also provided.

#### 2.3.5 Market Analysis

In this section customer description, market need, customer segmentation, competition, market demand, trend of the market etc. is analyzed. The answers of the following questions are answered through this section: What the market is? What are customer needs? Who are the customers? Where are they? How to reach them? Who are the competitors? How to reach the customers faster and provide them the better products and services?

#### 2.3.6 Sales and Marketing

Initially, the current selling method is described, the pros and cons of the current selling method are drawn and if necessary a new approach is derived. The sales team and support staffs and their contribution along with the future approach are brought forward. Identify the total market share of the products and services are done. The target market is focused and a niche marketing plans are drawn forward. The competitors approach, pricing strategy, selling method promotion campaigns are other similar marketing terms are examined to come up with a clear plan. SWOT analysis is done to come up with the strengths, weaknesses, opportunities and threats for the company.

#### 2.3.7 Business Operation

The good business premises are very essential part of modern day business no matter the line of business. The size, location and the type of premises differs with the business strategy, the line of product or service. It is essential to justify the selection of the premises in business plan. If applicable the supply and the cost of water, power, ventilation, heating, sanitation, air conditioning along with the other specific requirements of the authorities are to be mentioned. Detailed listing and description of the land, building, equipment and furniture,

other assets, inventories, vehicles along with the proposed or purchased price list is also to be included.

#### 2.3.8 Management Team and key Staff

Key members of the management and staff with their background are to be mentioned in the business plan. As a diversified and a good team work is required to acquire the mission of the company a balanced and well managed team is required to be shown in the business plan in order to make a plan healthier. The educational background, C.V and other information of the management team and the staffs will only strengthen the business proposal. That information about the management team will attracts investors, creditors and other interested parties towards the business. The management team's strength will attract the banks and other investors as it build up trust towards the company.

#### 2.3.9 Financial Forecasting

Financial forecasts are essential to acquire loans, attract lenders and to create trustworthiness of the business. The break-even, sales, profit and loss, cash-flow, balance sheet are few essential forecast the business plan possesses. This forecasting is essential to get the creditors, investors and other parties attached towards the business. Financial forecasting is also essential to know the business trend, which helps the business owner to understand the direction of the business. It is often the positive forecast which attracts the big investors towards the business. Potential partners will also be attracted towards the business if the forecast is positive. (Cost Effective Solutions, 2013 & Colin et. al, 2001)

#### 2.3.10 Competitive Analysis

There are mainly two types of competitors:

Direct competitors:

The Competitors of the business the companies involving in the same industry .They are called direct competitors. Direct competitors are those who are based on same business field and sale a similar or a same product. The best examples of direct competitors can be google and yahoo.

Indirect competitors:

Indirect competitors are those who provides a similar product but with different taste.



For example: Mc Donald's, Hesburger, Subway etc. As, X company is having a huge amounts of competitors but the research was also made for the indirect competitors as well. Here are the outcomes of the research:

Mc Donald's: It is the indirect competitors of the X Company. The first McDonald's company in Finland was opened 27 years ago in Tampere. Almost in every street there is a McDonald. The price of food depends upon the package. It sells the burgers between 2€-8€. The opening hours are different in according to the place but the 2-3 are such which are opened 24/7.

Hesburger: It is also an indirect competitor of the X Company. Hesburger is also known as one of the most selling fast food in the Helsinki. It is said that in comparison to the McDonald the Hesburger have a good quality of food therefore, the price of this fast food is more than the McDonald. The opening hours are different in according to the place.

### 3. Result from the analysis

After done with the research it has appeared that the X Company is right kind of business to launch, as we have our own plan to establish it in a right time at a right place. Summary of the analysis are as follows:

Competitor's analysis: As we have discovered that the direct competitor of the company is same people selling the same food. Furthermore, right location, quality of food, food varieties matters the most. There are competitors in every kind of business that's why we have been dedicating towards our work.

Customers' analysis: There are going to be different types of customers with different aged groups. Our company is going to be based on the customer's oriented company Likewise, there are no any restrictions. People can come with their families, friends or even with the relatives to enjoy the delicious food in cozy environment.

#### 3.1 Administration

The very first step for any company is to get its own identity, so that it can start to purchase the required equipment and sign the contracts with other companies. Company declaration and LLC registration, according to the Finnish Law, requires a minimum starting capital of 2500€. Hence, notification fee is also collected in the amount of €380+€95.

However, these €2500 and handling fee would be a cost only for the founders as long as it has been put into the company as equity capital; it can be used to cover some other company's costs to create the cash flow.

#### 3.2 Cost

The next step of X Company is to estimate how much capital should be needed to the owners to run their business properly until they make some profit out of it.

In this order, the initial research on the related costs has been conducted and numbers have been totalized.

#### 3.3 Rent

For the area of 150m<sup>2</sup>-220m<sup>2</sup> the X Company is estimating the budget and equipment planning. The rental price would be 3000€-3700€ per month.

### 3.4 First instalment and deposit: 6 months

Thus, the initial cost for rent and deposit would be the rental price multiplied by the number of months required to be paid.

### 3.5 Equipment

The equipment plays the most important role in any business. In fact, the company cannot provide a better service without proper equipment. The average calculations of the total equipment cost would be €13375 excluding the curtains, table cloth, forks and spoons and so on. This calculation is based on the research work. This is just a glance calculation. Here is the following estimated cost for the things:

Table:  $6 \times 200 = 1200$

Chairs:  $24 \times 135 = 3240$

Gas stove:  $1 \times 3500 = 3500$

Dish washer:  $1 \times 2500 = 2500$

Fridge:  $2 \times 900 = 1800$

D-fridge:  $1 \times 3000 = 3000$

TV:  $1 \times 1200 = 1200$

Glass:  $50 \times 12 = 600$

Cups:  $50 \times 5 = 250$

Plates:  $50 \times 20 = 1000$

Jug:  $20 \times 25 = 500$

Hangers  $50 \times 2 = 100$

Total: 18890€

Firstly, the calculations mentioned above does not include all the things that are needed to open a new restaurant. These are just normal calculations. According to estimate calculations the total equipment cost would be €13375 in an average without adding the other items like table cloth, curtains and cash counter machine, TV tables, stands for the jacket's etc. However, it is hoped that the cost will not exceed our estimated budget.

### 3.6 Promotion

As far the marketing is concern, in today's world we have different means of marketing tools. However, promoting the business is an important part of any business. The options that are chosen to promote the marketing are Persuade bloggers to write about us Social media like Radio, television, magazine, newspaper and Catalogue.

### 3.7 Running costs

The running costs were subtotaled to the costs which would be covered by money from the Sales. The reason for these judgments is in the fact that all the bills are paid at the end of the month except for the rent costs.

The founders have identified the following running costs the company's operations have to cover:

- Employees' salaries;
- Founders' salaries;
- Variable costs (water, electricity, etc.);
- Other costs (coffee for customers, minor spending, etc.)

#### 4. The Benefits of a Business Plan

According to Dave Samuels (2013) business plan allows an entrepreneur to identify the potential future problems and opportunities. A good business plan covers a wide variety of area which makes the entrepreneur secure from any legal obligations, penalties or other unexpected obligations and difficulty. The business plan shared with potential source of funders, advisers and potential partner's yields to a better start to the business.

##### 4.1 Aids in Funding

A through business plan can easily attract potential lenders and investors. After going through the business plan and considering the team, business type, market and other information banks and other investors can be interested towards the business. If a plan is promising then it will not be that hard to obtain funding while an improper plan hardly attracts investors. As the plan includes the financial condition and forecasting of the future, it is quite often the business proposal attracts funding to the project.

##### 4.2 Identifies Problems

A good business plan addresses all of the sectors of the business. This information includes the permission, financial future, premises, future sales, profit, labor cost and others. On properly analyzing the business plan the leaks and holes can be found and could be possible repaired well before it happens in real life situation.

##### 4.3 Helps to Get Advice

Business experts and professionals can go thoroughly the plan to comment and give advice. The advices can be used to come up with better planning and to use them in the real situation. Advices are always welcome to any organization. Since an outsider can read the real situation of the business through business proposal they can throw up some advices and ideas which might be very handy for the management

##### 4.4 Exit Strategy

A lot of business closes in the very first year of their opening; this is mostly because of improper planning. A business plan which doesn't have future can be just thrashed to save money, time and energy. Rather another plan can be thought of or the same plan can be edited with experts' advice.

#### 4.5 Minimizes Legal Problems

Since, a good business plan consists of the licensing and other required legal obligation an entrepreneur will be well aware of the facts and will be prepared for the legal obligations. This saves time, money and reduces big surprises. Tax, V.A.T, Auditing etc are the big surprises which small entrepreneurs neglect quiet often. As a proper business proposal includes these terms very well there won't be any big surprises while dealing with these terms during the real life situation of the business operation.

## 5. The different types of business plan

Business plan does not limit to plan a company adopts in the beginning of its operation. Business plans can be of several types, startup is the one used in the beginning of the operation of the business. Internal plan is the one done for the internal consumption; likewise the operational plan helps to operative the company with deadlines and responsibilities. Strategic, growth and feasibility plans are the other kind of business plans which will be discussed below. All of this business plans helps to guide management, investors and other interested parties for the start-up and stage by stage successful growth of the business. Business plan clarifies the owner about the early aspect of their business operation and growth. Guiding the management and promoting the investment towards the business are probable the two major pros of the business plan. Not to forget the other ones like helping to identifying problems, getting advices, exit strategy, minimizing legal problems etc.

### 5.1 Startup plan

This is the initial written business plan which helps to kick off the business operation. This plan includes describing the company, its products, services, SWOT analysis, management team, products and market evaluation. Likewise, the financial projections including income, expenses, profit, cash flow projection, break-even point etc are also to be mentioned in the proper start up business plan. Business plan is the one which helps to get the funding, get advice from experts, identify problems etc for the better operation of the business.

### 5.2 Internal business plan

Internal plan targets the internal staff and management for the better operation of the business. Evaluation of the project, description of the current stage, operational profitability and budgeting are discussed thoroughly in the internal business plan. Internal plan is the one which also calculates the amortization, loans, the capital, payback time of the project. The other elements and initial plan consists are providing information about the procurement, marketing, hiring and technological costs. Last but not the least it provides information of the target group, market size, positive and negative effect on the company's profitability and so on

### 5.3 Strategic plan

Strategic plan provides detailed road map for achieving the company's goals. Strategic plan not only plans the goals of the business but also plans the ways to achieve them. Business vision, mission, statement, defining the success factors, strategy for achieving objectives and

strategy to implement the planning into success are the few elements of strategic business plan. Strategic business plan is also responsible for inspiring employees, creating a healthy work environment and creating a perfect formula to achieve company's goals.

#### 5.4 Feasibility plan

Feasibility plan answers two major questions about the business. The first one being who will purchase our products and services, in other word our customer segmentation, their geographical way and so on. The second one is will the company earn the profit from such operation. Feasibility plan recommends the management to either forward or dissolve the project or suggest the management to change the structure of the project to make it more profitable. Since, the business plan describes the market for the product or services, the need of the market, required capital, estimated capital and profit loss, it is essential for the business operations.

#### 5.5 Operations plan

Deadlines, targets etc are specified under the operational plan for the coming year's operation of the business. Responsibility of the management staff and other employees alongside the deadlines and term plans are defined under the operational plan. This plan is very useful for both big and small company's in-order to operate the company in a better way to get better results.

#### 5.6 Growth plan

Growth plan describes the proposed growth in every aspect; such plans are used for both internal and external consumption. Growth plan includes the required capital, other plans, management team and environment required to achieve the business growth. This plan provides all the company details in order to attract the investors. Growth plan provides the financial activities, projection of expenses, sales, profit etc with the aim of getting the attention from the outsiders. Alyson Paige(2013)



## 6. Research Methodology

Research primarily refers to collecting and analyzing the existing data to draw a conclusion, make suggestions and suggest for the future researches. The method applied by the researcher to accomplish the research is the research methodology. It is up to the researcher to choose research methodology of the research. Many factors such as the time, research problem, objective of the research, expected result; primary data and so on affects the process of choosing the research method. Research methodology can be divided into two categories and they are qualitative and quantitative.

### 6.1 Qualitative research

Words, ideas and the depth analysis of the subject matter are done under the qualitative research method. According to white (2000) qualitative research includes the research methods like interview, focus groups observations alongside case study. This research method does the subjective interpretation of the result. A lot of researchers choose qualitative research method because this method gathers an in-depth understanding of the subject matter. As this research method the answers who, why, what and how of the subject matter a researcher can obtain a lot of information. We are going to use this research method to understand the familiarity of the business plan to the target group. The target group of this research; entrepreneurs with the foreign background, doing business in Helsinki and Espoo region will be interviewed personally in their own business premises. Afterwards their inner thoughts, in-depth understanding, views, ideas will be analyzed to come up with a conclusion.

### 6.2 Quantitative research

Qualitative research method collects the numerical data from the respondents and uses the data for further analysis. Data interpretation is done through the use of statistical software's like SPSS and so on. This mathematically structured research method interprets the data in graph, charts and in other statistical form. Scholars from psychology, political science, sociology, and economics are the regular users of this research method. Quantitative research method gives the exact statistical interpretation which gives the scholars and researchers the real database needed. This method unfortunately does not go deep into the research problem to find the what, who, how and why of the subject matter.

The research approach in this thesis is qualitative, and the precise process for gathering data is interview. Qualitative and quantitative research can be considered as corresponding to each other rather than being opposite to one another and are research approaches which are in practice and difficult to divide accurately from each other. Qualitative and quantitative

approach can complement one another while qualitative research is utilized as a preliminary test for quantitative research or vice versa, or when these two research approaches are used simultaneously. Qualitative research was chosen for this study because it is the best way to clarify the settled research objective and exploring the existing research on the topic also assured the researcher on utilizing qualitative approach. An in-depth interview can be defined as the qualitative technique designed to entire a clear picture of the interviewee's perspective on the research topic. During the process the interviewed part becomes the expert of the topic while the interviewer is considered entrepreneurs.

### 6.3 Validity and reliability

According to Gummesson (2000), the validity of the research is the success achieved by the researcher in accomplishing the research through the ideal choice of the research method. Validity acts as a tool to analyze the effectiveness of the research method applied. As the objective of the research, to understand the entrepreneurs knowledge of the business idea has been achieved through the qualitative research method the research method is a valid one. In other word as the what, who, why, how of the subject matter has been achieved the research is valid.

As stated by Joppe (2000), Reliability is the consistency of the result in the case of the reproduction of the research within the same study population using the same research methodology. We believe the research result is a reliable one as the research has been done with the proper research method and in proper instruction of the thesis teacher. In case of duplicity of the research the research result will be more or less the same one. The lack of proper business planning causing initial harm to the entrepreneurs and a good plan making their life easy was one of the findings of the research which is an expected result and I believe the result will replicate in the next research.

The theory will limit to the general meaning of business plans, benefits of the business plan, aims of business plan and types of the business plan. While the empirical study will study whether and to what extent have these foreign entrepreneurs made a proper business plan? Generalization of the whole country's foreigner business will not be accessed through the empirical study rather a general idea of the amount of business planning in foreigners business will be drawn which will help us to formulate our business plan.

## 7. Results of Research

### 7.1 Comparison on the basis of Gender

In the survey responders 7 were male and 3 were female. In the survey, 70 per cent is male and 30 per cent is female. 10 questions were asked to them. The result amplifies the lesser number of female entrepreneurs in the region. The female population was mostly found in the beauty and travelling agency business. During the informal talk with some female entrepreneurs, we came to understand that very few foreign women entrepreneurs are found in entrepreneurship. Even though women from the different region, religion, culture has settled in Helsinki region, they still possess primitive thinking that women should be bounded inside the household works.

#### Gender

	Frequency	Percent
male	7	70
female	3	30
Total	10	100

Table 1: Comparison on the basis of gender

### 7.2 Age group of the entrepreneur

This Survey is mainly conducted between entrepreneurs. The survey was conducted with 10 different foreigners, between the age group of 21-50 years. Most of the people are involved in the restaurant business; few are in travel agencies, Asian grocery and so on. Young entrepreneurs were also found doing business in the region. Entrepreneurs with the age group of 35-50 years were the most established ones. Even though they had very weak educational background, with time and experience they have developed themselves into a well-established entrepreneur. The key to their success is the years of their dedication towards the business environment. This was a big learning point for us, because the entrepreneurs with very less educational background were more capable in their business field than any big scholars.

### 7.3 Comparison on the basis of Nationality (Race)

#### Nationality

Continent	Frequency	Percent
Asian	6	60
African	1	10
European	3	30
Total	10	100

Table 2: Comparison on the basis of nationality

Asian entrepreneurs were doing the most of the business with 60%, while European expats were 30% and Africans 10%. Africans were doing the least amount of business in the region, one of the African entrepreneurs mentioned "the lack of business skills and knowledge was the main reason for them being backwards in business", he also mentioned majority of Africans reside in Finland with asylum seekers permit and under or semi-skilled labors, who seriously lack the educational background and business skills required.

Asians were found to be doing food business as major industry in the region. Whether, it is selling cooked food in the restaurant or selling uncooked in the grocery shop they are a step ahead. The success of Asian food also credits the Finnish taste of food. Their fondness in food and their readiness in trying others food is the major reason of success beside the skills of entrepreneurs. On the other hand beauty industry, saloon, massage parlor were among other industries Asian choose.

Europeans were good in business including traveling industry, manpower industry, and food restaurants. The funny thing is, even the European entrepreneurs were reluctant to open Asian restaurants.

### 7.4 Comparison on the basis of their profession

	Numbers	percent
Asian Restaurants	4	40
Asian shops	3	30
Travel agencies	2	20

Beauty Salon	1	10
Total	10	100

Table 3: Comparison on the basis of profession

According to survey the most growing business is Asian restaurants in compare to other business because of its different varieties, spices and new taste in food. Even Finnish people would like to try the food because of new taste and varieties. Due to lack of ingredients and spices used by Asian people in normal Finnish market and the spice of Asian people Asian shops are doing quite well in their business. Thirdly, we found that the travel agencies are in the progression in compare to beauty salon. The other varieties include burger shops, clothing, mechanical, car repair etc. very few foreigners were doing white collar business.

#### 7.5 Entrepreneurs business knowledge and skills (schooling, trainings) number of years as an Entrepreneur

Most of the entrepreneurs came to Finland as an asylum seeker and had very little educational background. On the other hand, except one two days training on "Doing business in Finland" they have not done any trainings what's so ever, except the saloon owner who was privileged to 3 years of schooling in Helsinki before opening her beauty salon. Except 3 restaurant owners the rest have a very few years of experience as an entrepreneur. While couple of restaurant owners had over a decade of experience in the field. The other interesting fact is that the older the entrepreneurs the less they concentrate on business planning. Still they are the ones doing proper planning and managing the business better, perhaps the experience has overcome the training and education.

#### 7.6 Familiar with the term business plan

The entire interviewer answered the same that they are familiar with the terminology business plan and know how to implement it while starting a business. Based on the data gathered from them, it is a set of documents arranged by firm's management to review its operational and financial objectives for the near future and to show how they will be achieved. According to the beauty salon owner "Business plan should follow normally known strategies concerning system and content and manage the business more effectively". We found that the entrepreneurs still had difficulty to realize business plan as a clear statement of business mission and vision, explanation of marketing strategies and analysis of revenues, costs, and projected profits.

### 7.7 Uses of business plan while establishing business

All the entrepreneurs used their own business plan while establishing their business. It helped them in many ways. One of the interviewer answered that it helped him while calculating the forecast and budgeting. Another one responded that it helped them to ethnic specialist travel agency in Finland. They knew that effective planning keeps established companies on track and serves as a guide for companies that plan to launch a new product or service or introduce a new marketing program to seize new business opportunities. It helped them to explain the description of the products and services they offer.

### 7.8 Important of business plan

One of the respondents with Indian restaurant said, business plan is a back bone of every business. In the view of travel agency owner business plan helped them to get more customers and to win in the market competition. According to the grocery retailers, they told that it is essential to achieve business successful and provides the road map to start the business which provides directions so a business can plan its future and helps it avoid bumps in the road. The time spend creating business plan thorough and accurate, and keeping it up-to-date, is an investment that pays big dividends in the long term. The heart of the plan, which is also the heart of the business, is made up of a group of three core concepts that can't be separated: market, identity, and focus. It's the interrelationship between them that drives your business. It is a road map and timetable for achieving the goals and objectives and helps them to acknowledge opportunities and threats.

### 7.9 Business plan to accomplish the task

Most of the entrepreneur wants to sustain their same business into another level. Some of them want to set up a new business and they want to make a new business plan because without any plan, they can't get funding, but even businesses with plenty of cash can get into big trouble without a well-thought-out plan. We got to know that all the entrepreneurs are familiar with the importance of the business plan. According to question 8 and 9, business plan helped them to get more customers, roadmap to start business, to be ethnic specialist and to sustain in business for a long run.

## 8. Conclusion

The respondents are more or less equipped with the business planning, but they are reluctant to go the old fashioned way; without any written planning. The entrepreneurs have knowledge about business plan, they know the important of it but in reality they have not used it so much.

For future business plan, we have collected a lot of new ideas. Initially, how effective business plan is written. Likewise the mistakes others have made, the financial forecasting, budgeting, objectives etc. are the major information we get by writing this research paper. We were amazed to know how a business plan can be so helpful in getting loans into the business. From this research we have learned the details and components very thoroughly that are to be added into the business plan. These details were found to be very important fact finding, risk management and identifying the major problems of the business. The amount of information a business plan includes was so immense, that we have never thought of. The other interesting fact is after looking through the plan of one restaurant we were able to give those advices, which means our written plan can also get some advices in the future which is always a good thing to get.

One entrepreneur told us how he was able to exit from his previous plan because of the business plan. He mentioned that he was planning to open a furniture business. He was writing business plan and later on found the competitiveness of the market; his financial forecasting, costumer segmentation etc were briefly discussed by the experts with a red light. He was so happy to find out that his products would have been very expensive and would have been hard to sell. Thanks to the business plan, this saved his previous business from getting started and getting closed simultaneously, with a heavy financial burden. We believe that we could also be saved from such uneconomical business if we write a business plan before starting it.

An old entrepreneur from Bangladesh doing food business mentioned how he was well equipped with the legal terms while writing business plan. He said V.A.T, tax etc were the terms he used to neglect initially when he was doing business in Bangladesh. While making business plan he realized the important of these terms and hence got way from the legal obstacles. We believe readers could also get benefited from his example.

After doing this research we have been privileged to understand a lot of stuff regarding a business plan. We would like to suggest entrepreneurs to take business plan very seriously as it are the backbone of the proper business establishment. First of all we would like to suggest entrepreneurs to make a proper business plan including the aims of the business plan, the components of the business plan, different types of business plan alongside the benefits itself. It is crucial to lay down the aims of the business plan; mission, objectives, tasks and

action plan of the business plan clearly into the proposal. The mission of the business communicates the future organizations values and norms from the entrepreneurs mind into the paper. Mission of the business plan is better to be as narrow as possible, as clear as realistic and as achievable as possible. Entrepreneurs should be very clear in their mind while writing mission statement because they cannot at any circumstances go with the flow and forget the standard procedure of writing the mission statement. The other most important aim of the business plan is to write down the objectives of the future business describing the organizational plans and the aim of the business. The other factors to consider are the projects deadlines, the short term and long-term objectives, as it will help entrepreneurs guide themselves into the business project step by step. The tasks required to achieve the objectives of the business plan alongside the action plan to achieve the objectives will be the ones to consider while writing the aim of the business plan. During the empirical study we found some entrepreneurs who had not considered writing a proper action plan while some had written it very poorly. We would recommend entrepreneurs to take this seriously.

Entrepreneurs were found to omit few components of the business plan. It is very crucial to put all the components of business plan into the proposal. Afterwards the business description, the product or service of the future business must be written the business plan. Likewise the market analysis of the future company, the sales and marketing, business operation, management team and staff alongside the financial forecasting are to be included into the components of the business planning. Although it sounds very simple to fill in the blanks with the components of the business plan but to write the detailed components, forecast the finance, analysis the market, find a perfect management needs a lot of homework for the entrepreneur. We would recommend the entrepreneurs to take all the components of the business plan very seriously as all of them have their own unique importance and they are equally important for achieving the objectives of the business plan.

Entrepreneurs would be better served if they understand the benefit of a proper business planning as a proper business plan will help the business get aids in funding, identify the future problems, get tons of advices into the business, make an exit strategy and at the same time minimize the legal problems which might arise in the future. During the interview we came to realize how the proper business planning has been helping the entrepreneurs especially to get aid and advices. There was also an example during my research that one of the entrepreneurs has been able to exit from the furniture business after writing down a business plan and realizing the competitiveness and unprofitability of Made in Finland furniture.

Different types of business plan have their own sole importance and an entrepreneur should consider writing the business plan of their kind. They are the ones to make a decision either they are to write the startup, internal, operational, strategic or feasibility plan. For example



feasibility plan can also be written with startup plan as feasibility plan can decide the feasibility of the project while the startup decides the action plan of the business. At last, we would recommend entrepreneurs to write their business proposals very clearly.

## 9. Conclusion and suggestions

Lastly, we come to conclude that without proper business plan it is impossible to establish a business and should have a business plan before they conduct the first deal. As we can say it is the backbone of the every entrepreneur and way for a company to use specific targets to move closer to achieving its goals. All the entrepreneurs implement their business plan before establishing their business which gives the designer of the business plan direction and purpose. Business plan should be clearly drawn because they are the root of the plan. Business planning is probably the most important equipment an entrepreneur has while upcoming with the mission of opening and operating business. As in war, the result depends upon the armory and after writing this thesis we were convinced without a proper business plan as armories no business missions can be succeed.

The research on the other hand resulted into a contradictory result. The entrepreneurs have knowledge about business plan, they know the important of it but in reality they have not used it so much. The entrepreneurs lack a great deal of entrepreneur knowledge, trainings and that can reflect in the way they are doing the business. Their business is not well planned; they are just going with the flow. Instead of Implementing new ideas and plans they are just letting things to happen and so on. This means an average or even poor business performance.

For the future researchers we would recommend to do a quantitative research with a bigger respondent group, with more questions so that a general statistical data can be drawn which can result in a bigger outline of the subject matter. On the other hand we would also recommend researchers to compare the local entrepreneurs with the entrepreneurs of foreign background to come up with a conclusion of what and how foreigners are doing things differently. We would also recommend the entrepreneurs or the stake holders to equip the entrepreneurs with essential business planning knowledge and trainings.

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## Figures

Figure 1: The pyramid of business goals

Figure 2: The different components of business plan

## Tables

Table 1: Comparison on the basis of gender

Table 2: Comparison on the basis of nationality

Table 3: Comparison on the basis of profession

## Appendix

The research problem of this research is to answers the following questions.

1. Name
  2. Sex
  3. Age
  4. Nationality
- (Question 1-4 gives basic information about the entrepreneur)
5. Basic information of the business: Name. Industry, type, age
  6. Entrepreneur's business knowledge and skills (schooling, trainings) number of years as an Entrepreneur.
  7. How familiar are you with the term business plan?
  8. Did you use business plan while establishing your business. How did you use it and how did it help you?
  9. How important do you think business plan is and how?
  10. If you are to make a new business plan how will you accomplish the task?