

Anu Halinen

General Process for Business Idea Generation



Helsinki Metropolia University of Applied Sciences

Master's Degree

Business Informatics

Master's Thesis

16 May 2017

Author(s)	Anu Halinen
Title	General Process for Business Idea Generation
Number of Pages	64 pages + 8 appendices
Date	16 May 2017
Degree	Master of Engineering
Degree Programme	Business Informatics
Instructor(s)	Thomas Rohweder, D.Sc., Principal Lecturer James Collins, Ph.D., Senior Lecturer
<p>This thesis presents a process for generating ideas with the intent to propagate new business within a micro-company. Utilizing this newly proposed process, generation of new ideas will be initiated allowing for subsequent business plans to be implemented to grow the existing customer base. Cloudberrywind is a family-owned and family-operated micro company in the Finnish region that offers information technology consulting services and support for project management to improve company efficiency. The goal of this thesis was to provide the company with a template to generate new business ideas that will serve to increase overall sales and allow for expansion to a broader market.</p> <p>In order to start the process of expanding the company's reach through new ideas, it was necessary to assess Cloudberrywind's current situation and practices. This was done by reviewing existing business plans and interviewing the owners of the company. The conceptual framework for the general process for business idea generation was then built utilizing the information gathered in this process. The conceptual framework focused on tools for competence analysis, idea generation, marketing and family business.</p> <p>This thesis resulted in a template which will allow Cloudberrywind to propagate new business and increase the company's reach into new markets utilizing a general process for idea generation. This thesis supported the validity of this proposed method by providing two new business ideas generated from the process that the company can use to get started with their goal of increasing total sales.</p>	
Keywords	business idea, process, family company

Contents

Preface

Abstract

Table of Contents

List of Figures

List of Tables

1	Introduction	1
1.1	Cloudberrywind's current situation	3
1.2	Business problem, objective and expect outcome	7
2	Research approach	9
2.1	Research process	9
2.2	Data collection	11
3	Best practices of business idea generation	11
3.1	Tools for analysing company's own competencies	12
3.1.1	SWOT	13
3.1.2	Competence mapping	14
3.1.3	360-degree review	15
3.1.4	Core competencies	17
3.1.5	Summary	18
3.2	Tools for idea generation	19
3.2.1	Brainstorming	19
3.2.2	Focus groups	20
3.2.3	Strategic advantages through innovation	20
3.2.4	Business model canvas	22
3.2.5	Idea Assessment and Business Development Process	25
3.2.6	Process model of innovation	29
3.2.7	Vision board	31
3.2.8	Summary	32
3.3	Tools for analysing company's market	33
3.3.1	PEST	34
3.3.2	Five forces model	36
3.3.3	Market segment	41
3.3.4	Summary	43

3.4 Family business	44
3.4.1 Family as part of the process	44
3.4.2 Growth stage in family business	46
3.4.3 Summary	47
3.5 Conceptual framework	48
3.5.1 Systematic tools	50
4 Using chosen tools to generate business idea for case company	52
4.1 Analysis of company's own competences	52
4.2 Vision board	53
4.3 Brainstorming	54
4.4 Pre-selecting the business ideas	55
4.5 Business model canvas	56
4.5.1 Consultant broker business	56
4.5.2 Consultant business	57
4.5.3 Sauna and wellbeing center at Arco	59
4.6 New business idea proposals	60
5 Discussion and conclusion	61
5.1 Summary and discussion	61
5.2 Further development in practise	62
5.3 Evaluation	62
5.3.1 How objective achieved	63
5.3.2 Reliability and validity	63

References

Appendices

Appendix 1: Strengths, weaknesses, opportunities, threats

Appendix 2: Strengths, weaknesses, opportunities, threats (English)

Appendix 3: Vision Board

Appendix 4: Brainstorming

Appendix 5: Business canvas model

Appendix 6: Business canvas model: Consultant Broker Business

Appendix 7: Business canvas model: Consultant Business

Appendix 8: Business canvas model: Sauna and wellbeing center at Arco

List of Figures

FIGURE 1. RESEARCH DESIGN FLOWCHART	10
FIGURE 2. BASIC SWOT CHART TEMPLATE EXAMPLE	14
FIGURE 3. 360-DEGREE FEEDBACK VERSUS TRADITIONAL FEEDBACK (CRISAN, SALANTA, & BUTILCA, 2009:302)	17
FIGURE 4. BUSINESS MODEL CANVAS	22
FIGURE 5. DON HOFSTRAND'S (2009) IDEA ASSESSMENT AND BUSINESS DEVELOPMENT PROCESS	26
FIGURE 6. TIDD AND BESSANT (2014) SIMPLIFIED MODEL OF THE INNOVATION PROCESS ..	29
FIGURE 7. EXAMPLES OF VISION BOARDS.....	32
FIGURE 8. LAYERS OF THE BUSINESS ENVIRONMENT (JOHNSON, WHITTINGTON AND SCHOLES 2012: 20)	34
FIGURE 9. PEST ANALYSIS MATRIX	36
FIGURE 10. PORTER'S FIVE FORCES MODEL (NELLIS & PARKER 2006: 234)	37
FIGURE 11. THE THREE CIRCLES MODEL OF FAMILY BUSINESSES BY TAGIURI AND DAVIS...	45
FIGURE 12. GENERAL PROCESS FOR BUSINESS IDEA GENERATION	50

List of Tables

TABLE 1. COMPONENT OF STRATEGIC CAPABILITIES (JOHNSON, WHITTINGTON AND SCHOLES 2012: 52)	
.....	13
TABLE 2. STRATEGIC ADVANTAGES TROUGH INNOVATION	21
TABLE 3. MICHAEL PORTER'S FIVE FORCE ANALYSIS CHECKLIST (NELLIS & PARKER 2006: 234-236)	39
TABLE 4. PROBLEMS, OPPORTUNITIES AND STRATEGIES IN THE GROWTH STAGE (HOY & SHARMA 2012: 182-183).	46

1 Introduction

This thesis will present a template for introducing a standard process for generating ideas for attaining new business in a micro-sized company that will enable the construction of new business plans. The test company used for this research was a family owned micro-sized company, Cloudberrywind, which provides information technology consulting services to the Finnish region.

In order to expand into new markets the owners of Cloudberrywind want to increase visibility and access to information about their services. As it stands now with their current resource allocation, the company has lacked adequate opportunities to increase their total sales.

This document will introduce the family owned company of Cloudberrywind, an Information and Communication Technology (ICT) consulting firm and review the company's current practices and standing in the marketplace.

The Cloudberrywind Oy

The Cloudberrywind Oy company was started in 2008 with the founder, Jussi Halinen being the only employee until 2010 when a second employee, Anu Halinen, was added. Both of these individuals had previous experience working with IT and telecommunications and in several other relevant areas, including; project programming, quality control, programming, and software development and integration.

The company has had eleven previous consulting contracts over the last nine years with contracts varying lengths of six months to as long as three years. The consultant's contracts have been goal oriented and were ended when the specific milestone was reached. The consulting contracts have covered areas specific to projects, programming, testing, and office management.

The next section will cover the IT consulting business and the specific business market of Cloudberrywind Oy

IT consulting

When describing what IT consulting covers, the range is vast. IT consulting includes everything from software to hardware and whatever may come in between. An aspect that may not be known is that it is a relatively easy profession to join. A new recruit for such an endeavor simply needs some basic computer and office skills, some project management experience, the ability to take initiative, and the right attitude. Whether the goal is to gain IT consulting experience within a large company or to start their own company, the needs are minimal. So, with a mobile phone, a computer and a little hard work, it's possible to start your own IT consulting business.

There are many different types of projects that an IT consultant can encounter. Some projects will be extremely involved and take months and many hours to complete, where others may be quite simple and require minimal time to complete. Due to the varying degrees of technical needs for specific projects, can create a unique employee situation. Some projects will need short term, contracted help from people who have specialized skills or a niche area specialist that will no longer be needed once their area of the project is completed. Unfortunately it is difficult to find short-term employees with these specialized skills in the employee market.

IT consulting market

To understand the IT consulting business one must also consider the market and how it works. There is a section of the consulting business called the broker segment, which is essentially a middleman who "brokers" the business between the IT consultants and the customer. This has become a popular method for connecting the right type of consultant to address a customer's specific needs. So popular in fact that in 2012, the broker segment of the profession in the Nordic region alone, grew over 30% from the previous year. (Ruthberg, 2012)

In the last several years, customers have been reducing the number of contracting parties, which has forced Cloudberrywind to use these brokers to sell consulting hours to customers. This is fine when considering this is a current popular trend in the market but now there is a "middleman" selling Cloudberrywind's consulting hours professionally, which may not be the ideal situation.

With the well-known Eurozone financial crisis ongoing which detrimentally affects many businesses, there is another problem facing IT consulting businesses in Finland, outsourcing and nearshoring. Taking advantage of today's technology which makes it possible to do many of the IT business tasks remotely thus enabling outsourcing IT tasks or even full IT projects to low-cost destinations. (Flinders, 2013)

Economic situation

Due to the ongoing Eurozone financial crisis, many people in Finland and other European countries have been laid off. This ultimately adversely affects the IT consultant market because there are so many well-trained people out of work. In Cloudberrywind's current situation they are being forced to compete for consulting contracts with this portion of the labor force, this not only increases competition for the contract but drives hourly prices for consulting down significantly.

With the current financial situation in Finland and Europe, Cloudberrywind has been experiencing a lot of pressure to reduce hourly consulting prices to remain competitive. Potential customers are well aware of how competitive the current market for IT services is and are driving prices down. Cloudberrywind, in order to remain viable in this competitive market needs to employ some savvy negotiation skills to keep their hourly consulting prices reasonable.

According to International Data Corporation (IDC, American market research, analysis and advisory firm specializing in information technology, telecommunications, and consumer technology) even with the Eurozone financial crisis, the worldwide market for IT consulting businesses will continue to expand. There will be specialized service providers that will boost the growth, such as cloud-based services, mobile technologies, big data, and social media. (Moore, 2013)

1.1 Cloudberrywind's current situation

The Cloudberrywind Company's current business plan was established in 2008. Jussi Halinen, CEO of the company constructed the business plan to describe key focus areas for a new company to procure a start-up loan from Finnvera. This section will summarize the original business plan and modifications that have been added that

have enabled the company to adapt to new situations that have occurred since the original plan was put in place almost nine years ago.

As stated previously, Cloudberrywind is a family owned micro company, established in 2008 as a one-person consulting operation. Cloudberrywind provides customer support within data systems design, development, and maintenance programs. The company offers infrastructure development and maintenance as well. The business philosophy of Cloudberrywind is to provide high level professional IT expertise to customers who may not have the proper training, knowledge, or resources available in house to complete significant projects in a professional and timely time-frame. Cloudberrywind can offer their expertise to customers in the form of specialized services, programming, or complete project management. (Halinen 2008: 3)

Cloudberrywind is currently 100% privately owned and operated by Jussi and Anu Halinen. In 2010 the company's ownership was equally divided between these two entrepreneurs. After the addition of Anu Halinen, the company has increased its process development, quality management, and program office management knowledge.

New customers for Cloudberrywind can potentially be local Finnish and international companies. Customers can also come from broker companies who function in the market to connect experts in the field with customers in need (Halinen 2008: 4). The current consulting contracts have all been done through IT specialist brokers up to this point.

As a business model, Cloudberrywind has the advantage of not having to secure large investments or inventory because the main product is providing services based on the company's employees' training and education (Halinen 2008:4). When the company was first established the contracted work was being done out of the owner's home, but in 2009 the company established an official office in Sammatti.

The largest initial start-up expenses were installing a reliable internet connection, laptops, phone and courses or seminars (Halinen 2008:6). The company realized early that in order to stay competitive, they need to invest in the further educating its employees through advanced courses, conferences, and seminars. With the fast-paced changes that occur in the IT market it is imperative that the company remains up to

date on the industry's best practices, regulatory changes, and of course all the latest technology information.

The owners of Cloudberrywind both have previous experience in project and program management, work process, team building and effective leadership, quality management and working in all areas of the ICT industry. All tasks associated with the daily operations of the company are being performed by the owners of the company except the bookkeeping which is currently being outsourced.

The owners of Cloudberrywind have well balanced yet diversified professional backgrounds. Jussi Halinen has a long and comprehensive background in IT and ICT. Anu Halinen comes from a professional background in telecommunications, business and health care.

When the company was originally established in 2008, the demand for IT consulting businesses was growing at an exponential rate and specific areas were lacking available specialized professionals and competent project managers. This demand created opportunities for small IT consulting companies like Cloudberrywind. Due to the specialized nature of advanced IT support it makes more sense for existing companies to outsource their IT needs which confirms the need for the expertise provided by these external consulting professionals (Halinen 2008:3).

Due to the current global economic depression which has minimized employment opportunities for well-trained professionals in the IT consulting market has also left a large number of consulting companies competing for the same customer contracts (Halinen 2008:3). Even if the trend of hiring specialized subcontractors continues there still seems to be plenty of free capacity in the market competing for the contracts.

Cloudberrywind's current business philosophy is based on providing efficient and timely IT services provided by experienced, well-trained, professional staff with an emphasis on strong customer service, meeting deadlines, and effective problem solving. This is accomplished by focusing on what many large companies lack, which is strong project and program management. Specific services offered by Cloudberrywind would seek to optimize processes and efficiency within the contracted company through evaluations of current procedures, process development or assessment, providing basic IT support, designing IT software models for development and/or implementation.

Cloudberrywind can also play the role of a current client's representative when a more comprehensive IT project is desired. These services are comprised of the following: creation and review of contracts, comparison of proposals, and evaluation of different suppliers to obtain the best value for their money. The company's strategy would be to first sell consulting hours to the areas mentioned previously and as the client list grows so does its financial leverage allowing Cloudberrywind to invest in the growth occurring within this business plan. After a couple of fiscal years the company will better understand what business areas need to be focused on and how the current business fits into the constantly changing IT business environment. (Halinen 2008:4).

Although the business philosophy of Cloudberrywind has stayed the same over the years the economic environment has not. The poor economy has forced many companies to downsize which, as stated previously, increases the competition for customers, thereby increasing the risk of expanding the size of the Cloudberrywind. To combat these risks, Cloudberrywind needs to find alternative possibilities to increase the company's income while decreasing economic risk.

With the current Cloudberrywind business plan, founder Jussi Halinen has stated that the initial priorities are acquiring new clients and efficiently supporting and maintaining the current ones allowing the company to operate effectively. When this goal is accomplished, Cloudberrywind will reinvest in the company to support growth and maintain financial viability. The company proposes two different courses to support growth, the first is to hire more consultants to serve more customers and find more areas of specialization to support. The second is to focus on software application, service development and the effective marketing of these two processes. The best option for the company is to pursue both courses to strengthen and build up the future of the company including: consulting, service business and software development. (Halinen 2008: 3)

It has been a difficult time for IT consulting businesses, even though Cloudberrywind has larger clientele they have managed to keep the company running for nine years. Both of the owners are not continuously supporting client contracts and that has created some uncertainty for the company

Marketing plan

Cloudberrywind's marketing plan was first aimed at contacting key-people and decision makers already among their personal network to advertise the company's support services to them. The company began with a list of approximately 40 people to share Cloudberrywind's contact information and the support services offered with as well and some bigger companies who act as consultant brokers (Halinen 2008:5).

The majority of all of Cloudberrywind's contracts have been negotiated through consultant brokers because the trend among customers is to shorten the list of consultants and external IT partners employed and just work with a broker to support their needs. Because Cloudberrywind is a small and relatively new company they have not had the opportunity to attain direct contracts with the end customers, even if the details were negotiated between Cloudberrywind and the end users about the contents of the contracts, the final document must go through a broker.

Currently, Cloudberrywind's consultant's CVs are in several broker's lists which allows the broker to connect them with customers. The company's consulting work has been offered to customers over the last few years via four to five different brokers, but actually only two brokers have successfully negotiated and completed contracts for Cloudberrywind and the end user.

The best way to increase business is to continue to do excellent, high quality work and with word of mouth and positive reviews will insure additional bookings and employment status (Halinen 2008:5)

Currently, Cloudberrywind doesn't use any marketing channels to advertise their consulting services. The only avenues that have been utilized are direct contacts with brokers and networking with previous and current assignment decision makers and co-workers.

1.2 Business problem, objective and expect outcome

The Cloudberrywind's turnover is directly dependent on the consulting hours the current employees have contracted to customers and experience a decrease in turnover when employees don't have contract hours sold to customers. Since there are currently

only two employees this turnover can account for half of the business or more if neither employee has a current contract.

The objective of this study is to investigate options for new business ideas for Cloudberrywind. This project will examine Cloudberrywind's current state and look to develop a general process for generating new business ideas. With the integration of this new process, Cloudberrywind hopes to generate new business and grow their customer base. This new process will be a professional and repeatable method of taking a single business idea and transforming it into a worthwhile business endeavour.

By using this proposed general process for business idea generation, this project aims to establish one to three possible new business ideas for Cloudberrywind which the company can use to make a more substantial business plan and acquire new business cases in the short term. These new ideas can consist of either new service or new product or procedures to increase company's place in the market.

So the main objective of the study will be find new service or product or procedure for the Cloudberrywind to increase company size by using professional and repeatable general business idea process.

Since this thesis strives to solve a specific business problem for Cloudberrywind, a study was conducted to analyse the company's current status. The initial steps taken were to read the existing business plan and interview the owners of the company. The next step was to check recently published literature to discover what is currently being done in the industry that has been successful for similar businesses and how these processes are being implemented. This project will also study tools for analysing competencies, idea generation, market analysis and issues that may apply to family owned and operated businesses. After searching the literature, a plan will be constructed to select the most relevant existing process for idea generation or a compilation of processes taken from the literature will be put together to build up this a new process for generating ideas that are specific to a company like Cloudberrywind..

After the model for the process has been designed, it will then be discussed with the owners of Cloudberrywind to apply the new model for further analysis and discovery of new ideas. Then Cloudberrywind's owners will pre-select the most relevant, newly pro-

posed ideas and make preliminary business plans for one to three of these ideas. Cloudberrywind will then make a final selection as to which of these ideas they will pursue. Just a note, extensive market analysis and more comprehensive business plans are out of the scope for this project.

The general process for generating business ideas will differ her from earlier studies because this new process will take entrepreneurial and familial obligations into account. In a micro-sized family owned and operated business, it is imperative to consider family-life when making decisions that affect the business.

2 Research approach

After the initial analysis has been completed, it is necessary to move forward and address the next objective to achieve the expected outcome/s of this project.

2.1 Research process

The research design began with stating the objective of the thesis. The objective was to build a general process for generating business ideas in a family owned micro-company which can then be used to make light business plans from the ideas generated from this new process.

An analysis was then done on the current state of the company and reading the existing business plan and discussing the current situation with the Cloudberrywind company owners.

The next steps in the research process will be: searching for best practices, building the general process for business idea generation, and generating new business ideas.

Research design flowchart

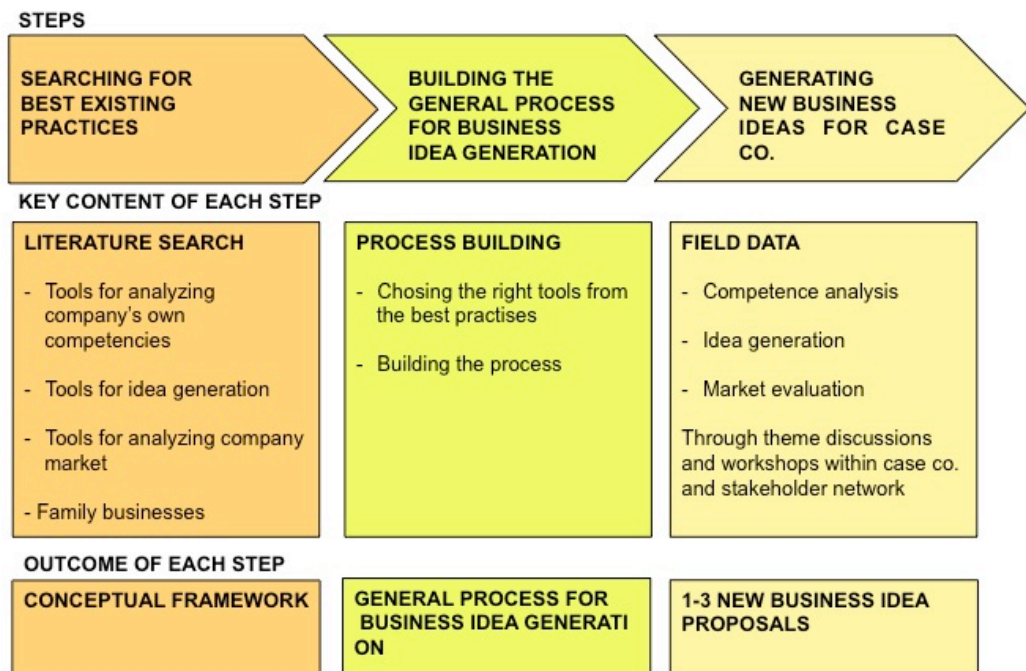


Figure 1. Research design flowchart

Best practices searching

In order to search for existing practices, current published literature was reviewed to look for the current best practices for analysing companies' competencies, tools for idea generation, market analysis, and general knowledge of family businesses. The outcome of this step is the conceptual framework for the general process for business idea generation.

Building the General process for business idea generation

After introducing the Conceptual Framework, the next step is to build the General process for business idea generation. The building of the process is based on the findings from the best practices. The process will include the company's competence analysis, idea generation and market evaluation. The outcome of this step is the *General process for business idea generation* that can be piloted together with the case company.

Generating new business idea

After the General process for business idea generation is done, the process would be introduced to the case company, Cloudberrywind and they will use the process to generate 2-3 new business ideas for further analysis. The outcome of this step is 2-3 new business ideas which the Cloudberrywind can take for the further analysis to start new business.

2.2 Data collection

The data collection was done by reading the case company's business plan and by interviewing the owners of the company. The Business plan was written in the Finnish, summarized, and then translated into English by the researcher and another owner of the case company. Interviews of the company owners were also conducted in Finnish.

The data collected in the phase Generating the new business ideas for the case company was done so the company owners could implement the process to actually generate new business ideas. Discussions and documents completed during this process were documented in the Finnish and afterward translated into English for the summaries by the researcher and another owner of the case company.

In this thesis the owners of the company used the data they collected beginning with the SWOT- and vision board steps to use as a base in the brainstorming step. And data collected in the brainstorming step was then used as a base for the mirroring and pre-selection step. And finally data from the pre-selection step was used as a base for the Business canvas model step.

3 Best practices of business idea generation

As stated previously, the business problem of Cloudberrywind is that the company's reach in the IT market is quite narrow. To help to solve the problem, this study was put together on how to build a general process for business idea generation. The process can be reused as many times as needed and may also be beneficial for use in other small family companies.

In order to study best practices, three different topics were chosen. The first was the competence analysis, which was used to discover the company's strengths and weaknesses. It is important for companies to understand what tasks they are equipped to handle on their own and which tasks would require them to hire outside help. The project will also take into account and special circumstances in the business idea generation process that are specific to a small family company.

The second part of the literature study deals with idea processing specifically, what kind of processes and tools are currently being used successfully. Throughout the search, it was not possible to find an established process that fits all of the requirements, so a new process must be build which includes all of the most important elements that are most relevant to Cloudberrywind. In order to start this process the processes involved need to be studies to improve on the current best practices.

The third area reviewed was an analysis of the market. After reviewing the company's competencies and selecting a process for generating business ideas, it is necessary to find out if the ideas will be good enough for business cases. For this step, suitable market analysis must be discovered, some technique can be simple and fast but some need to more complex and dive deeper into the subject matter.

3.1 Tools for analysing company's own competencies

In this chapter the most interesting and useful tools to analyse the company's competencies will be presented. Resources and competencies are two components of strategic capability. Resources are the assets that an organization either has or can call on when needed. Competencies are the way in which those assets are used or deployed effectively (Johnson, Whittington, and Scholes 2012:51).

Understanding Core Competencies allows the company to invest in the strengths that differentiate them and set strategies that unify their entire organization.

Table 1. Component of strategic capabilities (Johnson, Whittington and Scholes 2012: 52)

Resources: what we have, e.g.		Competences: what we do well, e.g.
Machines, buildings, raw material, patents, data bases, computer analysis	Physical	Ways of achieving utilisation of plant, efficiency, productivity, flexibility, marketing
Balance sheet, cash flow, suppliers of funds	Financial	Ability to raise funds and manage cash flows, debtors, creditors etc.
Managers, employees, partners, suppliers, customers	Human	How people gain and use experience, skills, knowledge, build relationships, motivate others and innovate

In the following chapters, the best practices of the company's strengths, weaknesses, opportunities, and threats (SWOT), competence mapping, 360 degree review, and core competencies are presented.

3.1.1 SWOT

A SWOT (strengths, weaknesses, opportunities and threats) analysis is suitable for different size companies and it is a good combination to examine a company's internal and external issues and trends. With SWOT you are able to identify a company's internal strengths and weaknesses, in the context of defined external opportunities and threats. (Nellis 2006: 20-22)

Internal topics are strength and weaknesses. Strengths include all capabilities and positive points that a company has, starting from their own experiences and ending up to contacts. Weaknesses include all the negative issues that a company faces, such as lack of marketing knowledge, poor Internet connections and so on. External topics are Opportunities and Threats. Opportunities can be any external positive event, which can help a company become more successful. Threats are any kind of external event that can somehow harm the company, such as competitors, new laws, economic situation etc. (Mariotti 2010: 16)

Whether SWOT analysis will give a pessimistic or an optimistic picture of the company, it is a really useful analysis. The analysis helps the company understand why it's doing

well or why it's doing poorly and it can also help point out the sections where the company could be doing better in the future. SWOT analysis may also help identify the most effective problems and strategic issues that need to be taken into account. (Nellis 2006: 20-21)

	Positive	Negative
Internal	Strengths	Weaknesses
	<ul style="list-style-type: none"> • • • • 	<ul style="list-style-type: none"> • • • •
External	Opportunities	Threats
	<ul style="list-style-type: none"> • • • • 	<ul style="list-style-type: none"> • • • •

Figure 2. Basic SWOT chart template example

SWOT analysis is familiar to many business people therefore SWOT analysis provides a good basis for further discussions and decision-making processes between organizations (Osterwalder & Pigneur 2010: 216).

3.1.2 Competence mapping

Competence mapping identifies an individual's or an organization's strengths and weaknesses. It's about identifying a person's job skills and strengths in different areas needed for different roles, for example, teamwork, leadership and decision-making. (Ellis-Christensen: 2015)

From the business point of view, competence mapping objectives are to help the business become more efficient, effective and competitive (Lohrey: 2009-1). Competence

mapping is also a useful collaboration tool for manager-employee performance reviews. The tool makes it easier for employees to see and understand specific requirements for a satisfactory job performance and also where you are now versus where you need to be (Lohrey: 2009-2).

Competency mapping helps human resources make better and more objective decisions. Human resources organizations can also ensure with competence mapping that the employees hired are a good fit for their roles but also for the company culture (Lohrey: 2009-2).

Many competency mapping models break down strengths into two major areas: functional and behavioral. Functional skills include all of the practical knowledge that a person needs to perform a job, these skills are generally easy to measure through skill tests or task-specific questions, and can help define whether a worker is capable of carrying out his or her basic responsibilities. (Ellis-Christensen: 2015)

Behavioral assessment analysis examines personal skills such as leadership, active listening, teamwork, and morale. This type of testing is important for getting a complete picture of an individual's skill-set. Questions might focus on how the person sets goals, how to adapt to changing situations, or deals with failure. (Ellis-Christensen: 2015)

3.1.3 360-degree review

360-degree reviews help people develop business and interpersonal skills. A 360-degree review is a professional feedback tool designed to help anyone from a CEO to a store clerk develop and refine their professional skills. (Vanek 2016)

A 360-degree review gives combined perspective about the teamwork, communication, leadership potential and management skills of an employee (Vanek 2016). 360-degree reviews include feedback from the supervisor, colleagues (peers), direct reports (subordinates), and possibly internal and often external customers as well as a self-evaluation by the employee (Crisan, Salanta, & Butilca 2009:300).

With 360-degree feedback, the assessment of an individual's strengths and development needs is more reliable and valid because of multiple evaluators. Multiple evalua-

tors provide different perspectives on an individual's performance, making the feedback more accurate and more useful to the recipient. (360 2008:3)

360 research points out Five Reasons for using 360-degree Feedback

1. It provides an answer to the question, How am I doing?
2. It can be used as a guide for continuous improvement.
3. It can help leaders check the validity of their self-perceptions.
4. It ensures that leaders view themselves realistically.
5. It encourages people to invest in the effectiveness of leaders.

360 2008:8

The reviewers are asked to comment and rate the employee's professional skills and team impact. The goal is for them to provide feedback that will actually help the employee improve and focus their long-term career development. (Vanek 2016)

The 360-degree feedback model differs substantially from the traditional single-source assessment completed by the supervisor. As the name implies, a person receives feedback from the "full circle" of other people who work around him or her (Crisan, Sallanta, & Butilca 2009:300).

360 research point out Five Reasons for using 360-degree Feedback

1. It provides answer to the question, How am I doing?
2. It can be used as a guide for continuous improvement.
3. It can help leaders check the validity of their self-perceptions.
4. It ensures that leaders view themselves realistically.
5. It encourages people to invest in the effectiveness of leaders.

360 2008:8

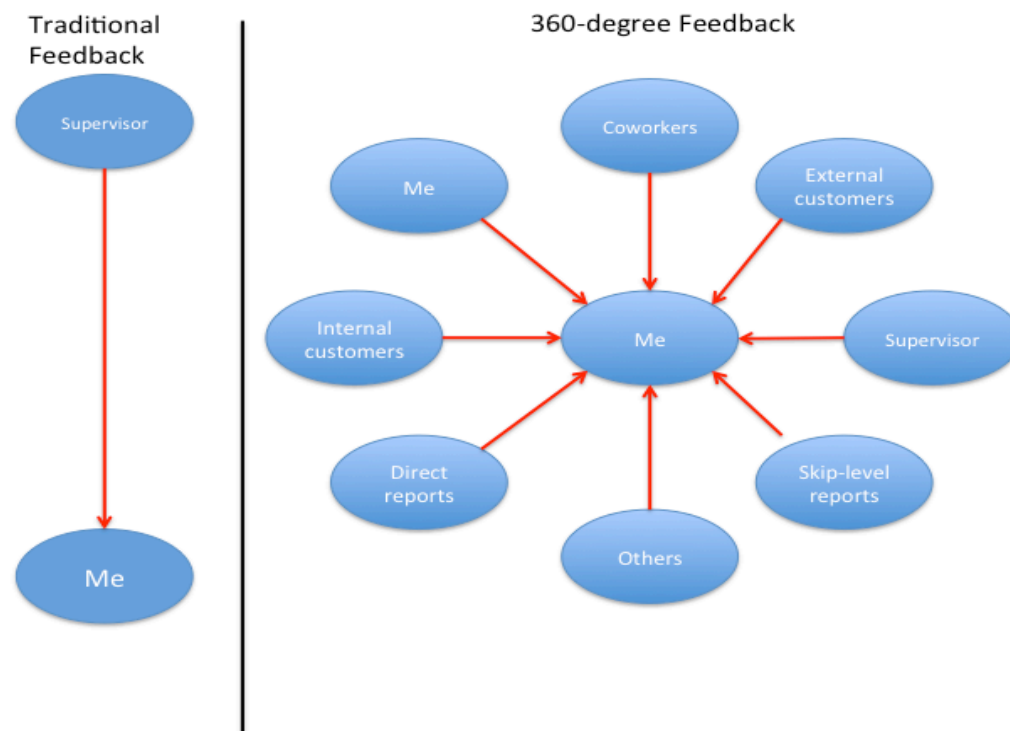


Figure 3. 360-degree feedback versus traditional feedback (Crisan, Salanta, & Butilca, 2009:302)

The reviewers are asked to comment and rate the employee's professional skills and team impact. The goal is for them to provide feedback that will actually help the employee improve and focus their long-term career development. (Vanek 2016)

The 360-degree feedback model differs substantially from the traditional single-source assessment completed by the supervisor. As the name implies, a person receives feedback from the "full circle" of other people who work around him or her (Crisan, Salanta, & Butilca 2009:300).

3.1.4 Core competencies

The term core competencies refer to an organization's areas of greatest expertise. An organization's core competencies are those strategically important internal capabilities that are central to fulfilling its mission. This provides a firm with a competitive advantage in its business area. Core competencies frequently are challenging for competitors, suppliers and partners to imitate. Absence of a needed core competency may

result in a significant strategic challenge or disadvantage in the marketplace. (Taylor 2012:7)

Core competencies may involve technology expertise, unique service offerings or a marketplace niche. Core competencies focus on an organization's internal capacities and deep proficiencies that enable a company to deliver unique value to customers. Core competencies also contribute substantially to the benefits of what a company's products offer customers. (Taylor 2012: 7)

It is helpful to use the company's core competencies to focus the company's efforts so that it can develop a unique level of expertise in areas that really matter to the customers. It's important to learn to develop employee's skills in a way that complements your company's core competencies.

3.1.5 Summary

In this competency analysis it was revealed that whether SWOT (strengths, weaknesses, opportunities and threats) analysis gives a pessimistic or optimistic picture of the company, it is a valuable analysis. The analysis helps the company understand why it's doing well or poorly and it may also help point out the areas where the company could do well in the future. A SWOT analysis is suitable for different sizes of companies and can identify a company's internal strengths and weaknesses, in the context of defined external opportunities and threats.

Competence mapping identifies an individual or organization's strengths and weaknesses. Competence mapping objectives are to help the business become more efficient, effective and competitive. Competence mapping is also a useful collaboration tool for manager-employee performance reviews.

360-degree reviews help people develop business and interpersonal skills. It gives a combined perspective about the teamwork, communication, leadership potential and management skills of an employee. 360-degree reviews include feedback from supervisors, colleagues, direct reports, and possibly internal and often external customers as well as a self-evaluation by the employee.

Core competencies focus on an organization's internal capacities and deep proficiencies that enable a company to deliver unique value to customers. Core competencies may involve technology expertise, unique service offerings or a marketplace niche. Core competencies also contribute substantially to the benefits that a company's products offer customers.

Therefore the SWOT analysis method was used because it fits well with a small family firm's needs. This analysis identifies a company's internal strengths and weaknesses, in the context of defined external opportunities and threats. Analysis can then be made by the company owners.

3.2 Tools for idea generation

Even if most ideas are not viable business possibilities, there needs to be some reasonable ideas on what you can base new possible business opportunities on.

There have been many chapters written in business related books, where they have addressed techniques to generate new business ideas. For instance Barringer and Ireland (2010:82-85) have pointed out examples of the following techniques in their book *Entrepreneurship, successfully launching new ventures*; brainstorming, focus groups, library and Internet research.

In the following chapters the best practises for brainstorming, focus groups, strategic advantages through innovation, Idea Assessment and Business Development Process, Business model canvas, process model of innovation and vision board will be presented.

3.2.1 Brainstorming

A common way to generate business ideas is through a process called brainstorming. Brainstorming can be done more formally or without any restrictions. Either way the basic idea is generating multiple ideas around several topics. A formal brainstorming session has a leader who asks participants to share their ideas around certain topics. One person shares his/her idea first and then the next one reacts to the initial person

and the process continues in that format. Many times brainstorming sessions are not lead in a formal way, but groups of people can be sitting down and write down their ideas concerning the specific topic (Barringer & Ireland 2010: 82)

Either way the brainstorming session is held it's important to obey the rules, of which there are four. The first and most important rule in brainstorming is that no criticism is allowed. One style, freewheeling, is meant to generate as many ideas as possible and even crazy ideas are welcome. The session's speed is high and should not be slowed down to make the documentation neat and orderly. The last rule is that leapfrogging is encouraged, which means that it is more than fine to jump forward from one idea to another one. (Barringer & Ireland 2010: 82-83)

3.2.2 Focus groups

Focus groups can be used to help generate new business ideas. Typically focus groups involve groups of people who are familiar with the topic. Focus groups usually work best after a brainstorming session, especially in a situation where there is a general business idea that already exists. Focus groups are usually lead by trained moderators with the goal of keeping the group focused and generating lively discussions. Results of the focus group sessions depend on the moderator's ability to ask questions and keep the discussion on track. (Barringer & Ireland 2010: 83-84)

3.2.3 Strategic advantages through innovation

Enterprises can obtain strategic advantages in different ways through innovation. New products are often seen as the cutting edge of innovation in the marketplace, but example process innovation plays an important strategic role also. Being able to make something no one else can, or to do it in ways which are better than anyone else is an effective advantage. Being able to offer better service – faster, cheaper, higher quality – gives a company a competitive edge also. (Tidd & Bessant 2014: 9-15)

Tidd and Bessant's (2014) present several innovation mechanisms in the table Strategic advantages through innovation - which enterprisers can obtain strategic advantage

through innovation. The table can be used as part of the innovation process as one of the brainstorming steps.

Table 2. Strategic advantages through innovation

Mechanism	Strategic advantage
Novelty in product or service offering	Offering something no one else can
Novelty in process	Offering it in ways others cannot match - faster, lower cost, more customized etc.
Complexity	Offering something which others find it difficult to master
Legal protection of intellectual property	Offering something which others cannot unless they pay a licence or other fee
Add/extend range of competitive factors	Move basis of competition - e.g. From price of product to price and quality, or price, quality, choice etc.
Timing	<p>First-mover advantage - being first can be worth significant market share in new product fields</p> <p>Fast follower advantage - sometimes being first means you encounter many unexpected teething problems, and it makes better sense to watch someone else make the early mistakes and move fast into a follow-up product</p>
Robust/platform design	Offering something which provides the platform on which other variations and generations can be built
Rewriting the rules	Offering something which represents a completely new product or process concept - a different way of doing things - and makes the old ones redundant
Reconfiguring the parts of the process	Rethinking the way in which bits of the system work together - e.g. Building more effective networks, outsourcing and co-ordination of a virtual company, etc.
Transferring across different application contexts	Recombining established elements for different markets
Others?	Innovation is all about finding new ways to do things and to obtain strategic advantage - so there will be room for new ways of gaining and retaining advantage.

3.2.4 Business model canvas

Business model canvas is a strategic management and lean start-up template for describing, analysing and designing new or documenting existing business models. The Business model canvas tool is based on the idea that it shows the logic of how the company intends to make money. It is a visual chart with elements describing a firm's product's value proposition, infrastructure, customers, and finances. (Osterwalder & Pigneur 2010: 15)

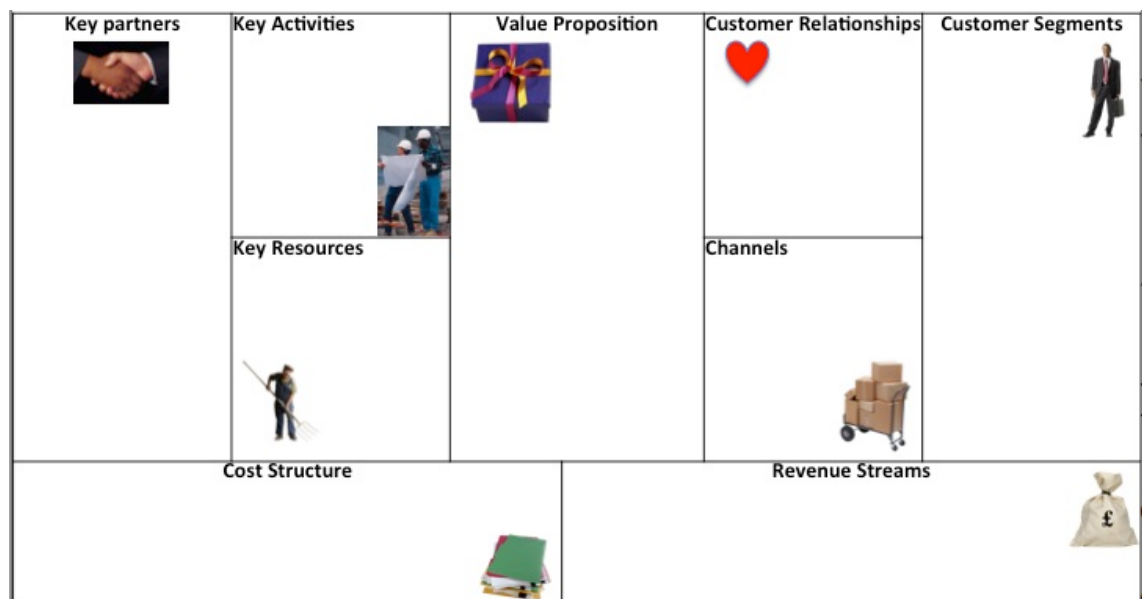


Figure 4. Business model canvas

The business model canvas includes nine building blocks: customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships and cost structure. These nine blocks cover the four main areas of a business: customer, offer, infrastructure and financial viability. Together these elements provide a pretty coherent view of a business' key drivers. (Osterwalder & Pigneur 2010: 16-17)

The business model canvas (Figure 9) is a visual chart with elements describing a firm's or product's value proposition, infrastructure, customers, and finances. The next section defines the business model canvas' nine building blocks.

Customer Segments building block defines the different groups of people or organizations an enterprise aims to reach and serve. Enterprise serves one to several customer segments. (Osterwalder & Pigneur 2010: 16-20)

Customer segment building block should answer questions: Who are our most important customers? For whom we are creating value? What do they think, see, feel and do? (Covan 2016)

Value Propositions building block describes the bundle of products and services that create value for a specific customer segment. It seeks to solve customer problems and satisfy customer needs with value propositions. The Customer segment building block should answer questions: What value do we deliver to the customer? Which customer needs are we satisfying? (Osterwalder & Pigneur 2010: 16, 22-23)

The Channels building block describes how the company communicates with and reaches its customer segments to deliver a value proposition. Value propositions are delivered to customers through communication, distribution and sales channels. Channels can be direct or indirect ones, as well as owned or partner channels. Channels have five distinct phases: awareness, evaluation, purchase, delivery and after sales. (Osterwalder & Pigneur 2010: 16, 26-27)

The Channels building block should answer the questions: How are these propositions promoted, sold and delivered? Why these channels are in use? Is it working? (Covan 2016)

The Customer relationship building block describes the types of relationships a company established with specific customer segments. Relationships can range from personal to automated and relationships may be driven by such motivations as customer acquisition, customer retention or upselling. The Customer relationship building block should answer these questions: What type of relationship does each of our customer segments expects? Which type of relationships we have established? How costly are they and how they are integrated with the rest of our business model? (Osterwalder & Pigneur 2010: 16, 28-29)

The Revenue stream building block represents the cash a company generates from each customer segment. Revenue streams result from value propositions successfully

offered to a customer. There may be several revenue streams from each customer segment and all of those may have different pricing mechanisms (e.g. fixed list prices, bargaining, auctioning, market dependent, volume dependent or yield management). There are several ways to generate revenue streams: asset sale, usage fee, subscription fees, lending, renting, leasing, licencing, brokerage fees and advertising. (Osterwalder & Pigneur 2010: 17, 30-33)

The Key resources building block describes the most important assets required to make a business model work. Key resources allow the enterprise to create and offer a value proposition, reach markets, maintain relationships and earn revenue. Key resources can be physical, financial, intellectual or human, these can be owned or leased by the company or acquired from key partners. The Key resources building block should answer the questions: What key resources company's value proposition, distribution channels, customer relationships and revenue streams require? (Osterwalder & Pigneur 2010: 34-35)

The Key activities building block describes the most important things a company must do to make its business model work. Like key resources, they are required to create and offer a value proposition, reach markets, maintain customer relationships and earn revenues. Key activities can be categorised as production, problem solving and platform or network. (Osterwalder & Pigneur 2010: 36-37)

Key Activities building block should answer questions: What uniquely strategic things does the business do to deliver its proposition? (Covan 2016)

The Key partnership building block describes the network of suppliers and partners that make the business model work. Some activities are outsourced and some resources are acquired outside the enterprise. Companies forge partnerships for many reasons, create alliances to optimize their business models, reduce risk or acquire resources. (Osterwalder & Pigneur 2010: 17, 38)

The Key Partnerships building block should answer the question: What activities can the company let partners do so it can focus on its Key Activities? (Covan 2016)

The Cost structure building block describes the most important costs incurred while operating under a particular business model. The business model elements result in the cost structure. Costs can be calculated relatively easily after defining key resources, key activities and key partnerships. Naturally costs should be minimized in every business model. But low-cost structures are more important to some business models than to others. Therefore it is useful to distinguish between two broad classes of business model cost structures: cost-driven and value-driven. (Osterwalder & Pigneur 2010: 17, 40-41)

The Cost Structure building block should answer these questions: What are the business' most important cost drivers? How are they linked to revenue? (Covan 2016)

The Business model canvas tool provides a visual breakdown of the major considerations impacting the business. It's quick to operate and iterate, canvas printout can be used in combination with sticky notes to evaluate current and potential tweaks in the business model and their impact. (Lünendonk 2015)

The Business Model Canvas allows to understand how the 9 building blocks relate to each other and the different ways these relationships can be changed to increase efficiency or effectiveness. The tool encourages also to keep suggestions short and simple enough to fit on post-it notes. The tool allows easy access and share. (Lünendonk 2015)

3.2.5 Idea Assessment and Business Development Process

Don Hofstrand's (Hofstrand, 2009) five step Idea Assessment and Business Development Process points out how important it is to have and follow a process for assessing a business idea and deciding whether to move forward with that idea.

Hofstrand (2009) points out that if you do not have or you don't follow a process, you will find yourself going in circles and revisiting the same issues over and over without making progress. Although following the steps does not guarantee business success it can greatly increase the chances of success.

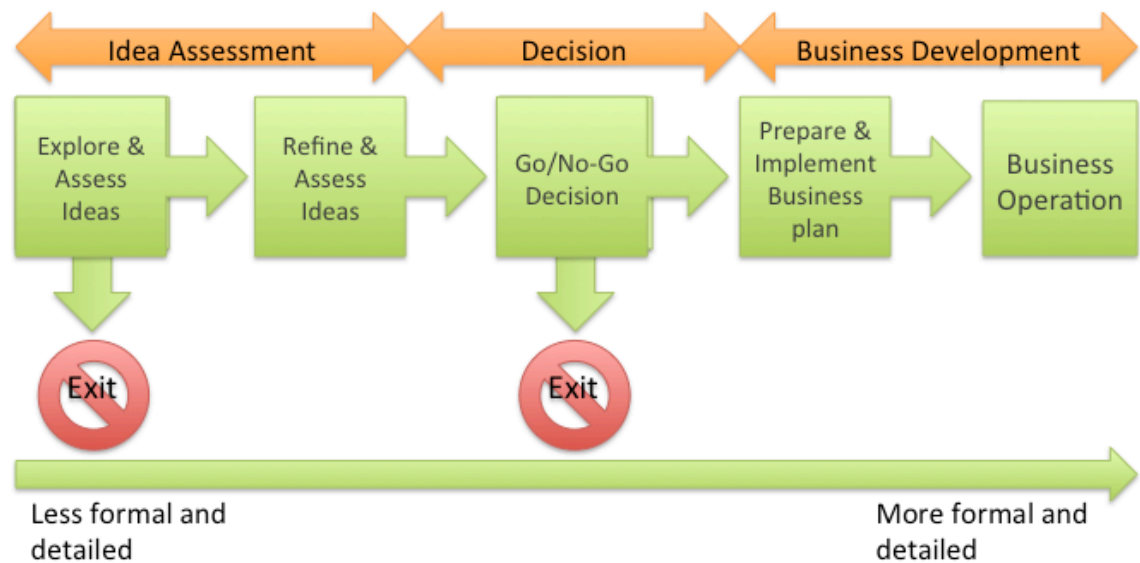


Figure 5. Don Hofstrand's (2009) Idea Assessment and Business Development Process

The next paragraphs define the five steps of Hofstrand's Idea assessment and business development process (figure 10); step 1, Initial Idea Exploration, Identification and Assessment; step 2, Idea and Scenario Deliberation and Assessment; step3, Go/No-Go Decision; step 4, Business Plan Preparation and Implementation; step 5, business operations

Initial Idea Exploration, Identification and Assessment, step 1.

New business idea can come from the boardroom of an existing business or a group of producers sitting around the kitchen table or other various sources. Regardless of the ideas source, the following approach can be used to formulate the business concept.

- Bring together individuals who have the business development skills needed to investigate the idea/concept and carry through with business formation if the concept is viable.
- Formulate general business idea - Defining business idea and describing why it has merit.
- Define the business idea/concept and describe why it has merit. It is important to understand that idea is only viable if people are willing to pay you for what it provides.
- Identify alternative business models or scenarios for the idea.
- Investigate idea and alternative business scenarios. Identify business scenarios for further study and eliminate those that are not viable.

- Formal investigation to conduct a formal assessment such as a pre-feasibility study or a marketing study of the idea and various scenarios or models.
- Refine scenarios to select those scenarios that are viable for further study and eliminate the rest. During step 1 two things should be accomplished: Through the process of elimination the number of scenarios/models need to be reduced under consideration for further study. Remaining scenarios/models need to be refined and amplify.

When following Hofstrand's process you may decide at any time during process step 1 or 2 that your idea is not viable and you may give up the idea.

Idea and Scenario Deliberation and Assessment, step 2

By now in the process, ideas should have been refined to one or a small number of specific and detailed business scenarios to assess. This is a critical step to reach before you can move to the next step.

- Conduct feasibility study. A feasibility study will provide a comprehensive and detailed assessment of the market, operational, technical, managerial and financial aspects of the business project.
- Analyze the feasibility study. When the feasibility report has received, you need to determine the completeness and accuracy of the study. After you have accepted the study as being complete and comprehensive can you move to Step 3.

Before to proceed there may be the need for further study of various aspects of the business project. Feasibility study may cover new issues that need to be investigated.

(Hofstrand 2009)

Go/No-Go Decision, step 3

This is the most critical step in the entire business development process. In a sense it is the point of no return. Once you have committed to an idea when trying to continue the path of creating a business, it is difficult to turn back.

Some members may want to move forward while others may want to end it. At this point the remaining members need to determine if they want to proceed with this spe-

cific business creation. Commitment to the business is another important factor to consider before you proceed.

This step involves making one of the three possible decisions listed below:

- Decide that the project is viable and move forward with it.
- Decide to do more study and or analyze additional alternatives.
- Decide that the project is not viable and abandon it.

(Hofstrand 2009)

Business Plan Preparation and Implementation, step 4

If you decide to proceed with creating a business, you will need to prepare a business plan. Business planning often involves the use of consultants, but don't turn the process completely over to a consultant, you need to stay integrally involved in the planning process.

Implementing your business plan will include, but is not limited to:

- Creating a legal structure
- Securing market access
- Raising equity and securing financing
- Hiring management/staff
- Constructing facility

(Hofstrand 2009)

Business Operations, step 5

Now that you have successfully started your value-added business, your work has just begun. Producer groups often forget that once the business is created, it takes constant attention for it to remain healthy and viable.

Operating a business is very different than starting a business. It requires a different set of skills. So the people who create the business may not be the best people to manage the business.

(Hofstrand 2009)

Hofstrand's Idea Assessment and Business Development Process divides activities from idea to the operating business in five steps. Each step has specific activities to get done and decisions to make either going forward with the business idea, investigating it more or abandon the idea. Idea Assessment and Business Development Process does

not give specific tools how to proceed in each step, but the process model how to proceed with an idea.

3.2.6 Process model of innovation

Tidd and Bessant (2014) have raised the idea of innovation as a core process, which needs to be organized and managed in order to enable the renewal of any organization. The next section will explain their simplified model of the innovation process.



Figure 6. Tidd and Bessant (2014) Simplified model of the innovation process

Process model of innovation has four phases; search, select, implement and capture (Tidd & Bessant 2014: 89).

Search

The first phase of innovation involves discovering signals in the environment that show the potential for change. Most innovation results come from the interplay of several forces. Innovations can come by accident, by exploring alternative futures, and by monitoring other business or even by regulations. (Tidd & Bessant 2014: 89, 234)

Innovation is a process of taking ideas forward by revising and refining them. The challenge in managing innovation is not one of classifying different sources but rather how to seek out and find the relevant triggers early and well enough to do something about

them. Search strategies are difficult since it is impossible to predict what is going to be important or where the initial emergence will start. The best a company can do is to try and place itself within the environment where something may emerge and then react quickly to these new trends. (Tidd & Bessant 2014: 233, 268, 288)

Strategy for search phase can be distilled down to three elements – be in there, be in there early and be in there actively. (Tidd & Bessant 2014: 288)

Selection

The purpose of the selection phase is to resolve the input into an innovation concept which can be progressed further through the development organization. Three inputs feed this phase. (Tidd & Bessant 2014: 89)

The first is the flow of signals about possible technological and market opportunities available to the enterprise. This input answers the question *what could we do?* The second input concerns the current knowledge base of the firm. This input answers the question *can we build on our knowledge base?* The third question to answer would be *Do we want to do it and does it fit with our overall business?* (Tidd & Bessant 2014: 90)

Implement

Implement is the key phase to turn potential ideas into some kind of reality (a new product or service, change in process etc.) after relevant signals have been picked and the group has made a strategic decision to pursue some of them. The implementation phase can be divided into three core elements – acquiring knowledge, executing the project and launching and sustaining the innovation. (Tidd & Bessant 2014: 91)

Capture value

The purpose of innovation is to capture some kind of value from them, commercial success, market share, cost reduction or changing the world. Like any new business an innovation venture requires a clear business plan, strong champion and sufficient resources. (Tidd & Bessant 2014: 91, 559)

The Tidd & Bessant process model of innovation is built up with four key phases, each of which requires dealing with particular challenges and if the whole process can be managed the innovation can likely be successful. The first phase is searching and se-

cond is making a strategic choice. The third phase is implementation, converting ideas into reality. The final phase is capturing value from innovative efforts. (Tidd & Bessant 2014: 21-22).

3.2.7 Vision board

In this chapter, the current vision board will be presented this is also called the treasure map, which can be used as a goal setting tool. Visualization is one of the most powerful mind exercises that can be done even Olympic athletes use it to improve their performances (Rider 2015).

The process of setting goals helps to choose where to go in life, even in career or remodelling the house. By knowing precisely what you want to achieve, you know where you have to concentrate your efforts. Goal setting is a powerful process, which helps turn visions into reality.

The idea behind the vision board is that when a person is surrounded with images of who they want to become and what the person wants to have and how they want to live, their life will change to match those images and those desires (Kane 2017).

There are several methods to create a vision board – cut and paste pictures from magazines, writing, drawing or even making an audio (Leino & Tuulasvirta 2010). Regardless of which method is used there are basic steps to follow in the process.

1. Stop and think what do you really want

You can focus on a particular scope; relationships, career and finances, home, travel, personal growth (including spirituality, social life, education) and health or you can make one common vision board (Rider 2015). When making the vision board, focus on one to five dreams (Leino & Tuulasvirta 2010).

To help, stop and think about what are the dreams and where to focus, you can use either meditation, exercise or a short vacation. Or you can just put soft music on and dream (Kane 2017).

use. Focus groups are a similar method to brainstorming, but it's for larger groups and needs a leader for the sessions. Strategic advantages through innovation can be used as support tools in the idea generation process.

Business model canvas is the tool that can be used for lean business planning and business planning processes. The Idea Assessment and Business Development process is a five step process and when getting to the next step decisions need to be made, the process gives a framework for innovation steps. The process model of innovation is also a process with four phases from searching ideas to capturing value. The vision board is the goal setting tool, which can be used in career or remodelling the house.

For this project brainstorming and strategic advantages were chosen because of their flexibility of use. The vision board part of the process was also selected, because it helps family firm members to focus on family life and business life goals and help to find priorities. The business model canvas is easy and fast to use during the innovation process and was also selected for this project. The process model of innovation and Idea Assessment and Business Development points out the importance of the strict structure of the process steps, so this was also chosen for this innovation process.

3.3 Tools for analysing company's market

Tools for the environment and market analysis will be presented in the next section. Even if the future cannot be predicted perfectly, it's important than entrepreneurs try to analyse their environments as carefully as they can (Johnson, Whittington & Scholes 2012: 20).

Therefore, three different layers of the business environments and tools to analyse those layers will also be presented. The highest-level layer is the macro-environment the PEST framework is the chosen tool to analyse this level. The Middle-lever layer is the second factor and there are five forces in the model to analyse the level and the most immediate layer includes competitors and markets, here I will present market segment tool.

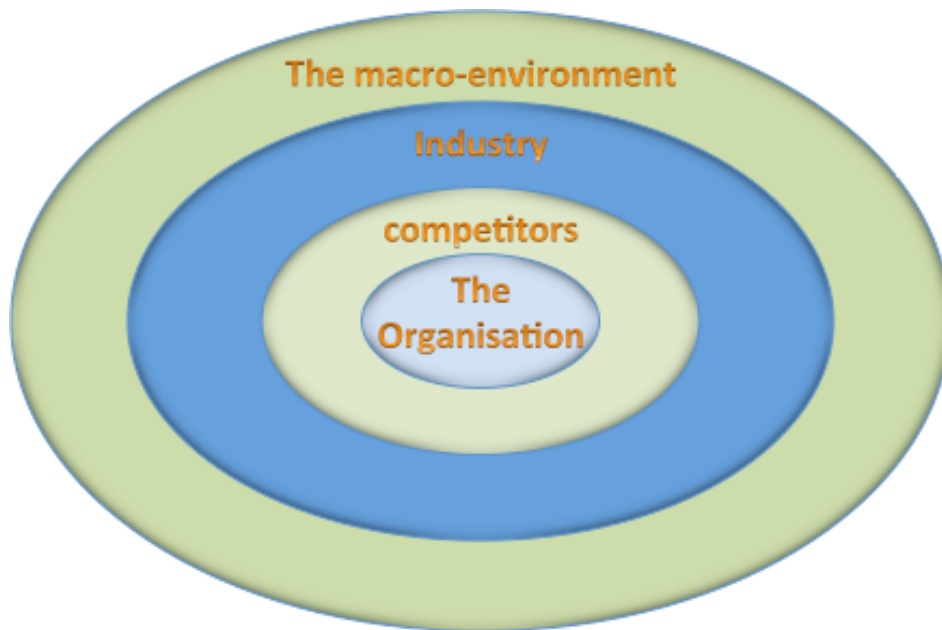


Figure 8. Layers of the business environment (Johnson, Whittington and Scholes 2012: 20)

3.3.1 PEST

Macro-environmental analysis is usually carried out using a PEST-analysis; the letter combination stands for Political, Economic, Social, and Technological (PEST) factors. This analysis is used to assess these four external factors in relation to the company's business situation (Makos: 2013).

Basically, a PEST analysis helps to determine how these four factors will affect the performance and activities of the business in the long-term. It is often used in collaboration with other analytical business tools like the SWOT analysis and Porter's Five Forces to provide a clear understanding of a situation and the related internal and external factors. (Makos: 2013).

Entrepreneurs and managers need to pay full attention to the external environment facing to the company. Macro-environmental analysis can be used for external environmental scanning. Most often PEST analysis is the tool for macro-environment analysis. (Nellis & Parker 2006: 230-233, 344)

The PEST framework categorises environmental influences into political, economic, social and technological factors. For entrepreneurs and managers it is important to

analyse how these factors are changing and understand that many of the factors are linked together. It's also important to step back eventually and identify the key drivers for change. Identifying key drivers for change helps entrepreneurs and managers to focus on the PEST factors that are most important and which of them have highest priority. (Johnson, Whittington & Scholes 2012: 21-22)

The Government economic policy will usually be central to a PEST study. Changes in government policy have a major impact on the political environment but also on the economic, social and technological future that business faces. (Nellis & Parker 2006: 345)

It's important to understand each PEST factor and scope for it when using it as an environmental analysis tool. Therefore all four PEST factors will be presented in the following paragraphs; political, economic, social and technological.

Political

Political factor analyzes how legal issues and government regulations affect the probability of a business being profitable and successful. Topics that need to be reviewed include political stability, employment laws, safety, and trade regulations. (Frue: 2017)

Economic

Economic factor focuses on the economic aspects to determine whether or not they can play a role in a company's success. Issues such as economic growth, unemployment policies, and business cycle of the country, as well as economic interest and inflation rates need to be taken into consideration. (Arline: 2014)

Social

Social factor examines the cultural and demographic aspects to determine whether the business can compete in the market. This factor will help assess consumer needs as well as the things that compel them to make a purchase. Age distribution, lifestyle changes, attitudes toward work, job market trend, population growth, demographics, environmental, health and educational consciousness are some important issues which need to be considered. (Arline: 2014)

Technological

Technological factor analyzes topics that can impact either positively or negatively the introduction of the product or the service into a marketplace. The technology available can either make it easy or tough to improve the production level or enter the industry. Therefore, things such as government expenditure on technology, technological advancements, and lifecycle of technology available, as well as the role of Internet need to be considered. (Frue: 2017)

	Opportunities	Threats
Political		
Economic		
Social		
Technological		

Figure 9. PEST analysis matrix

PEST analysis is a tool for understanding the macro-environment in which an organization operates. The analysis involves reviewing factors that will have an impact on the organization's business and the level of success it will be able to achieve. Macro-environmental analysis is often produced with PEST analysis. Once the PEST analysis is done, the company's managers can use it as a base to assess the company's external opportunities and threats giving rise to SWOT analysis (Nellis & Parker 2006: 233).

To facilitate the analysis, it can be helpful to create a matrix of the factors (figure 12) to be analyzed and the opportunities or threats they represent. That provides a framework for the analysis, but there will be also overlapping and interrelation between the different PEST factors.

3.3.2 Five forces model

Micro-environmental analysis is concerned with the firm's positioning within its own markets and industry in order to assess the factors which determine profitability. This level of analysis is often managed using Michael Porter's Five Force Model. (Nellis & Parker 2006: 233)

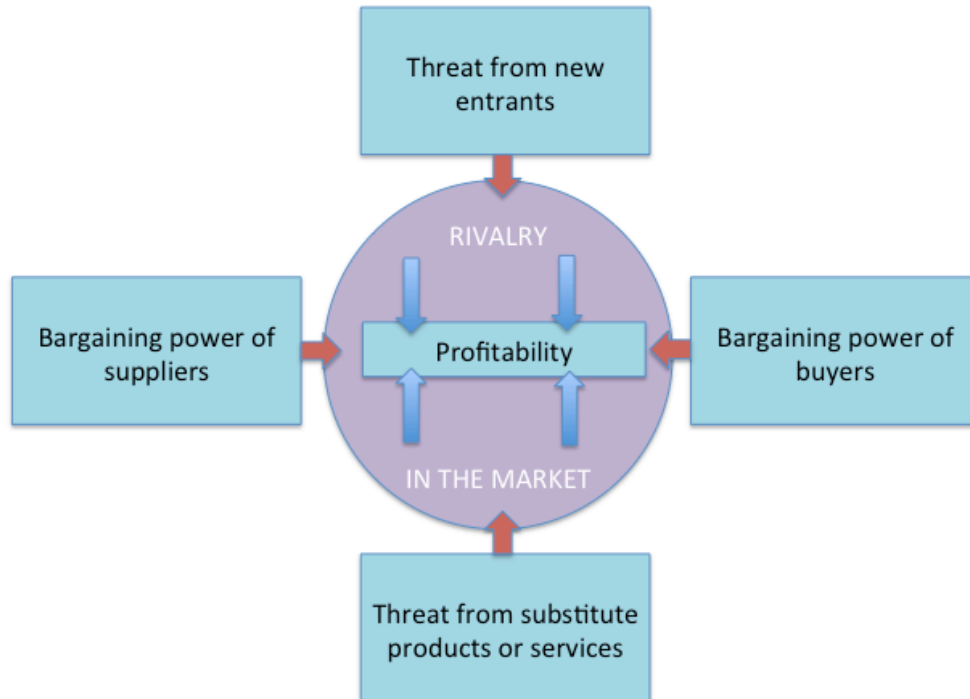


Figure 10. Porter's Five Forces Model (Nellis & Parker 2006: 234)

Therefore in this chapter the Michael Porter's five forces model will be introduced, which describes the competitive environment and profitability as being determined by the following forces; the power of buyers, the power of suppliers, rivalry in the market place, the threat from new entrants and the threat from substitute products or services. Each of these five forces must be assessed in some considerable detail if a company is to be in a position to develop an effective and competitive strategy. (Nellis & Parker 2006: 233, 248)

In the following paragraphs all five forces of Michael Porter's model are represented and the questions that should be addressed when conducting Michael Porter's five forces model.

The bargaining power of buyers

This force is concerned with understanding how much leverage a firm's customers have in determining the price of service or product offered for sale (Nellis & Parker 2006: 234). If buyers are powerful, they can demand cheap prices or require costly improvements in services or products (Johnson, Whittington & Scholes 2012: 29). Buyers are immediate customers of the organization, not necessarily the end customers.

The bargaining power of suppliers

This force is concerned with the degree of competition between input suppliers which determine the availability and price of input to the firm (Nellis & Parker 2006: 235). Most organizations have many suppliers, so it is necessary to concentrate the analysis on the most important ones (Johnson, Whittington & Scholes 2012: 30).

The threat from potential new entrants into the market

This force is concerned with the degree of the market contestability or the extent to which firms are able to enter the market and compete for customers and market share (Nellis & Parker 2006: 235). Barriers to entry are the factors that need to be overcome by new entrants if they are to compete with them for services or products in an industry (Johnson, Whittington & Scholes 2012: 28).

The threat from substitute products or services

This force is concerned with the extent to which existing products or services can be substituted by new product or service innovation (Nellis & Parker 2006: 235). Substitutes are services or products that offer a similar benefit to an industry's services or products, but by a different channel or process (Johnson, Whittington & Scholes 2012: 28).

The degree of competition (rivalry) in the market

This force is concerned with understanding the nature and impact of rivalry between existing firms in the market place (Nellis & Parker 2006: 236). Competitive rivals are organizations with similar services or products aimed at the same customer group (Johnson, Whittington & Scholes 2012: 30).

Five force analysis checklist set (figure 13) can be used to give some guidance for management personnel in conducting a Five Forces analysis. The checklist set have been developed and revised on the basis of Porter's original questions. (Nellis & Parker 2006: 233)

Table 3. Michael Porter's Five Force Analysis checklist (Nellis & Parker 2006: 234-236)

Five Force Analysis checklist	
The bargaining power of buyers	
Intrinsic leverage	How many buyers are there in the market?
	Has buyer concentration been increasing or decreasing?
	How well informed are buyers about the firm's costs?
	What substitute products or services exist which buyer can or could consider using?
	Is there evidence of buyers operating together (e.g. Buyer groups or associations)?
Price sensitive	How large are buyers purchases of a particular product or service compared their total spend?
	Is there any brand or company loyalty?
	How different are competing products or services?
	How does product or service quality affect buyer performance?
	How profitable are buyers from the viewpoint of the firm?
	Do buyers need to receive any incentives to buy?
Buyer purchase criteria	What are the buyer purchase criteria (BPCs)? Why would customer choose one particular product or service rather than another?
	Are the minimum standards or requirements that need to be met?
	Can the BPCs be ranked (high, medium, low)?
The bargaining power of supplier	
	What are the main purchased inputs?
	What are percentage of total costs does each input account for?
	How many suppliers are there?
	How differentiated are suppliers?
	How easily can the firm switch suppliers?
	Can the firm backward integrate (i.e. take ownership of supplier)?
The threat from potential new entrants into the market	
	How much does it cost a new entrant to get into the industry in terms of: -capital? -access to inputs, e.g. Staff? -advertising? -experience or learning curve?
	How important are economies of scale?

	How easy is it to access distribution?
	How easily or how often do customers switch?
	Have there been any new entrants recently into the industry?
	Is retaliation likely against new entrants (by existing players)?
	How differentiated are new competitors?
The threat from substitute products or services	
	What substitutes exists or may be introduced which could replace existing products or services?
	What is the relative cost or benefits to user of each product or service?
	What are the costs of switching from existing to new product or services?
	What are the current trend in usage fro existing products or services which may determine the potential for customer to switch?
	What is driving current usage and substitution trends?
The degree of competition (rivalry) in the market	
	What is the industry growth rate?
	Who are the main players in the market?
	What are the market shares of existing firms in the market?
	What percentage of the market is controlled by the top 2, 5, 10 firms?
	How have market shares been changing over time?
	How committed is each player to the business based on: -core business(yes or no)? -percentage of revenue and profits? Historical reasons for commitment to the business? Personal attitudes of senior management? Current actions or signals?
	How diverse or similar are existing competitors?
	What is the role and importance of branding?
	Is there over-capacity in the industry?
	What is the ratio of fixed to variable costs?
	What exit barriers exists?
	How differentiated are the competitors?
	How much brand or company loyalty exists?
	How easily can buyers switch from one firm to another?
	What product or market strategies are competitors following in terms of: -product or service design? -image? -market position?
	Is there evidence of price competition?

Porter's Five Forces is a model of analysis that helps to explain why different industries are able to sustain different levels of profitability. The five forces framework is relevant to most organizations. It can provide a useful starting point for strategic analysis. Moreover, once the degree of industry attractiveness has been understood, the five forces model can help set an agenda for actions on the various critical issues that they identify (Johnson, Whittington & Scholes 2012: 26-27).

3.3.3 Market segment

Market segmentation is the process of dividing an entire market up into different customer segments. Marketing segmentation helps a company be more selective about who they are marketing their products or services to. (Suttle: 2015)

Market segmentation technique is used to enable a business to better target its products to the right customers. It is about identifying the specific needs and wants of customer groups and then using those insights into providing products and services which meet customer needs. (Riley: 2010)

Business markets can be segmented in a variety of ways depending on the vendor's overall objectives and product and service offerings. In the following paragraphs the information will be presented for geographic, demographic, psychographics, behavioural, size, industry and business segmentations.

Geographic segmentation

Geographic segmentation is used to identify business target markets based on where the businesses are located. In some cases, business vendors will be attempting to appeal to local market segment. In other cases, the market reach might be much broader, even expanding into global market segments. Geographic segmentation can be an example to use to identify media and marketing channels designed to reach certain geographic areas most effectively. (Leigh:2017)

Demographic segmentation

In the demographic market segmentation the larger market is simply divided into smaller groups based on several defined traits: Age, race, gender, marital status, occupation, education and income (Kokemuller: 2017).

Psychographics segmentation

Psychographics or lifestyle segmentation has become increasingly common as companies look to identify consumers based on interests and activities (Kokemuller: 2017).

Behavioural segmentation

Behavioural segmentation is based on user behaviours, including patterns of use, price sensitivity, brand loyalty and benefits sought. A company may have customers with a similar demographic makeup but distinct behavioural tendencies. (Kokemuller: 2017)

Segmentation by size

Business to business vendors may choose to target potential business customers based on their size. Size might be measured in terms of number of employees or in terms of annual sales (Leigh:2017).

Segmentation by industry

Industry segmentation may be used by vendors who are selling specific products in the certain industry segments. Knowledge of the industry affords a broad understanding of customer needs and perceptions of types of purchases. For instance, companies that make specialized computer components will want to identify those companies that use the components and then segment these companies into a targeted group for communications and outreach. (Leigh:2017)

Business need segmentation

Segmentation based on business need allows vendors to identify and connect with businesses that span regions, size and industry, but share a common need addressed by the vendor's products or services (Leigh:2017).

Market segmentation helps the vendors to plan appropriate marketing strategies and promotional schemes. Market segmentation helps the vendors to understand the needs of the target group and adopt specific marketing plans accordingly. Organizations can adopt a more focussed approach as a result of market segmentation. Market segmentation helps the organizations to target the right service or product to the right customers at the right time.

3.3.4 Summary

Market analysis needs to be done to stay updated on the latest trends in the market, general buying habits, changing technologies, and competitor's activities. Market analysis can be used to find out which services and products the target market is already using. Analysis also discloses which external factors apart from competition and demand can affect the success or failure of the business (e.g. government economic policies). Market analysis can be done after data collection through research.

PEST analysis determines how political-, economic-, social- and technological factors will affect the performance and activities of the business in the long-term. PEST analysis are often used together with other analytical business tools like the SWOT analysis and Porter's Five Forces to give a clear understanding of a situation and related internal and external factors.

Porter's five forces analysis describes the competitive environment and profitability as being determined by the following forces; the power of buyers, the power of suppliers, rivalry in the market place, the threat from new entrants and the threat from substitute products or services. Each of these five forces must be evaluated in some significant detail when the company wants to be in position to develop an effective competitive strategy. The five forces analysis is relevant to most of organizations. The five forces model can help set an agenda for actions on the various critical issues that they identify and therefore it can provide a useful starting point for strategic analysis.

Market segmentation is a process to identify the specific needs and wants of customer groups and those insights can be used to provide products and services which meet customer needs. Market segmentation is the process of dividing an entire market up into different customer segments. Business markets can be segmented in a variety of ways depending on the vendor's overall objectives and product and service offerings.

Market segmentation was chosen for this project as part of the process for business idea generation. Customer segmentation is part of the business model canvas process, as well as providing products or services which meet customer needs (value proposition).

So within this thesis market segmentation will be done lightly. After the case company has chosen a business idea to move forward with, they will need to order a broader market analysis from some consulting company who specializes in that business area. The other types of market analysis are beyond the scope of this project.

3.4 Family business

It is estimated that, in most countries, family businesses represent two-thirds or more of all businesses. The reality is that many entrepreneurs found and developed their enterprises along with other family members. Family enterprises differ from other medium-sized enterprises that they are influenced by family – as well as business - relationships, values and objectives. (Carter & Jones-Evans 2012: 232-234)

One of the issues family enterprises face is that there are often assumptions about what another individual may want or expect, because family members believe they know each other so well. Communication is a bigger issue in a family business than other organizations, because there is a broader range of interested parties involved, some with formal roles and some less overtly prominent, but may be very influential. (Carter & Jones-Evans 2012: 235)

Family issues will impact the management and success of a firm and will not be resolved by applying standard business practices. If the influence of the family is ignored, there are missing nuances of how the family firm was organized, how its strategy was formulated, and how long it will survive. (Hoy & Sharma 2012: 16).

3.4.1 Family as part of the process

Many smaller firms find it difficult to distinguish the firm from the family and there is an intertwining of family and business dreams, resources and motivations. It has been suggested that families are the oxygen that feeds the fire of entrepreneurship. A high percentage of entrepreneurs found their business in the form of family firms and, for many more, families supply important resources, especially human capital. (Carter & Jones-Evans 2012: 232)

Many family enterprises have trouble finding a proper balance between business and family. The world of family enterprise generates a blend of business, family and ownership systems that can make planning and problem solving emotionally charged. In these systems individuals must manage issues within and across three overlapping groups: the family, the business, and the ownership group. (Hoy & Sharma 2012: 94-95, 123; Davis 2001).

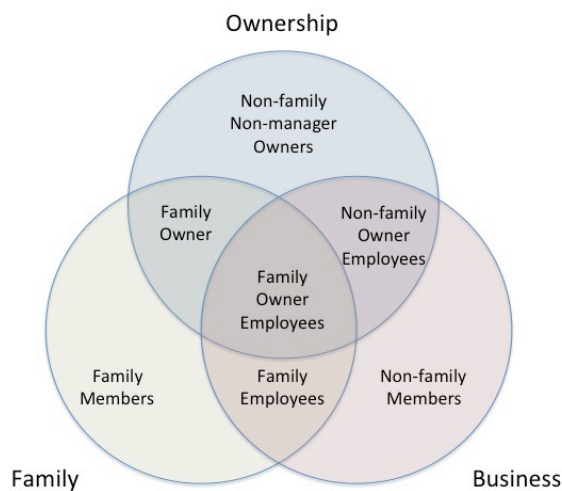


Figure 11. The three circles model of family businesses by Tagiuri and Davis

Three interdependent and overlapping groups (in figure 6) that comprise the family business system are family, business and ownership. As a result of this overlap, there are seven interest groups present, each with its own goals, dynamics and legitimate perspectives. The long-term success of family business systems depends on the functioning and mutual support of each of those groups. (Davis 2017)

A helpful way to use this three circles model is to plot individuals by name in the segment that represents their position within the enterprise. Some individuals will be the family owner-employees, so some in the segment are at the centre of the model, just as they are likely to be at the centre of the family enterprise itself. Others will have a dual role that means they straddle two of the circles –e.g., family-employee who do not have any ownership or family-owner who are not employee in the firm. It is important to include all family members who do not have any formal role within the firm, but who have some influence. (Carter & Jones-Evans 2012: 237)

3.4.2 Growth stage in family business

When the business is starting, family members may pull together without asking difficult questions about how their investments will be returned. Once the business begins to generate profits, this issue along with other ones begin to surface. Some family members may want high growth, while others prefer to collect returns on their investments in the form of more spare time or harvesting some of the profits. (Hoy & Sharma 2012: 171).

Owners need to be clear about how fast and which direction the family firm should grow. Owners need to find out if the family, firm and owners are ready for growth. When thinking of growth, entrepreneurial family firm leaders must consider a couple of critical points; Why grow and how to grow? (Hoy & Sharma 2012: 175).

Table 4 presents examples of individual-, family-, business-, and environmentally-related conditions for problems, opportunities, and strategies that maybe faced in the growth stage.

Table 4. Problems, Opportunities and strategies in the growth stage (Hoy & Sharma 2012: 182-183).

Problems, Opportunities, and Strategies in the Growth Stage			
	Problems	Opportunities	Strategies
Individual-related factors	<ul style="list-style-type: none"> *Failure to recognize that growth is occurring *Lack of expertise for growth stage *Inability or unwillingness to move to the next level of analysis or operations of the firm Lack of time and resources Loss of control Threat of personal failure and loss of job 	<ul style="list-style-type: none"> *Potential to create wealth and legacy for next generation *Develop entrepreneurial and leadership skills *Expanded responsibilities and opportunities to build networks with the community 	<ul style="list-style-type: none"> *Grow own competence *Train and develop others - learning the critical yet difficult skill of delegation and working through others

Family-related factors	<ul style="list-style-type: none"> *Business resources reinvested rather than spent family *Less quality time among family members *Some family members may want to cash out their investments *Life-cycle needs of family may compete with resource needs of the growing firm 	<ul style="list-style-type: none"> *Grow the firm to leave a legacy for next generation *More positions in the company available to engage more family and nonfamily members *Potential to create wealth for the family 	<ul style="list-style-type: none"> *Opportunity to reevaluate family involvement in business *Increase or decrease active family involvement in business *Develop more external interests and careers *Form a family council or other governing mechanism *Establish family participation rules and entrepreneurial career plan for the most talented family or non-family members in the firm
Business-related factors	<ul style="list-style-type: none"> *Threat of company failure *Need to develop capabilities in new markets or with products/services *Liabilities of newness as growth occurs *Lack of resources 	<ul style="list-style-type: none"> *Increase span of operations and influence of the firm *Enhanced responsibilities and opportunities to build competence levels in the firm *Financial benefits, short and long term 	<ul style="list-style-type: none"> *Entrepreneurial career planning *Education and training opportunities *Exiting underperforming employees or highly demanding investor
Environment-related factors	<ul style="list-style-type: none"> *Threat of retaliation from competitors who might have ignored a start-up but become vigilant of a growing firm *Threat of new entrants and replicators *Economic, political or financial low turns, leading to drop in demands and low consumer confidence *Inability to obtain credit, supplies, or distribution difficulties 	<ul style="list-style-type: none"> *Potential to develop new markets, services, and products *Enter into new alliances, acquire or merge with other firms *Contribute to community's growth by providing employment and product in need *Build networks in the community 	<ul style="list-style-type: none"> *Build social capital and networks *Enter into cooperative alliances or acquire competitors Diversify into growth segments of the industry *Take advantage of economies of scale as the operations become larger

3.4.3 Summary

Family enterprises face the issue that there are often assumptions about what another individual may want or expect, because family members believe they know each other so well. Communication is a bigger issue in family businesses than other organizations.

Family enterprises must manage issues within and across three overlapping groups: the family, the business, and the ownership group. Many family enterprises have trouble finding the proper balance between business and family. Family firm owners need to find out if the family, firm and owners ready for growth, and they also must find out why they should grow and how to grow.

So Problems, Opportunities, and Strategies in the Growth Stage -matrix was selected as part of the general business idea generation process. Matrix' individual- and family related factors need to go through the process when selecting new business ideas out of the brainstorming session for further analysis. All of the brainstorming ideas need to mirror the situation of the family enterprises' family life. That way all overlapping groups – the family, the business, and the ownership group – will be taken into consideration.

3.5 Conceptual framework

The objective for this thesis has made the general business idea process for micro family companies, which can be used for finding new business ideas and making light business plans for those.

This section summarizes studied best practices of general process for business idea generation; tools for competence analysis, idea generation, marketing and family business as the Conceptual Framework of this thesis.

The following competence analysis tools; SWOT (strengths, weaknesses, opportunities and threats) analysis, competence mapping, 360-degree review and core competences were used to formulate the process. The results show that SWOT analyse helps the company understand why it's doing well or poorly and it may help point out the section where the company can be successful in the future, a SWOT analysis is also suitable for different size companies.

In turn competence mapping identifies an individual's or organization's strengths and weaknesses. Competence mapping is also a useful collaboration tool for manager-employee performance reviews. The 360-degree reviews help people develop business and interpersonal skills. It gives combined perspective about the teamwork, communication, leadership potential, and management skills of an employee. Core competencies focus on an organization's internal capacities and deep proficiencies that enable a company to deliver unique value to customers. Core competencies may involve technology expertise, unique service offerings or a marketplace niche.

This project includes SWOT analysis method, because it fits well for a family owned micro company's needs. You are able to identify a company's internal strengths and

weaknesses, in the context of defined external opportunities and threats. Analysis can be made with the company owners.

Business model canvas is the tool to process business planning and to get light business planning done. With the Idea Assessment and Business Development process and Process model of innovation, which both processes require that decisions be made before continuing to the next steps in the process. Vision board is the goal setting tool, which can be used in many different situations.

The business idea process of brainstorming for collecting all ideas and strategic advantages to give some structures for the ideas when making the light business plan was also selected for this project. A vision board was also chosen as part of the process, because it collects family company members' family- and business life goals. Business model canvas is a practical tool to get light business plans done in end of the business idea process which is the reason to choose it also for part of the business idea process.

Another step in the process that was selected for this project was the analysis of the company's market; PEST, Five forces model and Market segmentation. PEST analysis determines how political-, economic-, social- and technological factors will affect the performance and activities of the business in the long-term. Porter's five forces analysis describes the competitive environment and profitability as being determined by the following forces; the power of buyers, the power of suppliers, rivalry in the market place, the threat from new entrants and the threat from substitute products or services.

Market segmentation is a process to identify the specific needs and wants of customer groups and use those insights into providing products and services which meet customer needs. Market segmentation is the process of dividing an entire market up into different customer segments. So the Customer segmentation was integrated into the project as part of the business model canvas process, as well as providing products or services that meet customer needs (value proposition).

Another aspect that was integrated into the project was the fact the business is family owned and operated; family as part of the process and Growth stage in family business. Family enterprises must manage issues within and across three overlapping

groups: the family, the business, and the ownership group. Family firm owners need to find out, if the family, firm and owners are ready for growth.

The matrix of problems, opportunities and strategies was also selected for the project for the business idea process, before choosing the brainstorming ideas for further business planning, to pay attention for family's view of the business. In a micro family business, the family's point of view needs to be taken into account when planning the growth or new business.

The next chapter will present the general process for business idea generating, that is built for using the chosen tools as presented in this chapter.

3.5.1 Systematic tools

In my thesis I chose following tools to build up general process for business idea generation; SWOT, Vision Board, Brainstorming, Matrix of problems, opportunities and strategies, Business model canvas, Strategic advantages through innovation, and Market segmentation.

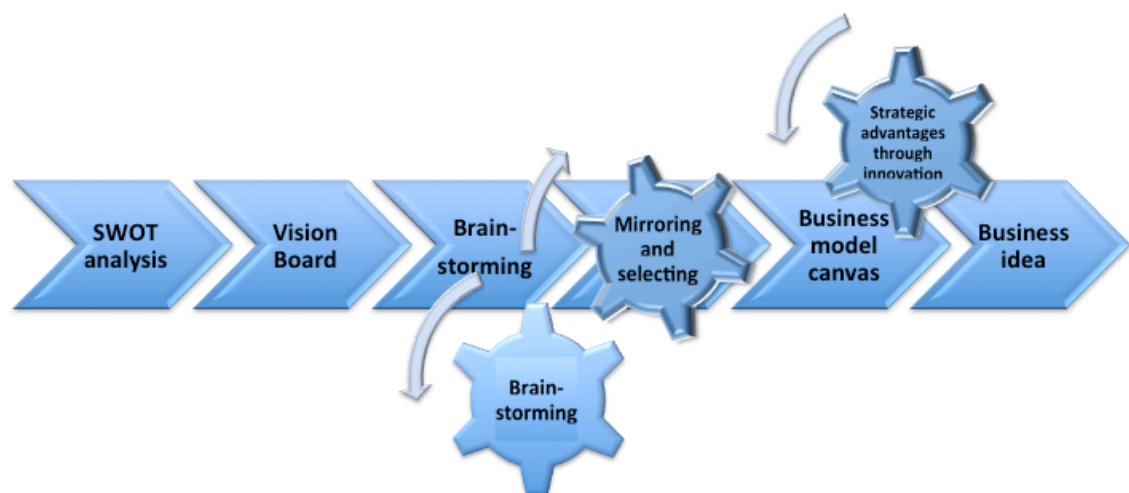


Figure 12. General process for business idea generation

The general process for business idea generation is built with six steps: SWOT analysis, Vision Board, Brainstorming, Mirroring and selecting, Business model canvas for light Business planning and final selection of business ideas to take for further analysis.

In this chapter the General process for business idea generation will be presented, to get some new business ideas with light business plans.

The first step in the process is to make *SWOT analysis*. The analysis will help the company understand why it's doing well or poorly and it may help point out what the company can be doing well in the future. Analysis will identify the company's internal strengths and weaknesses, in the context of defined external opportunities and threats.

After SWOT analysis is done the second step in this process is to make the Vision Board. The Vision board helps process users - in this context, the owners of the family business - to focus as well of family life goals as the business life goals and helps to find priorities between those areas. At this step, owners need to focus for their future and clear for themselves what they dream or want to reach in future – in business and in personal life. During this step owners visualize those dreams and goals on the paper and share the results together.

The third step after is the *Brainstorming*. As was already a SWOT analysis and Vision boards, it's time to have a brainstorming session about the new business ideas, where all ideas are written down. Owners of the family business will tell all of their ideas and what they have on their mind concerning possible new business ideas. And also those ideas that may arise during this step will be recorded. In this process step there is no pre-selection.

The fourth step is the *Mirroring and selecting*. As previous results showed, in the brainstorming step, there is a list of new business ideas. In this process' step, owners of the family business pre-select the possible business ideas for the next step to make light business plans with the Business canvas model. In this selection step all the possible business ideas and outcomes from the brainstorming, will be mirrored against possible individual- and family related conditions for problems and opportunities. During this step owners will share their understanding for each other, concerning the possible problems and opportunities of the individual- and family related conditions. The goal of this step is to have several new business ideas, to take to the next level of the business plan.

The fifth step is to make light business plans, by using the Business canvas model, for all of those business ideas that were selected in the previous step. Owners of the family business go through each pre-selected new business idea together, one-by-one using the Business model canvas tool. All nine blocks of this process need to be discussed and results need to be written down during the discussion.

After all pre-selected new business ideas have been analysed in their business canvas, the sixth step is to choose the business idea or business ideas for further analysis. Further analysis may include a deeper market analysis or another round of analysis with possible business partners.

4 Using chosen tools to generate business idea for case company

This chapter discloses how the General process for business idea generation was carried out with the case company Cloudberrywind.

4.1 Analysis of company's own competences

The SWOT analysis tool was used to find the case family company's strengths, weaknesses, opportunities and threats. The owners of the company discussed each topic of the SWOT analysis and during discussions, wrote down each subject for all four specific topics (Appendix 1).

In the following chapters the SWOT results are summarized.

Strengths

The case company has wide range of knowledge and past work experience in the ICT industry (information and communication technology) and has a good reputation among its customer base. Even though the case company is small, it has a lot of competence and experience in different areas of ICT industry and it's more flexible than most of the bigger consulting companies. The owners of the company have taken care of their own well-being while working long hours with high stress and maintain normal lives.

Weaknesses

The company has access to a small amount of resources. Both owners come from the same family and do not have any special expertise outside this field. The owners' find that balancing their time between the company, customers, family, and self-care is extremely challenging. They have also found that finding the time and financial resources to grow the business are also limited.

Opportunities

With more recent changes in the laws, new EU directives, digitalization, and other changes in business field has created new possibilities for the case company. Improvement in the global economic situation may bring new opportunities for the case company, such as new big development or integration programs starting. Safety and stability the environment in Finland may also bring new businesses to the country from regions where the environment is more un-stable.

Threats

Changes in employment strategies of big companies, may lead to a situation where they may want/need to hire more internals and use less externals professionals. Possible changes in laws and EU directives can change the situation in regard for using external consultants. There is also the possibility of economic instability, wars or terroristic attacks that may also change the economic situation.

During the discussion, when owners of the case company produced the SWOT analysis, they focused on their own competencies and the current situation of the company. Additionally they learned each other's opinions of the competencies and current situation. In the process point of view, beside the get SWOT analysis done in this step, owners also started to focus for the full business idea generation process.

4.2 Vision board

After SWOT analysis was done. Cloudberrywind's owners made vision boards, which included business and personal visions. Both owners had been instructed a week before making the vision boards, to take some time and think about what they envision for the future – in business and in their personal lives. So before starting to draw the vision boards, both owners had dedicated time to go through, in their minds, what they want

to accomplish in the future. To get started towards their future dreams, both owners did some exercise in the form of light jogging.

During this vision board making event both owners collected images from magazines, printed photos, drew pictures, and wrote down thoughts to help to visualize their dreams. Both owners worked individually to get their vision boards done, even if they worked at the same time and in the same place. Results of this Vision board step was two A4-size paper, one from each owner, to show their visualized dreams and goals (Appendix 2).

After vision boards were done, the owners discussed which kind of dreams they have in their personal lives and in business. The good news is that the analysis of this step showed that the dreams and goals of both owners are very similar. Both people want something new for the business, but neither of them want to start spend too much time building up new business. Both of them want to spend quality time with the family and they want more flexibility and telecommuting opportunities. At this point there was no surprise for the owners since they had similar goals for their business and their personal lives.

Both owners note that making the vision boards was a useful step to visualize their goals, but also to find out what the other owner wants as well.

The vision board step helped the owners to take the business needs into account as well as the family and individual needs. It's important that the owners understand that in a family business, both areas need to be prioritized when focusing on a plan for new business ideas or growing the current business.

4.3 Brainstorming

As the previous work had been done by analysing competencies and visualizing future dreams it was now time to execute the brainstorming step, which the case company's owners did together. Since they had discussed possible new business ideas many times before, they documented these first. After they produced a list of the previously discussed business ideas, the owners started to discuss how to find some new business ideas. They wrote down all the business ideas that were discussed in this event.

This resulted in 14 business ideas, of which only two of those had not been discussed earlier between the owners. Complete list as Appendix 3.

The owners thought though that it was a good step to write down all of the business ideas, even if there wasn't really anything new to be added. They did find out that it was helpful to have a summary list of all business ideas that they have come up with recently.

The idea of the brainstorming step is to collect all the ideas together and write those down. Also when executing the brainstorming event together, some new or more complex business ideas may actually come from one of those original ideas.

4.4 Pre-selecting the business ideas

As the case company owners now had a list of possible business ideas produced during the brainstorming step, now they must pre-select those business ideas from the list, which they may want to make a light business plan for using the Business model canvas.

In this pre-selection step all the possible business ideas were mirrored against possible individual- and family related conditions for problems and opportunities. During this step owners discussed their views concerning each of the possible problems and opportunities of the individual- and family related conditions. They used the table Problems, opportunities, and strategies in the growth stage to support their discussion during this pre-selection step.

The pre-selection step together with the goals on the vision boards, clearly showed that neither of the owners wanted to spend too much time trying to gain new customers or grow the current business. With this knowledge in hand, the owners went through the list of new business ideas again. This resulted in three viable ideas that they thought were the most suitable ideas for making a light business plan with the Business model canvas.

The ideas chosen for creating preliminary business plans:

- Consultant broker business,

- Consultant company (larger scale with more hired consultants and larger variety of services)
- Sauna and wellbeing center at Arco

4.5 Business model canvas

As a result of the previous pre-selecting step, the case company owners now had of three new business ideas; Consultant broker business, Consultant company (larger scale with more hired consultants and larger variety of services) and Sauna and wellbeing center at Arco. In this Business model canvas step, the owners made light business plans for all three of these business ideas.

The owners had big empty business model canvas (Appendix 4) on the wall and stick-on labels to write down their input for each block on the canvas. The owners chose the Consultant broker business as the first business idea, to make a light business plan. For the second business idea to make a light business plan was the Consultant company and the third was Sauna and wellbeing center at Arco. In the following chapters the resulting business plans, made using the Business Model Canvas, will be presented for each new idea.

4.5.1 Consultant broker business

The owners of the case company had previously discussed starting their own consult network for a Consultant broker business in the ICT business area. This business case is close to the business that they are in at this time. The owners chose to start the business canvas step with this business idea.

The Key resources would be the owners themselves and also some other individual consultants from their network, with whom they have discussed this business idea before. Beside that the Consultant broker company would need a salesperson to sell the consultants to customers and manage the contracts. The consultant group size that has been involved for this new business idea discussion is small, four to six people.

Therefore the Consultant broker company would need key partners to expand the supply of consultants. Key partners for this purpose would be individual consultants, another consultant broker company and Consulting houses. Besides that, there would be a need for investors also as key partners, although that would also depend on how the company's funding was going to be organized.

The *Consultant broker company's* key activity would be problem solving and the value proposition for the customer would be execution oriented consulting. Consultants can manage complex programs and make the progress happen in programs. The Consultant broker company can offer also full management office to customers; building up the program office, rent the needed human resources, and build up the needed tools for the program. Key customers could be another consultant broker companies, government and big national and international companies.

The *Consultant broker company* will reach customer segments via home pages, social media, other brokers, big consulting houses and personal contacts.

The *Consultant broker company's* revenue streams will come mainly from consultants' brokerage fees and from advertising fees on the web. The cost structure of the company consists of salaries for the salesperson, the office manager, and other salaries. The cost structure consists also of sales, marketing, training and office costs.

For the summary of the *Consultant broker company* business idea (Appendix 5), the owners thought that this would be the business idea that they could take the furthest. The next step would be to redo this Business canvas step with the consultant network, which they have discussed earlier about this type of business. During that step the cost structure needs to be done more specifically, to understand how big the business needs to get for it to be productive. If the network will make the decision to start this Consultant broker company, then further market analysis has to be done before the final decision to start this business.

4.5.2 Consultant business

Owners of the case company had also discussed previously starting their own Consulting company where there would be numbers of hired consultants and a larger variety of services. Company's business would be in ICT business area.

In the *Consultant company business* case the manpower are internal resources. Key resources would be internal consultants, experienced consultants, junior consultants, and salespersons who will sell the consultants' services. Depending on the service and product which *the Consultant company* will deliver, there will be a need for key partners, such as a software house or an infra house, and investors or/and sponsors.

The *Consulting company's* key activities would be problem solving, some service or product (not defined yet more specific), test-, data center- and infra services. Value proposition to the customers would be to deliver turnkey solutions, to be a flexible partner for the customer, give possibilities for customized solutions, and all that with high quality. The key customers could be other consultant broker companies, government and big national and international companies, and IT-companies.

In this business case the *Consultant company* will reach customer segments via home pages, customer events and face to face, but service products of the company would be available also via service portal and self-service channels.

The *Consultant company's* revenue streams will come from fees for the services, products and licenses, and also from monthly fees from the company's developed and owned test tools.

The cost structure of the company consists of salaries and other benefit-eligible employees. Beside the consultants and salespeople, the company has several resources taking care of the administrative work. The cost structure consists also of sales, marketing, training and several office costs.

For the summary of the *Consultant company* business idea (Appendix 6), owners thought that this business idea is not the one that they want to start invest more time on currently. It seemed to them that there would be too much administrative work for the owners. This business idea would need too much time to get running and they didn't see that this business idea would fit in the picture of their life in the future. But after all, they thought this was a good practise to do, to take the idea through with the structured steps and make the final decision together to forget this business idea.

4.5.3 Sauna and wellbeing center at Arco

As the two previously presented new business ideas concerned the consulting business, this is the business area where the case company has been working almost ten years. The third new business idea presented in this chapter would be totally new business area for both case company owners. Originally the idea came from a friend of the owners during a vacation in Italy. Vacationers thought of how nice it would be to go to the sauna after a full day hiking or climbing, one of the owners' friend responded that they should just start a business in the village. So the owners of the case company wanted to make a light business plan with the Business canvas model and to see how it would look.

Sauna and wellbeing center at Arco would offer the original Finnish sauna for the customers, the place would be a casual type of well-being center where it would be easy for customers to come after exercising. The center would offer great quality-price ratio for the customers. The wellbeing center's customers could be climbers, bikers, other vacationers and local people. In the beginning the Wellbeing Center would need to focus on customer acquisition, but later on customer retention and upselling would become the priority.

The Wellbeing center could reach customers via the case company's owners' existing networks in Finland, travel agencies, local sport activity companies or via partner events. The wellbeing center's service information would be reachable for customers also via web pages as via local tourist web pages.

Key activities of *the Wellbeing center* would be several well-being services, comprehensive well-being experiences, relaxing and recovering. These activities could be sauna, hot tub, massage, personal training, yoga and body maintenance.

To get value proposition possible *the Wellbeing center* need to have local entrepreneurs in Arco as the key partners - restaurants, personal trainers and sport instructors - and travel agencies.

The Wellbeing center revenue streams will come mainly from monthly and one-time fees of use of the facilities (sauna, hot-tub, showers) and service fees (massage, per-

sonal training). Beside those revenue streams the center could also sell drinks, spa products, T-shirts, and food on the premises.

The cost structure of the company consists of salaries and other benefit eligible employees, rent or loan payment of premises, construction of facilities, electricity, water and other facility based costs. The cost structure consists also of marketing, possible authority fees and purchases (drinks, food, towels, soaps etc.)

For the summary of *the Sauna and wellbeing center at Arco* -business idea (Appendix 7) the owners of the case company thought that this would be something to investigate more. As the owners do not have knowledge of this business area, they need to study more about the wellbeing business to understand what they need to get started in this kind of business. Besides that, they will study what kind of wellbeing business is already available already in the area. After there is more research that needs to be done concerning those topics, there may be time for specific market analysis if the owners want to take this business idea further.

4.6 New business idea proposals

The result of the Business canvas model step the owners of the case company have two new business ideas to take for further investigation; *Consultant business* and *Wellbeing center at Arco*. Besides that, they decided to close discussions about opening their own *Consultant company* business

The next steps for the *Consultant broker company* business idea would be to redo the Business canvas step together with the consultant network of the owners, with whom they have discussed this type of business already. During that step the cost structure needs to be done more specifically, to understand how big the business needs to be to make it productive. If the network will make the decision to start this *Consultant broker company*, then further market analysis needs to be done before the final decision to start this business.

For the *Sauna and wellbeing center at Arco* -business idea the owners need to study more about this type of wellbeing business to understand what it takes to start this kind of business. Besides that, they need to study which kind of wellbeing business already

exist in the area. After more research has been done concerning those topics, specific market analysis need to be done, if the owners want to take this business idea further.

5 Discussion and conclusion

This section presents a summary and an evaluation of the thesis. The evaluation focuses on comparing the thesis outcome to the objectives as well as considering the validity and reliability of the thesis.

5.1 Summary and discussion

The thesis set out to make a general process for business idea generating for a micro family business use. The need for this thesis originated from a micro family company that had the need to grow their business. The owners of the case company wanted to increase their company's turnover and that's why they wanted to find some new business ideas.

There had been meetings in the case company to get some new business ideas, but the formal process for idea generation work has been missing.

In this thesis the case company's current situation was reviewed and by reading the existing business plan and interviewing both of the case company's owners. After that, a study was conducted using the existing knowledge of analysing competencies, idea generation, analysing market and generally family business to build the Conceptual Framework for general process for business idea generation.

This study shows that the process for the business idea generation gives enough structured steps to get help organize the process of moving new business ideas forward. And this study shows that it's important to recognize family segments also, when finding the new business ideas for micro family companies. Business and family are tight together in micro family companies.

The general process for business idea generation presented in this thesis was enough light to use. The whole process could be presented during a one-day workshop, as

long as participants had spent a little time in the past thinking about their goals for the future. While going through the process with both owners, they were made aware of each other's business ideas and also of their future goals.

From the output of using the general process of business idea generator the case company had two new business ideas to take for further investigation and decided to close one of the business ideas that they investigated. The structured process helped the case company make these decisions.

5.2 Further development in practise

The next steps would be to take two new business ideas for further analysis; *Consultant broker company* and *The Sauna and wellbeing center at Arco*.

With the *Consultant broker company* business idea, the owners need to present this to their consultant network and redo the Business canvas step with them. During that step the cost structure needs to be done more specifically, to understand how big the business needs to get to make it productive. If the network makes the decision to start this *Consultant broker company*, then further market analysis needs to be done before the final decision to start this business.

The *Sauna and wellbeing center at Arco* -business idea the owners need to study more about the wellbeing business to understand what would be needed to start this kind of business. Beside that they also need to study what kind of wellbeing business are already available in Arco. After more research has been done on those topics, a more specific market analysis needs to be done if the owners want to take this business idea for further.

5.3 Evaluation

The evaluation of this thesis, accomplished by the researcher, was done for both the outcome of this thesis as well as for the validity and the reliability of this thesis. In the following chapters both of the evaluations are discussed separately.

5.3.1 How objective achieved

The objective for this thesis was to find or build up a general business idea process to find some new business ideas for Cloudberrywind to advance for further analyses by using that process.

The outcome of this thesis was that Cloudberrywind found two new business ideas, which they can potentially take for further analysis. The general business idea process, which was built up in this study for the micro family companies, was used to find these two new business ideas.

The objective of this thesis was achieved, but it would be good to take the next step with some of the business ideas generated. To see how those new business ideas will look after further analysis. That would give a better evaluation of the process, does it really help to produce feasible business ideas or does it just help to generate new business ideas without a real future.

Value compared to earlier studies of idea generation processes and tools, this thesis' process pays respect to family point of view also.

It could be also rewarding to have some other companies to pilot general process for business idea generation, and have a feedback of the process itself.

5.3.2 Reliability and validity

In this research qualitative research method was applied. The reliability of the thesis I used multiple sources of data, case company's internal documents, interviews of the case company's stakeholders and literature study.

The chain of evidence was constructed using direct records of the results, that the pilot company recorded during the business idea process phase, to demonstrate that the researcher was presenting the results of the piloting company.

To ensure transferability of the research, the objective and outcome was defined and documented clearly by the researcher, data and processes was defined and documented in study.

The best practices, literatures and data collected from internal documents were referred to conduct research.

References

Arline, K (2014). 17.4.2017 11:56 Business News Daily: PEST Analysis: Definition, Examples & Templates <http://www.businessnewsdaily.com/5512-pest-analysis-definition-examples-templates.html>

Barringer, B. R. & Ireland, R. D. 2010. Entrepreneurship successfully launching new ventures. 3rd ed. One Lake Street, Upper Saddle River, New Jersey, USA: Pearson Education. 608 p. ISBN 10: 0-13-815808-8.

Canfield, J. (2013) Maximizing your potential, How to Create an Empowering Vision Board 9.1.2017 14:58 <http://jackcanfield.com/how-to-create-an-empowering-vision-book/>

Carter, S. & Jones-Evans D. (2012). Enterprise and Small Business. 3rd ed. Edinburgh Gate, Harlow, Essex CM20 2JE, England: Pearson Education Limited. 545p. ISBN 978-0-273-72610-4

Covan, A. (2016) The 20 minutes business plan: Business model canvas made easy 16.4.2017 10:40 <http://www.alexandercowan.com/business-model-canvas-templates/>

Davis, J. A. (2001), Harvard Business School: Governing the Family Run Business. 29.7.2014 15:34 <http://hbswk.hbs.edu/item/2469.html>

Davis, J. A, (2017), Cambridge, Family enterprise group: Three circle model of the family business system. 15.2.2017 12:59 <http://johndavis.com/three-circle-model-family-business-system/>

Ellis-Christensen, T. (2015), wisegeek: What is competence mapping? 5.2.2015 20:03 <http://www.wisegeek.org/what-is-competency-mapping.htm>

Flinders, K (2013), ComputerWeekly.com: Is Eastern Europe India's biggest threat for IT outsourcing? 17.12.2013 16:04

<http://www.computerweekly.com/blogs/outsourcing/2013/09/is-eastern-europe-indias-biggest-threat-for-it-outsourcing.html>

Frue, K. (2017), PESTLE analysis: A comprehensive PEST analysis definition 17.4.2017 11:46 <http://pestleanalysis.com/pest-analysis-definition/>

Halinen, J. (2008). Liiketoimintasuunnitelma CloudBerryWind Oy. 7 p. Julkaisematon moniste. Cloudberrywind Oy office, Sammatti.

Hofstrand, D (2009). Department of Economics University Extension, Iowa State University: Idea Assessment and Business Development Process. File C5-02. 6.2.2015. 15:26 <http://www.extension.iastate.edu/agdm/wholefarm/html/c5-02.html>

Hoy, F. & Sharma, P. (2010). Entrepreneurial Family Firms. One Lake Street, Upper Saddle River, New Jersey 07458, USA: Pearson education, Inc.; publishing as Prentice Hall. 267 p. ISBN: 10: 0-13-157711-4.

Johnson, G. & Whittington, R. & Scholes. K. (2012). Fundamentals of Strategy. 2nd ed. Edinburgh Gate, Harlow, Essex CM20 2JE, England: Pearson Education Limited. 284 p. ISBN 978-0-273-75725-2.

Kane, C. Christine Kane, How to make a vision board 12.1.2017 16:02 <http://christinekane.com/how-to-make-a-vision-board/>

Leino, M. & Tuulasvirta, S. (2010), Aarrekartta työvälineenä 11.1.2017 14:00 http://elearn.ncp.fi/materiaali/kukkasniemis/pofoon/Aarrekartta_tiivistys_080410.pdf

Kokemuller, N. (2017), Chrono, Examples of market segmentation 17.4.2017 18:14 <http://smallbusiness.chron.com/examples-market-segmentation-14403.html>

Makos, J. (2013), Pestle Analysis: Understanding Pest Analysis with Definitions and Examples 16.10.2015. 15:18 <http://pestleanalysis.com/pest-analysis/>

Mariotti, S. & Glackin, C. (2010). *Entrepreneurship: Starting and Operating a Small Business*. 2nd ed. Upper Saddle River, New Jersey 07458, USA: Pearson Education. 498p. ISBN 10: 0-13-236600-2.

Lünendonk, M. (2015). *Cleverism: Business model canvas: A complete guide* 16.4.2017 12:30 <https://www.cleverism.com/business-model-canvas-complete-guide/>

Moore, J (2013), *Feature: IT consulting market outlook Its growing but slowly*, 17.12.2013 15:27
<http://searchitchannel.techtarget.com/feature/IT-consulting-market-outlook-Its-growing-but-slowly>

Nellis, J. G. & Parker, D. 2006. *Principles of business economics*. 2nd ed. Edinburgh Gate, Harlow, Essex CM20 2JE, England: Pearson Education Limited. 421 p. ISBN-10: 0-273-69306-9.

Osterwalder, A. & Pigneur, Y. (2010), *Business model generation*. USA: John Wiley & Sons, Inc. 278p. ISBN: 978-0470-87641-1

Richards, L. (2017), *Chron, Examples of business market segmentation* 17.4.2017 17:21 <http://smallbusiness.chron.com/examples-business-market-segmentation-24278.html>

Rider, E. (2015), *The Huffington Post, The Reason Vision Boards Work and How to Make One* 12.01.2017 15:30 http://www.huffingtonpost.com/elizabeth-rider/the-scientific-reason-why_b_6392274.html

Riley, J. (2010), *Tutor2u, Business, Business blog, Q&A - What is market segmentation?* 16.10.2015 <http://beta.tutor2u.net/business/blog/qa-what-is-market-segmentation>

Rutherberg, C (2012), *CEO's statement*, 3.12.2013 16:00,
http://www.ework.eu/_contentPage.cfm?SECTION=5&PAGE=540&NAV_ID=4

Suttle, R., Demand Media, Smallbusiness: Define Market Segmentation & Targeting
16.10.2015 15:25 <http://smallbusiness.chron.com/define-market-segmentation-targeting-3253.html>

Taylor, G. M. (2012), The Performance Management Group LLC; A Guide to Core Competency Analysis
12.1.2017 18:35 http://www.helpingmakeithappen.com/images/Knowledge_Space_-_Core_Competency_Analysis.pdf

Tidd, J. & Bessant, J. 2014. Managing innovation, Integrating Technological, Market and Organizational Change. 5th ed. John Wiley & Sons Ltd, The Atrium, Southern Gate, Chichester, West Sussex, PO19 8SQ, United Kingdom

Note!

Excluded from the public version

Note!

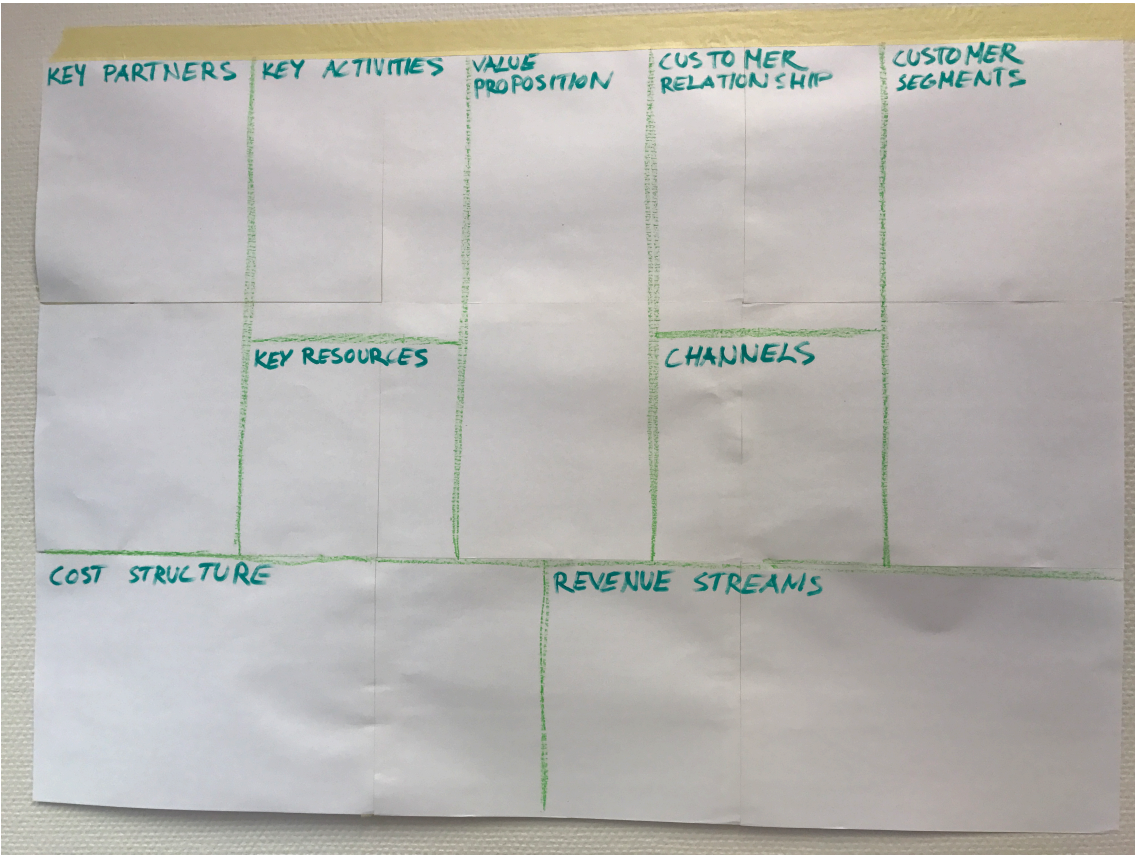
Excluded from the public version

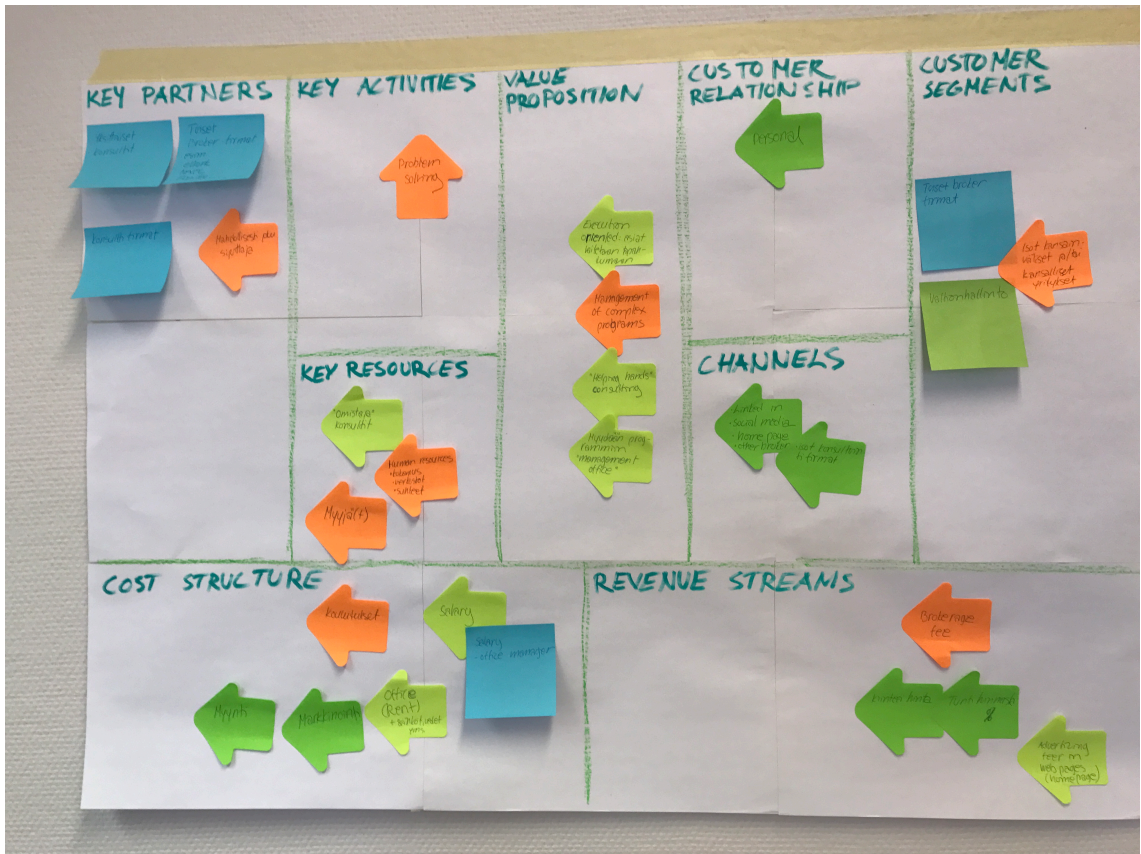
Note!

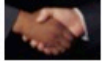








Excluded from the public version

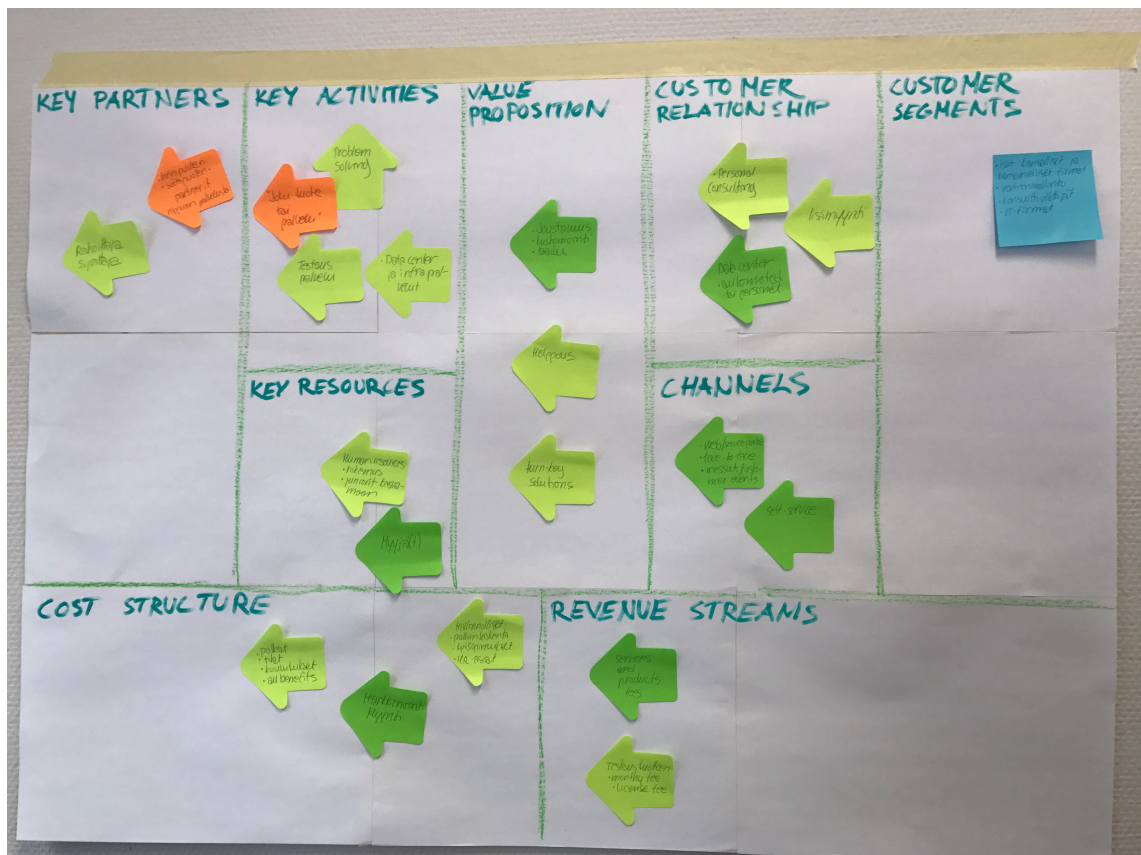
Note!









Excluded from the public version





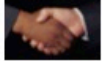






<p>Key partners:</p>  <ul style="list-style-type: none"> Individual consultants Another consultant broker companies (example: eWork, Nexec, Finitec) Possible some investors Consulting houses 	<p>Key Activities:</p> <ul style="list-style-type: none"> Problem solving  <p>Key Resources</p> <ul style="list-style-type: none"> Salesperson(s) Consultant owners Human resources: experience, networking, contacts 	<p>Value Proposition</p>  <ul style="list-style-type: none"> Execution oriented: make the progress happening Management of complex programs Helping hands / bulk consulting Full management office 	<p>Customer Relationships</p>  <ul style="list-style-type: none"> Personal <p>Channels</p> <ul style="list-style-type: none"> Social media Linked in Home page Other brokers Big consulting houses 	<p>Customer Segments</p>  <ul style="list-style-type: none"> Another consultant broker companies Government Big national and international companies
<p>Cost Structure</p> <ul style="list-style-type: none"> Office manager's salary and other salaries Sales Marketing Training Office costs: rent, electricity, water etc. 		<p>Revenue Streams</p> <ul style="list-style-type: none"> Brokerage fee Fixed price Percentage of hour rate Advertising fee in web pages / home pages 		



<p>Key partners</p>  <ul style="list-style-type: none"> Depending of the main services company will produce: <ul style="list-style-type: none"> Software house Infra house Possible investors or/and sponsors 	<p>Key Activities</p> <ul style="list-style-type: none"> Problem solving Some service or product Test service Data center and infra services <p>Key Resources</p> <ul style="list-style-type: none"> Salesperson(s) Human resources: experience, juniors to grow 	<p>Value Proposition</p>  <ul style="list-style-type: none"> Turnkey solutions Flexibility Customizing Quality Ease 	<p>Customer Relationships</p>  <ul style="list-style-type: none"> Personal – consulting Automated and/or personal – Datacenter Up selling <p>Channels</p> <ul style="list-style-type: none"> Web / Service portal Face to face Customer events Self-service 	<p>Customer Segments</p>  <ul style="list-style-type: none"> Consultant broker companies Government Big national and international companies IT-companies
<p>Cost Structure</p> <ul style="list-style-type: none"> Salaries Other benefits Office environment Sales Marketing Training Administrative: human resources, payroll calculation, contract of employments 		<p>Revenue Streams</p> <ul style="list-style-type: none"> Services and product fees Test tool's monthly fee / license fee 		

Appendix 8: Business canvas model: Sauna and wellbeing center at Arcø6



<p>Key partners</p>  <ul style="list-style-type: none"> Local businesses: <ul style="list-style-type: none"> restaurants Personal trainers Sport instructors Travel agencies 	<p>Key Activities</p> <ul style="list-style-type: none"> Well-being services Well-being experiences Relaxing Recovering  <p>Key Resources</p> <ul style="list-style-type: none"> Sauna Hot tube Massage Personal training Yoga Body maintenance 	<p>Value Proposition</p>  <ul style="list-style-type: none"> The one Finnish sauna in Arco Easy to come Easy to reach after exercises Great quality-price ratio 	<p>Customer Relationships</p>  <ul style="list-style-type: none"> Customer acquisition Customer retention Upselling <p>Channels</p> <ul style="list-style-type: none"> Networks in Finland (gym etc.) Travel agencies Web pages Partner events Local event business companies Travel Trentino pages 	<p>Customer Segments</p>  <ul style="list-style-type: none"> Climbers Bikers Locals Vacationers
<p>Cost Structure</p> <ul style="list-style-type: none"> Staff salaries Rent or loan payment electricity, water etc. Construction of facilities Marketing Possible authority fees Accessories Drinks, food, towels, soaps etc. 		<p>Revenue Streams</p> <ul style="list-style-type: none"> Monthly fee Enter fee (one time) Service fees separately Refundable drinks Spa products T-shirts Food and drinks (from partners?) 