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BUSINEES PLAN FOR XYZ HAND CAR WASH
IN FINLAND

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The purpose of this thesis was to find out the prospectus of establishing hand car wash business in Rauma Finland. However, the main objective of the thesis was to develop a business plan for XYZ hand car wash. A conceptual framework was prepared through that all the research was undertaken. That framework included business idea, PESTEL analysis, Porter's five factors analysis, competitor's analysis, SWOT analysis, empirical research and business plan.

The idea of hand car wash came into author's mind as the prices of car wash were very high and customers felt dissatisfaction. Moreover, qualitative research methodology was chosen for the research. However, semi-structured interviews were adopted to collect data. The sample for the interviews was ten auto car wash owners. However, three of the interviewees agreed for the interviews. Moreover, observation was also used as data collection method. The questions were prepared in themes format for the interviews.

The results of the data showed that Finnish economy is stable and the Government supports the investment. Moreover, there is no direct competition of hand car wash business in Rauma. There are three main auto car wash centers in Rauma. Moreover, SWOT analysis showed that hand car wash business has strengths e.g. low investment, low risk and more opportunities. However, the challenges like weather, language and physical work were also highlighted in the interviews.

Furthermore, the business plan was designed with the help of BMC (Business Model Canvas). The plan showed that capital required for start-up was €1100 however the entrepreneur had his own 100% equity i.e. €13170. In the business plan, XYZ hand car wash reached to breakeven point in the first month of its operations and achieved €70, 66 net profit. This was due to the fact that there was less operational cost involved in business. The required start-up capital, XYZ profit and loss account and other appendices were also attached with the thesis.

Hence, the results from the research strongly projected the success of hand car wash business in Rauma

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1 INTRODUCTION

This thesis is about developing a hand car wash business plan in Finland i.e. XYZ hand car wash. To be an entrepreneur is very challenging. However, it is more challenging in a new country with language, cultural and many more differences. The word “challenge” has driven author to think about idea of XYZ hand car wash in Finland. Every profession requires some attributes in the executives and work force. Similarly, entrepreneurship also demands various strengths to be an entrepreneur. Moreover, car wash industry also requires traits e.g. dedication, clarity, persistency and vision. Moreover, it is also being observed that hand car wash business can be started with the low capital. This business does not require auto machinery or any other technology. Moreover, operational cost is also very low as all the cleaning material is available in the open market. The only fixed cost could incur is premises rent. Furthermore, it was also being observed during the data collection that customers’ hands were dirty while taking off wheel cups before wash and vacuuming after the wash caused inconvenience and dissatisfaction. Therefore, the inconvenience and dissatisfaction has also paved the researcher way to think about establishing a hand car wash business in Finland.

Finland is a developed country which encourages small businesses. However, author is an international student of business in Finland. Moreover, author has the relevant qualification and business experience which has driven him to think about business. Nevertheless, hand car wash idea came into authors’ mind after observing car wash business in Finland. The main factor behind this idea was high prices and customers’ dissatisfaction because of auto car wash. Moreover, there is no hand car wash business in Finland as observed by author in many cities e.g. Helsinki, Tampere, Turku and Rauma. Therefore, the thesis is divided into mainly two parts i.e. theoretical and empirical. The main purpose of the theoretical part is to present the relevant theory which is important base for the thesis. Moreover, theoretical part will also support to develop the business plan for XYZ had car wash.

2 PURPOSE OF THE STUDY

The basic purpose of this study is to find out the prospectus of establishing a hand car wash business in Finland. Therefore, this thesis will explore the business environment and industry environment with practical research to understand developing a hand car wash business in Finland. Eventually, the author will establish his own hand car wash business after completing the studies. However, a business plan is necessary for developing a business in real. Therefore the main objective of the study is to develop a business plan for XYZ hand car wash which eventually can help the author to establish the hand car wash business in Finland. However, the topic of the study is chosen very carefully considering author's strength and limitations. Therefore, purpose of the thesis project is to explore how to proceed in developing a business plan for XYZ hand car wash through literature review and by undertaking research in car wash industry in Finland. As the XYZ hand car wash idea is already in place, it is now important to evaluate whether this idea can be transformed into a business success. Therefore, this thesis finds out relevant information for developing a business plan which in turn can paves the way for perspective entrepreneur.

Secondary information has been collected through consulting relevant books, online articles and websites to acquire deep knowledge on developing business plan for XYZ hand car wash. The theoretical part of this thesis will present the important aspects to produce business plan and explore business environment on macro and industry level. However, the theoretical part of the thesis is very composed and realistic fulfilling the need of translating business idea into a real business. However, the empirical part of this project i.e. a business plan for XYZ hand car wash is carried out through PESTEL analysis, Porter's five factors analysis, competitors' analysis, SWOT analysis, Business Model canvas and the results from the research. Moreover, in order to obtain the information, it is important to explore the business environment of that specific business area to ensure whether business idea carries the potential of profitable business.

Hence, considering the purpose of the study, the objective of the thesis is to:

Find out how to develop a business plan of hand car wash in Finland.

Nevertheless, in order to achieve the objective following research questions will be addressed in the thesis:

Is Finnish market suitable for this idea?

What are the threats and opportunities for this business?

Will it be successful from idea- to-implementation stage?

Therefore, after addressing above stated principal research questions, the final research question will be addressed i.e. how to develop a hand car wash business?

The empirical part of this thesis will focus on developing business plan of XYZ hand car wash. However, in order to address the research questions, a qualitative research is undertaken amongst the car wash owners in Finland. Semi structured interviews method has been used for collecting data. Moreover, ten existing car wash owners have been selected as a sample for this research as they are the most relevant people for giving the relevant information.

Finnish car wash market involves mainly auto wash units. However, there are also many Gas filling stations which offer self-service auto wash. None of the car wash unit offers hand car wash services. It may be because of the various reasons e.g. weather, employees' liability, complaints and physical work etc. Moreover, auto car wash is of very high prices. Therefore, it seems big opportunity of hand car wash. However, the success of real hand car wash business will depend upon the business plan.

Therefore, the conceptual framework will be presented in the next chapter which will paves the way for developing a business plan for XYZ hand car wash.

3 CONCEPTUAL FRAMEWORK

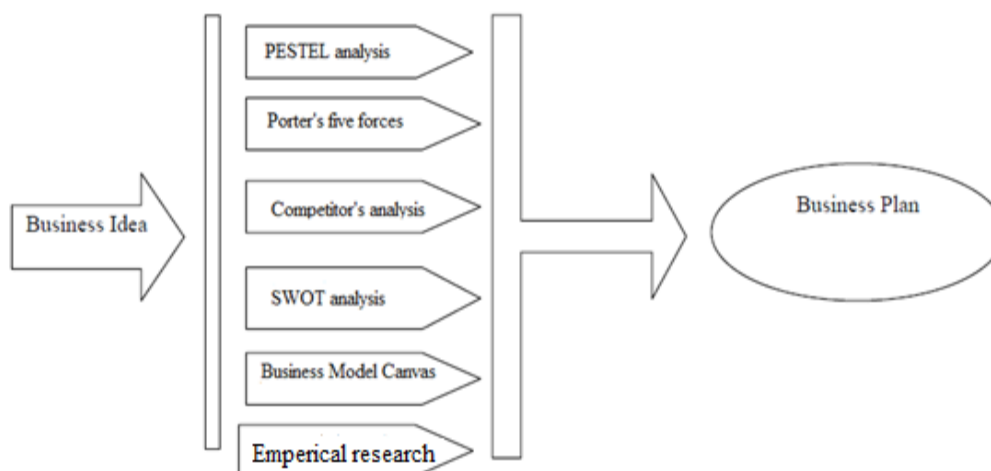


Figure 1. Conceptual framework of the thesis

The above figure illustrates the conceptual framework of the thesis. Primarily, an idea is the initial point for developing a business plan. However, to transform an idea into a business plan, a systematical Macro level analysis i.e. PESTEL, Industry/micro level analysis i.e. Porter's five forces and competitors' analysis and SWOT analysis is necessary. PESTEL analysis helps to explore the overall environment of the country for the investment. However, it is also important to understand the behavior of the industry and competitors in the country and Porter's five forces analysis helps in understanding the industry level environment. Nevertheless, it is also vital to recognize the strengths, weaknesses, opportunities and threats for the business which can be achieved through SWOT analysis. Moreover, above figure also shows that Business Model Canvas will be used along with empirical research to develop a final plan for XYZ hand car wash business in Finland.

4 BUSINESS IDEA

The starting point of every business is business idea. First of all an entrepreneur gets a business idea, he/she develops it and after thoroughly planning, the business is established. Actually a business idea is a concept which can be used for commercial purposes and the idea is written about a product or service that can be sold for money in order to make profit. It can come from many different sources such as hobbies and

interests, past experience, recognizing an opportunity in a market, family and friends, discovery and innovation, study and research etc. The idea has no value if it is not turned into a business plan. After generating the idea a business plan is created (Greene 2009, 64). Most people think being an entrepreneur is all about coming up with an idea, but that's just one part. It's also important to know right from the start how you will reach interested customers in an effective and affordable way (website of businessnewsdaily 2015). However, many people think a car wash is a great business opportunity because they see it as a business that doesn't require a great deal of hands-on work but that still produces a great return on your investment. Beginners probably believe the income stream from a business such as this is as automated as the equipment that pulls your car through the wash tunnel. The reality is a bit more complicated than that. It is not exactly a mystery but ask any car wash owner and he will tell you the same thing that It is not as easy as it looks (website of entrepreneur 2015).

Moreover, when most people think of a car wash, they tend to think of an exterior conveyor wash. These are the washes that put cars on a motorized track and drag them through a tunnel where they are rinsed, soaped up, washed, rinsed again and possibly waxed. The cars then emerge clean, and perhaps even relatively dry, at the other end. But this is only one type of car wash. Other types of washes include:

Full-service: This is basically a combination of the exterior conveyor with an inside cleaning (also known as detailing) added in.

In-bay automatic (also called a rollover): This type of car wash is an automatic wash consisting of a machine that literally “rolls over” a stationary car parked in a washing bay.

Self-service: Most self-service car washes are coin-operated brush-and-hose combinations that the driver uses to dispense soap, wash the car and rinse it off (website of entrepreneur 2015).

People today have less and less time to spend on errands like getting their car washed. One of the main challenges of today's car wash owner is not just providing customers with clean cars. It is providing customers with clean cars in as short a time as possible. Another challenge is providing the best quality of wash possible. Cus-

tomers today are better educated about their options and demand more value for their money (website of entrepreneur 2015). It used to be that only oil companies offered a car wash with a fill-up. And then, more often than not, the wash would be free. Today, however, many car washes combine the services of a gas station and car wash, or they strike deals with neighboring filling stations for car wash discounts (website of entrepreneur 2015). Moreover, according to a survey published in Auto Laundry News, almost half (46 percent) of car wash owners say that having a gas station nearby that offers a free wash with a gas purchase has hurt their business. While that is significant, the fact that the free wash does not take even more business away may be due to the fact that washing cars is a side business for these gas stations, and they tend not to do as good a job as a dedicated car wash. So while you may choose to offer multiple services to your customers to enhance your business, do not forget that your primary business is offering a quality car wash (website of entrepreneur 2015).

However, with regards to Finland, Finnish road conditions in the winter render cars dirty very fast. Typical problems for the Finnish summer driving conditions are insects and tree saps. In addition, metal dust grinding off the brake discs tends to stick to the wheel rims dis coloring them yellow. By washing the car regularly, car body corrosion can be prevented and the useful life of the vehicle can be extended. A layer of dirt on the vehicle paintwork conducts humidity into the pores of the paint and additionally it slows down the drying process of the surface. Moreover, a dirt layer tends to cover up eventual paint damage caused by flying stones and makes it more difficult to catch the damage in time for repair. Dirty windcreens, naturally, also impair the visibility in traffic (website of oil 2015).

Therefore, the next chapter will throw a light on macro and micro level analysis which will pave the way for developing a business plan for XYZ hand car wash.

5 BUSINESS ENVIRONMENT

Business environment describes the environment where the business operates both internally and externally. It clarifies of how business is done, what are the procedures, the competitors, all the factors affecting business decisions. A thorough analysis of the business environment helps the business to succeed and grow. For the business success it is important to know which environmental factors are critical to analyze. Quite often the business environment is researched by SWOT-analysis or described using PESTEL-analysis which looks at the environment from a macro level. However, when analyzing the entire market sector, Porter's Five Forces model can also be used.

5.1 Pestel analysis

The elements most frequently evaluated in the environmental analysis are the political, economic, socio-cultural, technological, legal and environmental. The analysis of these factors is known as a PESTEL analysis.

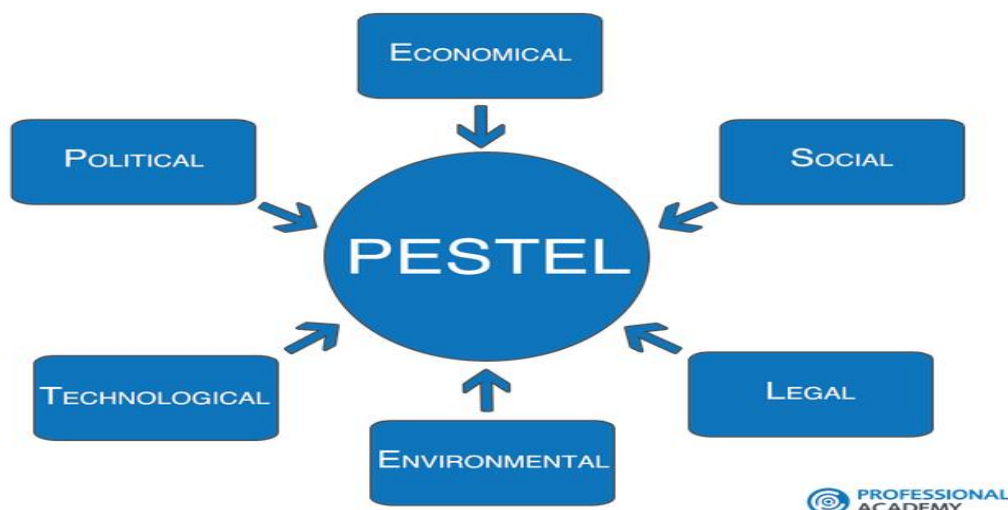


Figure 2. Components of a PESTEL analysis. (Website of professional academy 2015)

A PESTEL analysis is a useful tool for understanding the broader environment in which an organization is operating. Specifically a PESTEL analysis is a useful tool for understanding risks associated with market (the need for a product or service) growth or decline, and as such the position, potential and direction for an individual

business or organization. Moreover, a PESTEL analysis is often used as a generic 'orientation' tool, finding out where an organization or product is in the context of what is happening outside that will at some point affect what is happening inside an organization. The six elements form a framework for reviewing a situation, and can also be used to review a strategy or position, direction of a company, a marketing proposition, or idea (website of cipd 2015). The PESTEL model provides users with a series of headings under which users can brainstorm or research key factors.

Political: what is happening politically in the environment in which organization operates, including areas such as tax policy, employment laws, environmental regulations, trade restrictions and reform, tariffs and political stability? (website of cipd 2015). Moreover, in many countries the government is unstable and there might be considerable opposition to it which naturally affects the business. A hostile political takeover is most definitely going to affect everything in the country including the business operations (Morrison, 2002, 23-24).

Economic: what is happening within the economy, for example, economic growth/decline, interest rates, exchange rates and inflation rate, wage rates, minimum wage, working hours, unemployment (local and national), credit availability, cost of living etc. (website of cipd 2015). However, the situation within the economic environment might bring either opportunities or hinder the situation within the company and its operations. The effect of, for example, recession or rising consumer spending are opposite for a company and oppose either a threat or a chance for growth (Morrison 2002, 23-24).

Sociological: what is occurring socially in the markets in which organization operates or expects to operate, cultural norms and expectations, health consciousness, population growth rate, age distribution, career attitudes, emphasis on safety, global warming (website of cipd 2015).

Technological: what is happening technology wise which can impact what organization does? Technology is leaping every two years. Therefore, how this will impact

the products or services. However, things that were not possible five years ago are now mainstream for example mobile phone technology, Web 2.0, blogs and micro-blogs (Twitter), social networking websites. New technologies are continually being developed and the rate of change itself is increasing. There are also changes to barriers to entry in given markets and changes to financial decisions like outsourcing and insourcing (website of cipd 2015).

Environmental: what is happening with respect to ecological and environmental issues? Many of these factors will be economic or social in nature (website of cipd 2015). In the past decade these factors have grown to have a large impact on consumer behavior for example: ethical corporate culture and pollution targets (website of professional academy 2015).

Legal: what is happening with changes to legislation? This may impact employment, access to materials, quotas, resources, imports/ exports, taxation etc. (website of cipd 2015). The legal forces affect the organization in many ways. In a stable situation the limitations and regulations imposed by the government might limit the business and for example the future EU-regulations might make mergers and expansions more difficult ((Morrison 2002, 23-24; Cheverton 2004, 72).

A PESTEL analysis is a useful document to have available at the start of a new business planning. It can provide the entrepreneur with background and context information about targets towards growth, new product development and brand positioning. The opportunities and threats identified can be fed into a SWOT process and strategies identified to avoid or minimize the impact of the threats, and equally strategies employed to build on the opportunities presented.

There are various advantages associated with PESTEL analysis. PESTEL is a simple framework which facilitates an understanding of the macro level business environment. Moreover, it encourages the development of external and strategic thinking. PESTEL can also enable an entrepreneur or an organization to anticipate future business threats and take action to avoid or minimize their impact. Furthermore, it can

enable an entrepreneur or an organization to spot business opportunities and exploit them fully (website of cipd 2015). However, there few disadvantages also associated with PESTEL analysis. Some users over simplify the amount of data used for decisions. However, for long lasting results, this process needs to be undertaken on regular basis. Moreover, the best reviews require different people being involved, each having a different perspective. Furthermore, this process can be time consuming and costly (website of cipd 2015).

5.2 Porter's five forces analysis

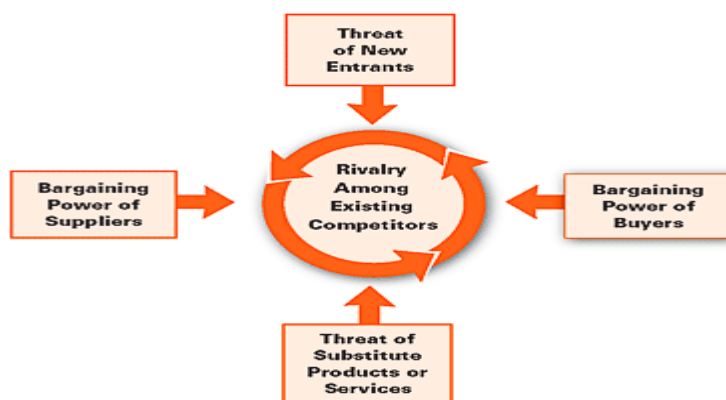


Figure 3. Porter's 5 competitive forces. (Website of Harvard Business Review 2015)

Porter's five force model is probably the most used one in the world. Even though it has been around for a long time it is still valid. Porter's model is used to determine the competitive intensity of a certain industry and thereby the potential profit for companies in the industry. The stronger the forces in the above figure, the stronger threat they create and therefore in the short run a company faces more restraints in raising prices and increasing profits. However in the long run, a company might respond to strong competitive forces with strategies designed to turn some of the forces to its advantage (Porter 2004, 3-5). Now we shall look at the five forces in turn.

Threat of new entrants:

New and potential entrants for an industry mean greater capacity and greater competition for market shares, even though they pose a threat for existing competitors. The extent of this threat is dependent on the barriers to entry. If the barriers are numerous, the threat of new entrants is low. The barriers for entry include, for example, economies of scale which might force the new entrant to enter on a large scale or not at all, product differentiation (the market might be dominated by a selected few that have been building brand identification for long), capital requirements, switching costs, government policy and access to distribution channels (Porter 2004, 7-17).

Buyer power

Important buyer groups might play a powerful role in forcing down prices or bargaining for higher quality or better terms in business. Especially two buyer groups would be the strongest positions in playing the producers against one and other. They would therefore have bargaining power in the industry. The buyers who purchase a large proportion of the seller's output naturally play a huge role in demand and supply, but also the buyers who can change to alternative supplier, given that the product is standard and the switching costs low can cause stress to the supplier (Porter 2004, 25-26).

Threat of substitutes:

A substitute product is one that performs the same function as the industry's product and therefore opposes a threat. The case with substitute product is that they may appear to be different e.g. tea and coffee, chocolate bar and a fruit - but they serve the same function. Tea and coffee both are drinks related to caffeine, morning rituals and socializing, while both chocolate bars and fruits can be targeted to the snack industry. Substitutes do place a ceiling for the prices possible for products in the industry, for example, if the price of coffee would increase steeply, consumers were likely to think tea as an option (Porter 2004, 23-24).

Supplier power

Any organization needs raw materials and this creates buyer-seller relationship between the market and the suppliers. The distribution of power within such relationships varies, but if it lies with the supplier then they can use this influence to dictate prices and availability. Therefore, it is organizations' liability to assess the balance of power within the market they operate. Suppliers may work together to increase bargaining powers, although this is usually against the law in developed countries where legal redress is available if such actions are discovered. However, there are various factors which can increase supplier's power e.g. few suppliers and many buyers, high switching cost, small buyer, unavailability of substitute products and buyer is not price sensitive. Key elements for the situation that suppliers have a lot of bargaining power are that a few powerful companies dominate the supply industry and that there are a few substitutes to the product in question. The petrol industry works as a good example in both conditions. A threat to raise prices increases a suppliers bargaining power as does the intention to reduce quality (Porter 2004, 27-29).

Competitive rivalry

Basic assumption is that competitors are interdependent; prices, advertising, campaigns, promotions and customer warranties are all monitored by competing firms who then respond. There are numerous factors that contribute to the intensity of rivalry amongst competition:

Numerous or equally balanced competitors: If firms are numerous, they tend not to keep such a close eye on the competitors moves, but if equality amongst them adds the amount of tracking each other moves (Porter 2004, 17-22).

Rate of industry growth: If the industry is growing steeply there are plenty of opportunities for firms to expand, but if the rate of growth is slowly the competition centers on gaining market share (Porter 2004, 17-22).

Product and/or service characteristics: The similarity of competing products and the essential nature of it make the product a commodity thus leading to the consumer making the purchase decision upon price and customer service (Porter 2004, 17-22).

Level of fixed costs: High level of fixed costs leads to the situation where companies struggle to, at least cover the fixed costs, even by giving out considerable discounts. The airline industry serves as a good example; the planes need to fly as full as possible, so the last tickets are sold discounted through various outlets (Porter 2004, 17-22).

High exit barriers: These are economic, strategic and emotional factors that act as barriers for the company in leaving the industry. For example large investment on machinery that is difficult to sell forward is an exit barrier. High exit barriers lead to companies staying in business for as long as the operations are not making huge losses (Porter, 2004, 17-22).

5.3 Competitor's analysis

When discussing rivalry the first step should always be defining the competition that needs to be examined. All significant existing competition must be analyzed but also the threat created by potential competitors need attention. Forecasting potential competitors is not an easy task but there are certain groups from which the competition can be expected, such as firms who are not in the industry but could overcome the entry barriers at low cost. Predicting mergers or acquisitions can also help see the future situation in the market. A merger can suddenly push an earlier weaker competitor to dominance of the market (Porter, 2004, 47-49). Basically business competitors are other organizations offering the same or similar products or services at the moment, organizations that can offer those products or services in the future or organizations that could remove the need for a product or a service (Jobber & Fahy 2003, 276). Therefore, Porter's competitor's analysis model is further being described.

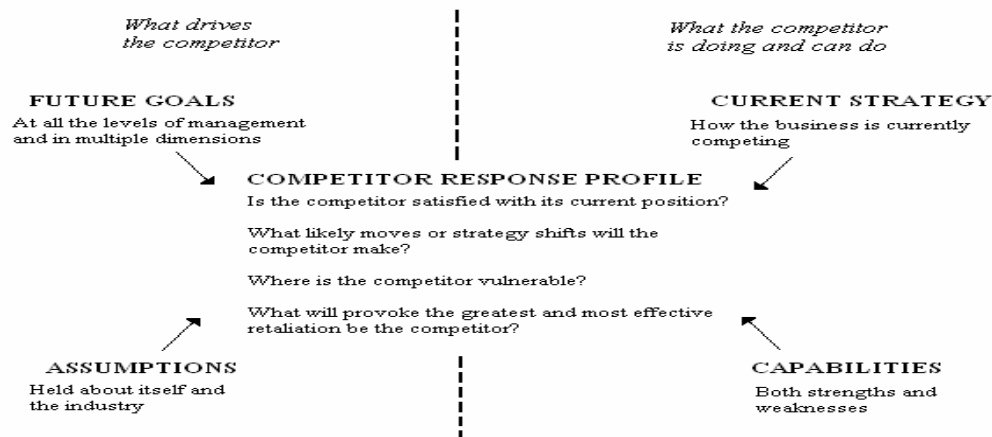


Figure 4: The components of a competitor analysis. (Porter 2004, 49)

Porter's model is designed to assist in the sophisticated competitor analysis in strategy formulation. The objective of any competitor analysis is to develop a profile of the nature and success of the likely strategy changes each competitor might make, each competitors probable response to the range of feasible strategic moves other firms could initiate, and each competitors likely reaction to the set of industry changes and broader environmental shifts that might occur (Porters 2004, 48-49). Many times competitor analysis is done with only assumptions and superficial knowledge of the targets of investigation. According to Porter many companies act on the basis of informal impressions and intuition gained through hints of information about competitors that every manager receives instead of systematically gathering information about the competition. There are four major components to a competitor analysis: future goals, current strategy, assumptions and capabilities. Understanding these four components should provide an insight of the competitor's response profile. The right side of the figure (see figure 4) is usually emphasized in the investigations, but companies should be focusing on the left side. Understanding the drivers behind the actions help determine the possible behavior patterns of the competitor in the future (Porter 2004, 49-50).

However, examining the goals of the competitor is important for a number of reasons. Knowledge of goals will allow predictions about whether or not each competitor is satisfied with its present position and financial results. This will help in predicting the likeliness of a competitor in changing strategy and the level intensity in reacting to outside events or moves by other firms. Predicting the reactions to strategic

changes is also aided by knowing the competitors goals. A diagnosis of the competitor's goals helps interpret the seriousness of the initiatives that the competitor takes. A strategic move by the competitor which addresses one of their main targets should be a key target and not a casual matter. Most of the time the goals are treated as financial goals, they can also be related to e.g. social responsiveness, market leadership and technological level (Porter 2004, 50-51).

Moreover, identifying the competitor's assumptions falls into two categories: the competitor's assumptions about its own business and the competitor's assumptions about the industry and the other companies in it. Every firm sets assumptions about its own position in the market. It might see itself as a socially conscious firm or the industry leader, which may or may not be true. The assumptions the firm holds about it will guide the way the firm behaves and the way it reacts to events. The assumptions the firm holds about the industry can be crucial in their solutions (Porter 2004, 58).

The third component of competitor analysis is identifying the competitor's current strategy. It is most usefully used when the competitor's key operating policies in each functional area are examined and the way that the functions are wished to inter-relates (Porter 2004, 63). The final step in competitor analysis is a realistic appraisal of the capabilities of the competitor. All the previous components will influence the likelihood, timing, nature and intensity of a competitor's reactions. The competitor's strengths and weaknesses will determine its ability to initiate or react to strategic moves and deal with environmental or industry events that occur (Porter 2004, 63).

5.4 Swot analysis

When an organization adapts to its environment, it means taking advantage of the opportunities that it offers but also coping with the threats it opposes. However, job of the environmental analysis should be to identify most of the opportunities and threats. Adapting also means not only taking the opportunities offered and avoiding the threats but also using the strengths of the company and correcting weaknesses inside the company. The internal audit should have identified these strengths and

weaknesses that exist within the organization. Therefore, a very commonly used tool for putting the gathered information together is the SWOT-analysis. SWOT is an acronym for Strengths, Weaknesses, Opportunities and Threats. The analysis assesses the company's strategic profile in terms of its strengths, weaknesses, opportunities and threats. Strengths and weaknesses deal with the company's internal environment while opportunities and threats take into account the external environments changes and the direction of development. SWOT analysis is usually presented as a matrix with the top boxes referring to the internal factors and the lower ones referring to the external ones (Morrison 2002, 25).



Figure 5. SWOT (website of google 2015)

The factors that can be considered in the analysis can be very diverse. When assessing the strengths and weaknesses, issues like organizational structure, clarity of objectives and the state of research and development need to be considered and analyzed in terms of to which category they belong to. Strengths are only strengths with strategic importance when they can be considered a competence or resource such as a good supplier or an attribute such as well-known brand image. However, weaknesses are factors that nullify the previously mentioned strengths. The external analysis in which the opportunities and threats are examined may include subjects like possible joint ventures, emerging substitute products or changes in the national economic situation. Moreover, opportunities and strengths may extend from the immediate present to the foreseen future, which naturally has an effect on what is the urgency in dealing with them (Cornelissen 2004, 106).

It is important to note the strengths and weaknesses are intrinsic value-creating skills or assets, or the lack of these, relative to competitive forces. Opportunities and threats are external factors which are not created by the organization, but emerge as a result of the competitive dynamics caused by future gaps in the market (website of cipd 2015). SWOT analysis can be used for new business development, planning, and competitor's evaluation with Porter's five model and decision making. However, SWOT model has various advantages like other models e.g. PESTEL. It can enable an organization to anticipate future business threats and take action to avoid or minimize their impact. Moreover, it can enable an organization to spot business opportunities and exploit them fully. However, disadvantage of SWOT is that any decision cannot be made solely through it as it is very simple model in its formation (website of cipd 2015). Nevertheless, can however be defined as, strengths or weaknesses, as well as opportunities or threats.

6 BUSINESS MODEL CANVAS

No generally accepted definition of the term "business model" has emerged. Diversity in the available definitions poses substantive challenges for delimiting the nature and components of a model and determining what constitutes a good model. It also leads to confusion in terminology, as business model, strategy, business concept, revenue model, and economic model are often used interchangeably. Moreover, the business model has been referred to as architecture, design, pattern, plan, method, assumption, and statement (Morris, Schiendehutte, & Allen 2005).

However, at the most rudimentary level, the business model is defined solely in terms of the firm's economic model. The concern is with the logic of profit generation. Relevant decision variables include revenue sources, pricing methodologies, cost structures, margins, and expected volumes. Hence, Stewart and Zhao (2000) approach the model as a statement of how a firm will make money and sustain its profit stream over time. Moreover, at the operational level, the model represents an architectural configuration which focuses on internal processes and design of infrastruc-

ture that enables the firm to create value. Furthermore, in the model at operational level, decision variables include production or service delivery methods, administrative processes, resource flows, knowledge management, and logistical streams (Morris, Schiendehutte, & Allen 2005). A business model is a concise representation of how an interrelated set of decision variables in the areas of venture strategy, architecture, and economics are addressed to create sustainable competitive advantage in defined markets. The business model is related to a number of other managerial concepts. It captures key components of a business plan, but the plan deals with a number of start-up and operational issues that transcend the model. It is not a strategy but includes a number of strategy elements. Similarly, it is not an activity set, although activity sets support each element of a model (Morris, Schiendehutte, & Allen 2005).

Moreover, the business model construct builds upon central ideas in business strategy and its associated theoretical traditions. Most directly, it builds upon the value chain concept (Porter 1985) and the extended notions of value systems and strategic positioning (Porter 1996). Because the business model encompasses competitive advantage, it also draws on resource-based theory (Barney et al., 2001). Business models implicitly or explicitly address the internal competencies that underlie a firm's competitive advantage. This is consistent with resource-based theory, where the firm is viewed as a bundle of resources and capabilities (Barney et al., 2001). However, competitive advantage can emerge from superior execution of particular activities within the firm's internal value chain, superior coordination among those activities, or superior management of the interface between the firm and others in the value network. Also, where the model has proprietary innovative elements, resource advantage theory holds relevance (Hunt 2000).

Therefore, Business Model Canvas (BMC) is a modern and new tool for architectural configuration of firms' operations. It was first established in 2009 by Alexander Osterwalder and Yves Pigneur. There are nine blocks in Business Model Canvas i.e. customers, customer relationships, value proposition, key activities, key partners, costs, key re-sources, channels, and revenue. By conducting the BMC in right order the entrepreneur is able to adjust the issues in right manners and might be able to form new ideas.

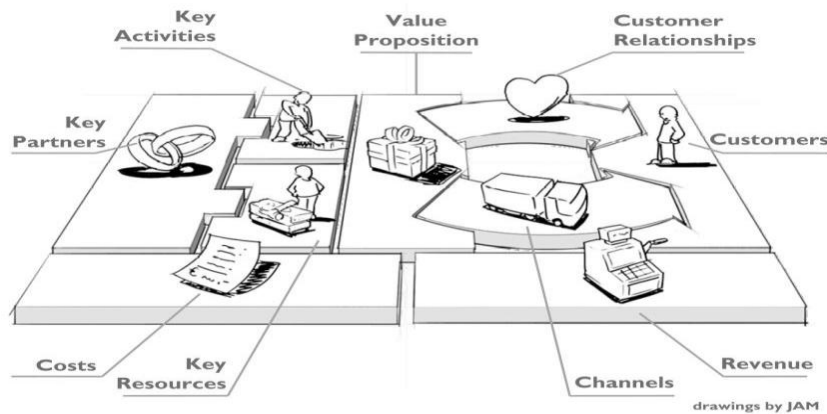


Figure 5: Business Model Canvas (Website of Business model generation 2015)

The Customer Segments Building Block defines the different groups of people or organizations an enterprise aims to reach and serve (Osterwalder & Pigneur 2010, 20). Customer segments are to be considered carefully in order to be able to reach and serve the right kind of customers. Depending on the business, the segments can be formed based on for example large buying power or large consuming power. This decision also modifies the marketing strategy: business can choose for example from mass marketing, niche marketing, diversified marketing or multi-sided marketing. Whatever the segmentation is business has to make a clear decision on where they want to concentrate, how to reach the segment, what the segment is looking for and how to serve the particular segment. As customers play one role in Porter's Five Forces Analysis, it is also important for business to follow how the customers act within the business environment and what the possible trends and threats will be. In case the core segments are very niche, it is recommended to create at least one or two other segments outside the niche area, kind of supporting segments, which might be the potential customers to create corporate recognition (Osterwalder & Pigneur 2010, 20-21).

The Value Propositions Building Block describes the bundle of products and services that create value for a specific Customer Segment. The Value Proposition is the reason why customers turn to one company over another. It solves a customer problem or satisfies a customer need (Osterwalder & Pigneur 2010, 22). The value proposition acts as a corner stone for the business as it defines the value or advantage business brings to its customers. Quite often the value proposition appeals to customers emotions and by doing so increases interest. However, no matter what the value

proposition is it is to be designed to each segment in order to fulfil their particular wants and needs. Value propositions can be based for example into price, brand, innovation, after sales, design, customization or ease. The value proposition must never be let down (Osterwalder & Pigneur 2010, 22-25).

The Channels Building Block describes how a company communicates with and reaches its Customer Segments to deliver a Value Proposition. Channels are customer touch points that play an important role in the customer experience (Osterwalder & Pigneur 2010, 26). The channels have five different roles to deliver the value propositions: awareness, evaluation, purchase, delivery, and after sales. As it can be seen the channels are not only about delivering the value to customers, it is also very much about communication without forgetting the importance of after sales. A business has to choose right partners to help in delivering the promised value to the customer. An effective usage of partners may lead into mutual advantage and financial success (Osterwalder & Pigneur 2010, 26-27).

The Customer Relationships Building Block describes the types of relationships a company establishes with specific Customer Segments. A company should clarify the type of relationship it wants to establish with each Customer Segment (Osterwalder, A. & Pigneur, Y. 2010, 28). When the form of relationship is decided a business must choose how they will create and maintain the wanted relationship. There are several different types and levels of relationships, for example: personal assistance, dedicated personal assistance, self-service, automated services, communities, and co-creation (Osterwalder, A. & Pigneur, Y 2010, 29). Personal assistance and dedicated personal assistance differ in a way that in dedicated personal assistance the level of individualism is taken one step higher: one person is in contact and in relationship with the customer. Communities refer into for example Facebook, or Twitter groups where the exchange of information is possible. Co-creation is a form of partnership, where the customer is able to impact on the value proposition. Naturally business can form the relationship together with the customer in order to get a mutual understanding of the relationship (Osterwalder & Pigneur 2010, 28-29).

The Revenue Streams Building Block represents the cash a company generates from each Customer Segment (costs must be subtracted from revenues to create earnings).

A company must ask itself, for what value is each customer segment truly willing to pay? Successfully answering that question allows the firm to generate one or more Revenue Streams from each customer segment (Osterwalder & Pigneur 2010, 30). A business has to decide in what way they will gain sales revenue from its customers, which differs from pricing mechanism. A revenue stream can be for example “asset sale, usage fee, subscription fee, lending/renting/leasing, licensing, brokerage fees or advertising” (Osterwalder & Pigneur 2010, 31-32).

The Key Resources Building Block describes the most important assets required to make a business model work. These resources allow an enterprise to create and offer a Value Proposition, reach markets, maintain relationships with Customer Segments, and earn revenues (Osterwalder & Pigneur 2010, 34). These are the foundation of the business and its strengths in order to be able to deliver the value propositions to its customers. Strong key resources distinguish business from its competitors. These can be physical such as manufacturing, facilities, buildings, vehicles, machines, systems, point-of-sales systems, and distribution networks. Moreover, it can be intellectual such as brands, proprietary knowledge, patents and copyrights, partnerships, and customer database also human, in other words human resources. Moreover, key resources can also be financial such as cash, lines of credit, or a stock option pool for hiring key employees (Osterwalder & Pigneur 2010, 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 (Osterwalder & Pigneur 2010, 36). In other words what is there to be done in order to deliver the promised value to customers? These can be for example: production, where designing, making and delivering a product plays a key role or problem solving, where the capability of bringing out new solutions or ideas to customers problems is the key activity or platform/network where the key activity is the functional software. The key activities are to be considered carefully in order to be able to combine methods to deliver value and maintain relationships (Osterwalder & Pigneur 2010, 37).

The Key Partnerships Building Block describes the network of suppliers and partners that make the business model work. Companies forge partnerships for many reasons, and partnerships are becoming a cornerstone of many business models. Companies create alliances to optimize their business models, reduce risk, or acquire resources (Osterwalder & Pigneur 2010, 38). Key partnerships are the relationships enabling key activities. It is profitable for a business to create a network of partners to gain and to receive value. Different motivators drive towards different types of partnerships. The motivators can be optimization and economy of scale, reduction of risk and uncertainty, or acquisition of particular resources and activities (Osterwalder & Pigneur 2010, 39).

The Cost Structure Building Block describes all costs incurred to operate a business model. This building block describes the most important costs incurred while operating under a particular business model. Creating and delivering value, maintaining Customer Relationships, and generating revenue all incur costs. Such costs can be calculated relatively easily after defining Key Resources, Key Activities, and Key Partnerships (Osterwalder & Pigneur 2010, 40). According to Osterwalder and Pigneur there are two types of cost structures businesses can choose from: cost-driven and value-driven which can have four different characteristics: fixed costs (costs that remain the same from month to month), variable costs (costs that vary depending on the volumes), economies of scale (where more is less, the more you buy the less the price), and economies of scope (where same activity can cover multiple purposes). The cost-driven cost structure model aims at minimizing costs wherever possible and their value proposition is to deliver low price. In the value-driven cost structure model, businesses aim for value meaning luxury, design, and high degree service. (Osterwalder & Pigneur 2010, 41)

The developers of BMC put emphasis on the fact that using the model should be fun and inspiring yet at the same time hard work towards business success. That is why they encourage using brainstorming, visual thinking, and post-it notes to get the most out of the model. Open atmosphere within the participants of the business model processing must however at the same time stay focused in order to give space for the wild ideas but not let them stray away from the core. Osterwalder and Pigneur have handed out some guidelines to ease up the process: visualize with post it notes and drawings, understand the essence, enhance the dialogue, explore ideas, tell a visual story, and make prototypes (Osterwalder & Pigneur 2010, 143-163). The canvas has quite a few other possible means of use: BMC can also be used for modelling the external business environment in order to get more competitive business model. Key trends, market forces, macroeconomic forces, and industry forces can be analyzed using the canvas. (Osterwalder & Pigneur 2010, 200).

Business model generation and tool i.e. BMC has been illustrated above. However, it is also important to know about business plan in detail. Therefore, next chapter will explain about business plan in detail.

7 BUSINESS PLAN

A business plan generally is a written document that describes entrepreneur's idea in detail showing the probability, profitability and financing etc. in short all the aspects related to the business. After settling on a business idea then the entrepreneur starts to make a business plan. A business plan is a written document that describes all the steps necessary for opening and operating a successful business (Greene 2009, 64).

The business plan describes to investors and financial sources all of the events that may affect the proposed venture. Details are needed for various projected actions of the venture, with associated revenues and costs outlined. It is vital to explicitly state the assumptions on which the plan is based. For example, increases/decreases in the market or upswings/downswings in the economy during the start-up period of the new venture should be stated (Kuratko & Hodgetts 2001, 289).

Importance of a business plan

The importance of a business plan at these days is a success factor and most cases it is a must. The business plan is necessary to start the business, to raise the capital to research the market and to check out the profitability of the new business etc. The entire business planning process forces the entrepreneur to prepare analysis of all the factors of an enterprise and to make and deal with effective strategy for unknown uncertainties. Thus a business plan helps an entrepreneur to avoid the venture led to failure. As one researcher states that if your proposed venture is marginal at best then the business plan will show you why and may help you avoid paying the high tuition of business failure. It is far cheaper not to begin an ill-fated business than to learn by experience what your business plan could have taught you at a cost of several hours of concentrated work (Kuratko & Hodgetts 2001, 289). Every new business must have a business plan. It is important for several reasons for example it can be used as a roadmap for the potential business. A business plan helps to optimize the growth and development according to the priorities.

A business plan makes the entrepreneur to think all aspects of the business. The plan will help to recognize whether the business idea will be profitable or not, what could be potential sales and profits, how much capital will be needed, where the money will come from, how many people need to operate the business etc. It is needed to secure financing for the business. Lenders and investors want a well-written business plan that proves the entrepreneur is serious about his business idea and has spent sufficient amount of time in planning process. A business plan serves as a tool for managing the business. Once the business is established and running, it can be used in decision making. By using the strategies from business plan the business could grow to reach to its visionary goal. (Greene 2009, 64).

Key questions for business planning

A well written business plan is like a work of art: It's visually pleasing and makes a statement without saying a word. Unfortunately the two are also alike in that they are worth money only if they are good. Researchers Donald F. Kuratko and Jeffery S. Hornsby have recommend the following questions to consider when writing an effective business plan.

Is the plan organized?

Is the product/service and business mission clear and simple?

Who is the business's customer?

Why will customers buy and how much better is your product or service?

Do you have a competitive advantage?

Does the break even analysis take into consideration the dynamics of price and variable costs?

How much startup capital needs?

How do the investors get cash return?" (Kuratko 2009, 323-324).

Therefore, potential entrepreneur needs to have a written form of business plan to implement his or her business ideas though he or she might have several of those (Kuratko 2009, 316).

Main components of a business plan

An ideal written business plan must include the following sections: Executive Summary, Company Description, Industry Analysis, Target Market, Competitive Analysis, Marketing Plan and Sales Strategy, Operations, Management and Organization, Long-term Development and Financials. Copies of supporting documents such as certifications, licenses, tax requirements and codes in an appendix etc. could also be attached in a business plan (Greene 2009, 329).

The executive summary acts as an outline for the whole business plan. It should tell in short the main goals of the business and what is the reasoning for establishing the business. The executive summary acts as a CV for a job seeker and therefore it should be written so that the reader gets interested (Website of Entrepreneur 2015).

The company description is obvious: what the company does how it does it, to whom it does, and where it does it. Internal and external market analysis guides the entrepreneur to seek in information of the customers, suppliers and competitors. By doing that the entrepreneur can place the company on right positions within the market and define its target segment and group, just as well as its competitors. The tools described in the following chapter for business environment analysis are good tools in this part (Website of Entrepreneur 2015).

The company strategy is good to separate from company description. The company strategy defines the ways the goals and desired success will be achieved. It is to do with policies, regulations, processes and procedures within the company (Website of Entrepreneur 2015).

Management description defines the management team and their roles and impacts on the company. It should also describe the tasks assessed to each member and how those are related to the business operations (Website of Entrepreneur 2015).

Service or product line section should include the justification of why the planned service or product is needed, how it is produced and if needed also a logistical plan for possible deliveries. This section should include a financial sheet of its own, sepa-

rated from the financial factors to convince especially the investors that the planned product or service is possible to do (Website of Entrepreneur 2015).

The marketing and sales section of the business plan should explain the facts of gaining sales, competitive advantage, market share and positioning within the market. It should clarify the ways of convincing customers to buy the particular product or service. Financial factors are the excel sheets presenting all the calculations of costs. This section is the most important one for investors and therefore it is to be done carefully. The financial sheets should present also the ways of “paying back” among with the profitability calculations (Website of Entrepreneur 2015).

Summary

The PESTEL analysis will help to explore the macro level environment of Finland. This will help to gather useful data regarding business environment in Finland. Moreover, it will also provide the important information for preparing business plan, particularly, to the new investors. Furthermore, the Porter’s five forces analysis will help to understand micro level i.e. industry level analysis. This analysis will pave the way to collect data at industry level. Rivalry amongst the existing customers will be explored and the threat of the new entrants in the market will also be evaluated. Moreover, it will also be researched that how substitute products can be a threat to the business. However, the bargaining power of buyers and suppliers will also be in focus as these two forces play a significant role in affecting business. Nevertheless, the Porter’s five forces will provide the empirical data for preparing business plan for XYZ hand car wash. Moreover, the competitors’ analysis will help to deeply observe the competitors’ strategy and capabilities. This analysis will provide the base for collecting data regarding competitors’ future goals, capabilities, assumptions and strategy. Therefore, the competitors’ analysis e.g. number of competitors, their products and services and prices can be vital for preparing business plan.

Furthermore, SWOT analysis will help to collect the data regarding the car wash. However, it will be more focused on the XYZ hand car wash itself. This will provide information of strengths and weaknesses of XYZ hand car wash. Moreover, it will also highlight the opportunities and the threats for the XYZ hand car wash. There-

fore, the data collected will be shown in the XYZ hand car wash business plan. However, BMC contents will also contribute in preparing business plan as its contents range from customers to value proposition and from key resources to key activities. Moreover, it also highlights the customer relationship, costs and key partner etc. Therefore, the logical contents will help to present the relevant data in the XYZ hand car wash business plan.

Hence, the business plan will be prepared with the data collected through the research data in the light of business plan contents. The next chapter will present the methodology of undertaking the research for XYZ hand car wash.

8 METHODOLOGY

8.1 Qualitative research

There are mainly two kinds of research methods i.e. qualitative and quantitative research methods. Glenn (2010) defines qualitative research as a field of inquiry in which researcher aims to have in-depth understanding of human behavior and causes of that behavior. Aliaga and Gunderson (2000) defines that Quantitative research is explaining phenomena by collecting numerical data that are analyzed using mathematically based methods (in particular statistics). In quantitative research, we collect numerical data. This is closely connected to the final part of the definition: analysis using mathematically based methods. In order to be able to use mathematically based methods, our data have to be in numerical form. This is not the case for qualitative research. Qualitative data are not necessarily or usually numerical, and therefore cannot be analyzed by using statistics.

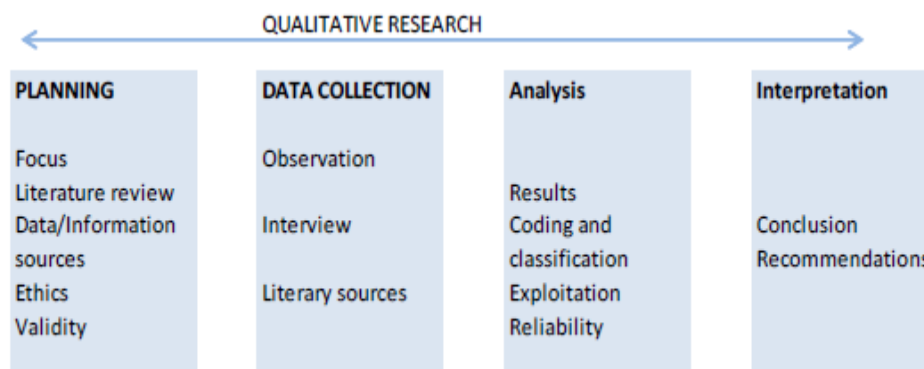


Figure 6. Qualitative research chart (Kananen 2011, 36).

The above chart shows that qualitative research follows the common chart of the research. The research planning consists of planning, data collection, and analysis and interpretation stages. The same format is used in quantitative research but tools and methods are different in the data collection and analysis and interpretation (Kananen 2011, 36-45). However, it is also important to look into the main differences between quantitative and qualitative research. The chart below shows the difference.

Table 1. Difference between quantitative and qualitative research (Anderson 2006).

QUANTITATIVE	QUALITATIVE
Objective	Subjective
Research question: How many?	Research questions: What? Why?
Strength of association?	"Soft" Science
"Hard" science	Literature review may be done as study progresses or afterwards
Literature review must be done early in study	
Test Theory	Develop theory
One reality: focus is concise and narrow	Multiple realities: focus is complex and broad
Facts are value-free and unbiased	Facts are value.laden and biased
Reduction, control, precision	Discovery, description, understanding, shared interpretation
Measurable	Interpretive
Mechanistic: parts equal the whole	Organismic: whole is greater than the parts
Report statistical analysis	Report rich narrative, individual, interpretation. Basic element of analysis is words/ideas
Basic element of analysis is numbers	
Researcher is separate	Researcher is part of process
Subjects	Participants
Context free	Context dependent
Hypothesis	Research questions
Reasoning in logistic and deductive	Reasoning is dialectic and inductive
Establishes realtionships, causation	Describes meaning, discovery
Uses instruments	Uses communications and observation
Strives in generalisation	Strive for uniqueness
Generalisations lesasing to prediction, explanation and understanding	Patterns and theories developed for understanding
Highly controlled setting	Flexible approach: natural setting (process oriented)
Sample size: n	Sample size is not a concern, seeks 2 informal rich" sample
"Counts the beans"	Provides infromation as to "which beans are worth counting"

The author has chosen qualitative methodology for this thesis after analysis of difference between two methods. Qualitative research investigates the why and how of decision making and not just what, when and where. Therefore, small but focused sample is often selected than large random sample. Qualitative research is very hand-ful in policy and evaluation research, where understanding why and how particular outcome was accomplished is as important as establishing those outcomes (Glenn 2010, 95-96).

Gillham (2010) states that qualitative research methods mainly emphasize on the type of the evidence (what is heard and what is done). This enables the researcher to comprehend the sense of existing situation. Scientific researchers also perform qualitative research before running their experiments. Qualitative style investigation gives them an idea what amendments can be made in the existing theory or how different results from those in the existing literature can be acquired (Gillham 2010, 10). Qualitative data is commonly used for data collection techniques such as interview or data analysis processes such as classifying the data which employ non numerical data. Qualitative data relies on meaning presented by words and data collection results in this type of data are non-standardized and require categorization of data. In this type research, analysis is performed through conceptualization (Saunders, et al., 2009 151).

Qualitative data refers to data which is non numeric in nature (unquantifiable) and could be useful for all research strategies. This could range from short list of responses to open ended questions or entire documented policy. This data should be analyzed and understood to benefit from it. Qualitative data analysis helps to develop theory from the data. This includes deductive and inductive approaches (Saunders, et al., 2009, 151). Moreover, qualitative research is the right choice if particular subject is studied in depth. It is considered suitable in cases where not much previous research available on that topic. It is best for the studying the social, cultural and political aspects of individuals and companies (Myers 2013, 8-9). Therefore, qualitative research methods will be chosen for conducting research of the study. The main purpose of the study was to undertake research through qualitative research to have deep understanding of macro and micro level analysis of business and industry level environment. Hence, a qualitative research method is suitable for this study.

8.2 Data collection methods

In qualitative research the interview method can be divided into three different groups: structured, semi-structured and unstructured. In structured method the researcher has defined the questions beforehand and the respondents answer only to those. Structured method is ideal when the researcher aims to find out answers only to a specific area. The unstructured method is the opposite for structured. In unstructured method researcher writes down for example some key words of the issue and then the interview flows onwards like a discussion. Unstructured interview is ideal when the issue is new or not much is known about it and the researcher is looking for in-depth answers. Semi-structured interview is a method between structured and unstructured methods. The semi-structured interview was chosen because it is flexible enough to allow the interviewer to explore complex issues or questions that do not have a finite or predominated set of response categories (Bryman 2003). This means that there is an opportunity for an interviewer to probe respondents to elaborate answers and also the interviewer is alerted on issues not previously thought of while preparing the interview questions. The interviews could be conducted on one to one basis. The one to one basis means that the interviewees are free to express themselves by saying how they really feel about something and there is this relationship of trust between the interviewer and interviewee (Anderson 2004).

However, one disadvantage of the interview is that it can be time consuming and frustrating (Easterby-smith, 2002) but the advantages of the method compensate for this. Bryman and Bell (2003:342) has argued that the use of semi structured interviews could compromise the standardization of the interview process and hence the reliability and validity of measurement. However, semi structured interviewing is considered appropriate in this research because it can facilitate the assessment of perception (Dundon et al 2003:32).

8.3 Observation

Participant observation is a part of the broader qualitative research paradigm (Denzin and Lincoln, 2000), where the researcher serves as the primary instrument for observing and collecting data (Creswell 2003). Qualitative researchers operate under six assumptions (Merriam, 1988. 19-20):

- (1) The focus of the research is on the process rather than outcomes.
- (2) The research has an interest in meaning – how people make sense of their lives, or what is happening around them.
- (3) The researcher is the primary instrument for data collection and analysis and the data are mediated through this instrument.
- (4) Research involves fieldwork.
- (5) Research is descriptive, seeking meaning or understanding.
- (6) Research is inductive, building concepts, theory, and abstractions from the details.

However, standard techniques to ensure the validity of qualitative research include having other qualified researchers independently code the material, undertake peer reviews, or facilitate triangulation, thus providing corroborating evidence through multiple sources (Creswell and Miller, 2000). Using a trained team of researchers to supply multiple accounts of the event can also assist in triangulation. Participant observation may be conducted by a single researcher or by a team of trained researchers. Observation can be active or passive. Active observation can be the gathered knowledge of the subject openly. Observation cannot be based on what people are thinking in their heads, it should be based on the facts, which occur during the observation. (Kananen 2011, 48)

8.4 Research implementation

The research design included interviews, sample selection and observation. However, for the purpose of interviews, a thematic interview questions were designed. Those themes were business environment, SWOT and micro analysis. Moreover,

there were total fifteen questions in which 4 questions for business environment, 5 for SWOT and 5 questions for micro analysis. These questions were open ended so that interviewees can freely express their views and also the interviewer can probe if needed. Therefore, ten people were selected as a sample for this research. The selected sample consisted of 3, 4 and 3 car wash owners from Rauma, Turku and Helsinki respectively. The sample of car wash owners were selected because they were the direct competitors in the car wash industry. Moreover, the car wash owners could have better told us about starting a new business i.e. hand car wash as they were already in the car wash business. Therefore, the sample was contacted through the telephone as the researcher had their contact details because the researcher availed car wash service from those car wash centers occasionally.

The purpose of the research was explained to the selected sample. They all liked the idea of hand car wash. However, only three of the car wash owners from Rauma agreed for the interviews. Two of the car wash owners from Turku were not available as they were on holidays and others two refused for the interviews. However, one of the car wash owners from Helsinki said that “he does not like to be in any research activity” and the others two refused because of their personal commitments. The selected sample i.e. ten was ideal to have a diverse view from different cities. However, three interviews are enough to have sufficient data for the small scale research in a fairly small town like Rauma. Therefore, a letter of purpose (appendix 1) was delivered to the three interviewees in person at Rauma. Therefore, they agreed for the interviews at their business places after 16:00 Finnish time on Wednesday (first week of June 2015), Friday (second week of June 2015) and Tuesday (fourth week of June 2015). The interviews were conducted on one to one basis. There was no interference during the interviews. The researcher wrote down all the answers as the interviewees did not allow for recording on digital device. Furthermore, they did not permit to publish their names, addresses and other detail for publishing. However, they were also assured that a copy of the research can be provided to them if they needed.

Furthermore, the data also collected through observation. The author designed a chart with subject headings to observe the customers behavior. These subjects heading were customers’ actions before and after car wash. The author note down all the observation data and also presented with the data collected through interviews. The ra-

rationale behind the observation was to see how car wash business works in Finland. Moreover, what customer can expect and what can be their problems with existing car wash services. Therefore, author has observed all the process of car wash from paying money to the car wash. Furthermore, author had the opportunity to speak with people there on car wash station who complained about services.

8.5 Analysis process

Analyzing the data in qualitative research is based on meanings expressed through words. Results collection is non-standardized data requiring classification into categories. However, distinctions between quantitative and qualitative data it is easier in quantitative research to analyze meanings which based on numbers and collection results in numerical standardized data and which can be analyzed with statistics and diagrams. There is not standardized approach to the analysis of qualitative data. There are many theories and suggestions and traditions available in theory. There are four groups of these strategies which should be considered when creating the analysis system to the research work: understanding the characteristics of language, discovering regularities, comprehending the meaning of text or action and reflection (Saunders, Lewis & Thornhill 2003, 377-406).

However, when starting to analyze interview material it must be pay attention to what material tells and what structures can be found in it. If the themes have been created so that replies of interviewees cover the whole phenomenon from every possible angle then the collected material contains the solution to the research problem. It should be able to find what the data will give you and “wants” to tell you. (Kananen 2011, 59-60). However, there are two approaches of qualitative analysis i.e. deductive and inductive (Saunders, et al., 2009). Inductive approach does not begin with clearly theoretical framework. It is rather a relationship between data and develop question to hypothesis to test it. Data collection and analysis are main sources of theory. While, Deductive approach, as Yin (2003) states, an approach where existing theory is made use of to formulate research question and goal. Theoretical proposition can also be used to support the data analysis. Hence, deductive approach is suitable for this study (Saunders, et al., 2009, 490).

9 VALIDITY & RELIABILITY

The validity of a qualitative research usually refers to the point of how the researcher defines his/her statements in the theoretical part and, furthermore, from how many sources the data is collected (Silverman 2001, 32-34). Reliability of any research reflects the fact that outcome, results and analysis of the study are based on reliable facts. Moreover, reliability also refers to the appropriate kind of sample selection. Nevertheless, the reliability of the study is generally emphasis on the researcher regarding the way collected theory, how he illustrates the completed researches. Moreover, reliability also requires researcher to show the ability to show the critical thinking.

Nevertheless, researcher should also remember the fact that respondents would also see questions personally. Furthermore, the respondents must be aware of the purpose of the research and the research must be undertaken with their consent. Moreover, all the respondents should be informed about the purpose of the research and how the outcome of the research will be utilized. Respondents' identity must always be protected and the identity can affect neither the result nor the attitude from the principal (Silverman 2001, 33). However, during interviews various errors may occur in several ways e.g. misunderstanding or misjudgment between interviewer and interviewee or in question forming and biasness etc. (Adams & all 2007, 148).

The theory used in the thesis has been explained with the sources. Moreover, the information and data has been extracted through various sources e.g. books, e-journals, and the internet. Moreover, the sample i.e. car wash owners was selected carefully keeping in view the purpose of the study. Furthermore, the researcher proved them his identification and explained the purpose of the research. The interview questions were drafted in a simple manner and the interviewees were free to answer. Therefore, the outcome of the research is very positive i.e. the XYZ hand car wash can be a successful business in Rauma. However, the same results may not ensure success of the business in any other city as the operational cost may be higher in big cities e.g. Turku and Helsinki than Rauma. Therefore, the reliability of this study is only beneficial for start-up business in Rauma.

10 FINDINGS

This chapter explains the findings from the research undertaken for developing a business plan i.e. XYS hand car wash in Finland. There were ten people selected for interviews as sample. Those people were contacted through telephone and in person. However, unfortunately, three people were agreed to conduct the interviews. The researcher explained them the purpose of study and research. Moreover, the interviewees were also being assured of confidentiality. It was also assured that they can receive a copy of research if they like. Furthermore, the interviews were conducted in thematic manner (appendix 2). However, the interviewees did not allow publishing their personal and business detail. Moreover, the data was also collected through observation. The author prepared an observation sheet to collect data at car wash outlet. The findings of the interviews are illustrated below.

Interviewee 1

“I personally do not have hand car wash business experience because I am in auto car wash business which is part of my filling station business”. He further said that he will also say that I am not a kind of person for hand car wash business as I am having this as a support to my main filling station business. You can see I also have car garage here. He replied for the potential of hand car wash business that our economy is better and people have different spending behaviors. So, investor can try but *“I think with hard work, quality and competitive price one can be successful”*. He was very positive about Government support for business. He said that Government support good ideas of business. They can provide support funding. They also advise you about the liquids and material to be used in car wash. However, in terms of factors affecting the business, he was little bit in deep thoughts. He said that there are many factors but the most important factor is Government as they can make any policy which can directly affect the business. He also said that *“small business have less absorbing capacity of big changes”*.

Moreover, he replied that *“opportunity is always there if you work hard and be patient as this is my personal experience”*. Hand car wash is tough work but again I will say *“hard work is the key to successes”*. The main challenge in Finland for the

hand car wash is weather for the washer. However, this can be overcome by proper arrangements e.g. indoor car wash and heating in the premises. He also replied about the strengths that *“this business seems to be of very low cost”*. It also does not have any direct competition which is very good. In terms of weakness he said that *“staffing can be a weakness as it is a physical work and it is difficult to find people in Rauma for hand car wash”*. However, he further said about competition that car wash is not our main business so we do not see our competitors in that way. However, we keep looking their prices for wash and packages as some time customer come only for car wash and also get other products e.g. gas or cigarettes. So, competitors can affect the business in terms of customers as customers can move to other business outlets for many reasons e.g. pricing, quality and atmosphere. He replied, in terms of complaints, that pricing is a big issue but normally customer’s complaint about scratches on the car surface is quite often. Sometime the quality of car wash is also addressed. Moreover, side mirrors and radio antenna also get broken in car wash as it is auto unit so then we compensate them. He also said about the frequency of car wash customers that normally our permanent customers visit us but many random customers also visit quite often. He replied, regarding success of hand car wash business, that it can be successful with hard work and commitment.

Interviewee 2

“I have not seen much hand car wash business in Finland but I will say overall business environment in Finland is good”. But let me tell you one thing that the Government of Finland supports entrepreneur by all means. However, he also said that *“the potential of hand car wash is good because there is no quality in auto car wash”*. He replied, regarding the factors affecting the business, that there can be many factors which affect the business. Hand car wash business can be very successful, at least, in Rauma because it is a small town and people want quality with good price. I believe there is *“great opportunity for this business”*. Regarding question about challenges, he replied, that only physical work is challenge in hand car wash business and this can be overcome by employing people.

However, regarding strengths of hand car wash, he said that you develop social contacts, as you communicate with customers, which can enhance your business. The

weakness could be that turnover as one person cannot wash cars for eight hours daily. Finland is open market for business so I keenly observe my competitors. I see their prices, strategy and growth. They can affect the business in various contexts e.g. opening up business near my premises, reducing prices, attracting customers etc. My car wash is auto so generally we receive complaints about quality and prices. However, now a days, customers are very clever as they go one service to other service for cheap and better option but I think hand car wash service in Rauma can be successful.

Interviewee 3

Generally, Finnish business environment is fairly good as compare to other Scandinavian countries. The local council of Rauma can give the guidance about starting up business. He replied, regarding the potential of hand car business, that I am sure *“this business can be successful by a foreigner particularly”*. He further replied in a probing question, regarding reason for foreigner success, that *“I have seen foreigners working hard and for long hours”*. However, regarding factors affecting business, he replied that dishonesty and lack of Finnish language can affect the business.

The hand car wash business in Rauma has the potential of growth. There are well off people with expansive cars, foreigners working at Olkiloutu and the common middle class people. So, some people want quality, some prefer price and many prefer both. SO, yes, it has the potential. He replied regarding challenges that the challenge can be the language barrier which can be overcome either by learning language or hiring local person. However, he described that less risk is the strength for this business as the investor does not need to worry about big loss. Moreover, he highlighted physical work as a weakness if the entrepreneur has to work at its own.

He replied regarding the competitors that always keep an eye on your competitors as this is one kind of pro-active approach to remain market leader. I always see their weaknesses and strengths. He further replied, regarding competitors affects, that the can affect the business more than Government and the customers as they are 24 hours in the market. Answering a question regarding customer complaints he said that quality is big issue as auto unit cannot hidden parts of the car and it also leaves

scratches on the car body. Therefore, many customers are not frequent visitors for car wash. However, he replied regarding the success of hand car wash that it has the potential off success.

Findings through observation

The observation was regarding the customers for car wash. Therefore, the researcher took the opportunity to stay at auto car wash stations at Rauma to observe the customers. Therefore, a detailed observation sheet (appendix 3) was prepared to note down the actions of the customers before and after car wash. There were total ten customers were observed. The reason behind observing low number of customers was the time as the observation takes longer time and the researcher had the time restraints. Moreover, the observation was completed over Saturday and Sunday in the month of July 2015.

The first customer came to car wash and paid money for auto car wash. The customer, then, went out to her car. She first took off the radio antenna and closed the side mirrors. Then she drove the car to the wash bay. It took approximately 10 minutes for the wash and she drove the car out of bay. However, she parked the car in the parking area. She went again to the shop inside and bought cleaning cloth as she did not have in the car. She dried the front screen, back screen and door glasses. She wanted to dry whole the car as she took the round of the car. However, she did not do and drove away.

Furthermore, the second customer was with the brand new car. He also paid the money for the car wash. However, he put some cloth sheets on the car front lights in order to avoid scratches on the lights. Furthermore, after the car wash, the customer took out the foot mats and took token for car vacuum. The customer started vacuuming with very neat and clean suit which was very uncomfortable for him to do. So, he did not vacuum and dry the car from outside and drove way.

Furthermore, the third customer also paid the money for the car wash. However, he was waiting in the queue as it was busy time. Therefore, he closed the side mirrors however he forgot to take off radio antenna. He came out after the car wash and an-

tenna was damaged because of auto wash. Moreover, he himself dried the car from outside and the door panels. Furthermore, he also did vacuuming after paying money. However, the important thing was that he cleaned the tyres rims by taking off wheel cups. So his hands became dirty.

Moreover, another customer paid money for the car wash and vacuum cleaning. So, he started vacuuming before the car wash. He took out foot mats and baby seat out of the car. He completed vacuuming inside that car and started to vacuum car boot. However, the vacuum cleaner stopped as it was for specific time so customer again paid extra money and completed car boot cleaning. Moreover, after that car wash, the customer dried the car himself which took his 10–15 minutes. However, one of the customer had arguments with the car wash staff as he paid for the full wash but the car was not cleaned properly from underneath and the tyre rims. The staff did not handled the complaint in a professional way as they said this is not our fault so customer went away dissatisfied and angry. Moreover, there were five customers who just had the car wash in a usual manner while paying off the money and went away.

11 DATA ANALYSIS

The received findings were classified and categorized by using the themes i.e. Business environment, SWOT and Micro level analysis. Moreover, the analysis was done by using the PESTEL analysis, SWOT analysis, and Porter's five forces analysis.

Business environment (PESTEL analysis) for XYZ hand car wash

The business environment analysis plays a critical role in establishing new business either in domestic or international market. However, regarding XYZ hand car wash, the collected findings show that the Finnish economy is fairly in a stable position. Morrison (2002, 23-24) stated that the economic environment can bring either opportunities or hinder the investment situation. Therefore, the “economic factor” of PESTEL analysis was considered here to see the economy of Finland. Furthermore, the findings show that the Government and local councils fully support the new en-

trants as the website of invest in Finland (2015) states that the Government is business friendly, and the country has a developed infrastructure, a skilled workforce and competitive operating costs. Red tape is minimal and Finland is one of the least corrupt countries in the world according to Transparency international.

Porter's five forces analysis for XYZ hand car wash

Threat of new entrants

Porter (2004, 7-17) states that the extent of this threat is dependent on the barriers to entry. If the barriers are numerous, the threat of new entrants is low. Therefore threat of the new entrants is high in general as the Finnish market is an open market and there are no specific barriers for car wash in Finland. However, realistically, the threat of new entrants in Rauma is low because of the physical work involved in hand car wash business. Therefore, the collected data shows that existing car wash owners are not interested in the hand car wash service.

Bargaining power of buyers

The bargaining power of the buyers is very visible in the data collected as they switch over from one car wash to the other. However, in the case of XYZ hand car wash, there seems to be no bargaining for the service provided as XYZ hand car wash will be providing car wash at the lowest price as compare to auto car wash providers (detail in business plan). Porter (2004, 25-26) states that especially two buyer groups would be the strongest positions in playing the producers against one and other. However, there is no direct hand car wash competition for XYZ hand car wash in Rauma. Therefore, the buyers will not have the opportunity to bargain or manipulate.

Threat of substitutes

Threat of substitute is not high as the hand car wash service is the lowest level of service in car wash industry. There are only auto car wash services in Rauma and there is no hand car wash service there. However, there is a possibility of people washing cars at home until the time a new hand car wash service is started in Rauma. Nevertheless, there is less probability of every car owner washing car at home. Therefore, there is no direct threat of substitute for XYZ hand car wash.

Bargaining power of suppliers

Any organization needs raw materials and this creates buyer-seller relationship between the market and the suppliers. The distribution of power within such relationships varies, but if it lies with the supplier then they can use this influence to dictate prices and availability (Porter 2004, 27-29). However, in the case of XYZ hand car wash the bargaining power of suppliers does not even exist. The reason behind this is that hand car wash does not need any specific machinery and liquids which are hardly available in the market. On the other hand, the machinery and liquids are easily available at various outlets.

Competitive rivalry

The rivalry level of hand car wash at Rauma is not existing. XYZ hand car wash will be the only hand car wash at Rauma. The data collected shows that there are only auto car washes at Rauma. Moreover, these auto car washes are not the main business. These are the part of filling stations. However, the new entrants of hand car wash in the future can be the rival of XYZ hand car wash.

SWOT analysis for XYZ hand car wash

Strengths	Weaknesses
<ul style="list-style-type: none"> • Low investment • Low risk • People skills • Commitment 	<ul style="list-style-type: none"> • Language challenges • Staff availability
Opportunities	Threats
<ul style="list-style-type: none"> • Major share of market • Enhancement of business • Government funding support 	<ul style="list-style-type: none"> • Extreme weather • New entrants

Figure 7: SWOT analysis for XYZ hand car wash

The above figure shows the SWOT analysis for XYZ hand car wash. The SWOT analysis was carried out on the basis of the research undertaken for the said purpose. Strengths and weaknesses are the intrinsic values (website of cipd 2015) so in the case of XYZ hand car wash the internal value in terms of strengths are low investment and low risk. It is the advantage for XYZ hand car wash the low investment is required to start the operation. Furthermore, the risk of loss is minimal as compared to the investment. Therefore, if the entrepreneur faces the loss proportionate to the investment then the entrepreneur will absorb the loss comfortably.

Moreover, the opportunities seem to be high for XYZ hand car wash which was evident through collected data. The data shows that the hand car wash business can have major share of market as it can produce quality service with low cost. Therefore, the strengths of XYZ hand car wash can have direct impact on business turn over. Moreover, considering the low cost as an opportunity, firms may also give the free hand car wash service as a gift to their employees on Christmas, New Year or any other event. However, considering the weaknesses of XYZ hand car wash i.e. language barrier and staff availability, it seems at this stage fairly challenging. Nevertheless, these challenges can be overcome by simple and straightforward strategy by learning

Finnish language and hiring Fluent Finnish speaking staff. Furthermore, the collected data reveals that the threat of new entrants always remains in place as the Finnish market is an open market. However, there are bleak chances of hand car wash competitors in Rauma as the hard physical work is the challenge for the investor. However, if the new entrants hire staff for hand car wash then the price will go high which can reduce the possibility of having competitive advantage.

12 RESULTS

Business environment, on the basis of research findings, in Finland is stable and supportive. Three of the business owners endorsed the fact that Finnish Government supports the new business. Furthermore, the potential of hand car wash business is very high as customers need good quality wash with low price. Moreover, the inconvenience and dissatisfaction of customers from auto car wash is an important factor to attract reasonable share of market.

Furthermore, the hand car wash business carries various strengths e.g. low investment and low skills which will make XYZ hand car business a competitive business along with quality of service. However, there is an important weakness also in hand car wash e.g. language as a foreign investor. Moreover, at present, there is not direct competition of hand car wash in Rauma as there are only auto car wash businesses in Rauma. However, the possibility of new entrants in the future cannot be ruled out. Nevertheless, the findings of the research show that, the competitors observe the strategy, strengths and weaknesses of each other. Therefore, at the time of new entrants in hand car wash business, the probability of competitor's analysis will be imperative and helpful. Furthermore, competitors can affect the business through price change and product selection in car wash.

The complaints of the customers in auto car wash are on regular basis. Most of the time, customers complained about scratches on the car surface and damage of few external items on the car e.g. radio antenna and side mirrors. Furthermore, the cus-

tomers are not happy even after paying high cost of car wash as they clean and dry the car after wash. Moreover, customers pay extra money for vacuum cleaning. However, the research data shows that loyalty is not seen amongst the customers. This is because of that fact that there is no human involved in car wash and customers are not either welcomed before or thanked after the wash. Hence, the success of hand car wash business is very high in Rauma because customers prefer high quality car wash with reasonable price.

13 BUSINESS PLAN FOR XYZ HAND CAR WASH

Business plan for XYZ hand car wash can be found as appendix 4

14 CONCLUSION

The basic purpose of this study was to find out the prospectus of establishing a hand car wash business in Finland. Therefore, this thesis explored the business environment and industry environment with practical research to understand developing a hand car wash business in Finland. However, a business plan was necessary for developing a business in real. Therefore, the main objective of the study was to develop a business plan for XYZ hand car wash which eventually could help the author to establish the hand car wash business in Finland. Moreover, the qualitative research method was chosen for the research. Moreover, semi structured interviews were conducted to collect data. Moreover, a thematic interview questions were prepared encompassing mainly three areas e.g. business environment, SWOT and micro analysis. Primarily, the sample was consisted of ten car wash owners. However, three of them were available for the interviews. Moreover, the data was also collected through observation. The author prepared an observation chart comprising of two aspects i.e. customer's actions before and after car wash.

The result of the research proved that Finnish market is suitable for establishing hand car wash business. This was of the fact that Finnish Government and local councils

support new investors. However, it was also revealed through interviews that physical work and the weather can be a challenge for this business but the strength can be low investment and low risk. Moreover, the existing competitors are auto car wash providers which are the byproduct of the main business i.e. gas filling stations. Nevertheless, there is no direct competition of hand car wash in Rauma. Furthermore, the observation data and the interviewees' answers strengthen the point of customer dissatisfaction for auto car wash. The customer has to partly clean the car even after paying high price of auto car wash. Therefore, the prospectus of the establishing hand car wash business in Rauma is viable.

However, as stated earlier that the main objective of the study was to develop a business plan for XYZ hand car wash business. Therefore, a comprehensive business plan has been drafted. The business model of XYZ hand car wash will focus on quality and low cost i.e. value proposition. Moreover, initially, there will be only one person managing all activities considering the cost factor.

The business plan requires €1100 for starting up which is very nominal amount. However, the entrepreneur has own capital €13170 which is more than sufficient to survive approximately six months even without zero% turnover. Nevertheless, the breakeven point is achieved in the first month of starting business where net income is € 70, 66. Moreover, it further increased in the rest of months. Moreover, the projected sales scenario is also very positive and consistent. However, the positive aspect of this low investment business is the low operating and fix expenditure. However, it is important to note that the cash flow i.e. € 28910 of the business is very positive at the end of the year 2016. This shows that the business will have enough cash to meet its expenses.

Moreover, market analysis through Porter's five forces model revealed that there is no direct competition for XYZ hand car wash in Rauma. Moreover, the cost of hand car wash is very low as the existing to car wash service provider cannot become substitute of hand car wash. Furthermore, suppliers and buyers cannot manipulate the XYZ hand car wash business as this business only needs washing material which is widely available and the cost of car wash is very low. Furthermore, the business plan also briefly illustrates the three competitors in Rauma. Moreover, the startup will be

in January 2016. SWOT analysis of XYZ hand car wash shows that business can be successful as the strengths are mainly low investment and less risk. However, being a foreigner, language barrier can be a risk.

Hence, the research results and the business plan findings recommend that hand car wash business will be successful in Rauma.

However, the thesis work was not an easy task. The author started the thesis in May 2105 and it was almost impossible to complete the thesis in September 2015. However, the supervisor guided at every step of the thesis to proceed further. She has made it possible to complete thesis in this time. Moreover, it was very challenging to collect the data for the research as the author did not have personal contacts and also unaware of the market behaviour. However, the author succeeded to conduct research for the thesis.

15 SUGGESTIONS FOR THE FUTURE RESEARCH

This thesis has focused on developing a business plan for hand car wash business in Finland. However, this research covers only a small town of Rauma in Finland. Therefore, it is suggested that a comprehensive research should be undertaken at country level to see the potential of the hand car wash business. Moreover, the people resourcing and management factor should also be considered for the future research as it is difficult to find people for the hard physical job in Finland.

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APPENDIX 1

Dear Sir/Madam,

I study at Satakunta University of Applied Sciences Rauma. I am doing Master's in Business Management and Entrepreneurship. I am writing my Master's Thesis about developing a business plan for a hand car wash. As proceeding with the thesis I have found a challenge in finding information about business environment, competitors' analysis and SWOT of a car wash industry. Therefore I would like to arrange an interview with you. I would be grateful if you can please give a suitable time for the interview.

Your answer will be dealt with confidentiality and used only for this Master's thesis. Moreover, thesis of the copy can also be provided to you if required.

Best regards,

Zia H Chaudhry

Student I.D: 1200105

APPENDIX 2

Questions for the interviews

Business environment

How do you see the business environment for the hand car wash business?

How do you see the potential of hand car wash in Finland?

How well the Government and the local council support business?

Which factors can affect the business?

SWOT

What can be the opportunities for hand car wash?

What can be the challenges for hand car wash business?

How these challenges can be handled?

What strengths you see in hand car wash business?

What weaknesses you see in hand car wash business?

Micro analysis:

How do you see you competitors?

How competitors can affect the business?

What kind of complaints you receive from the customers?

How often regular customers get car wash?

What is the possibility of success in hand car wash business?

APPENDIX 3

Observation Sheet for car wash customers

Date	
Place	
Customer No	
Actions before car wash	Actions after car wash

APPENDIX 4

1 BUSINESS PLAN FOR XYZ HAND CAR WASH

1.1 Executive summary

The XYZ hand car wash will provide hand car wash service in Rauma. The operation of XYZ hand car wash will be on January 2nd, 2016. XYZ hand car wash vision is to be a premium quality car wash service for the residents and business owners in Rauma. Moreover, the mission of, the XYZ hand car wash will diversify its business area to introduce door step, home service in future. The car wash will, initially, run by the entrepreneur to keep the cost low. However, XYZ hand car wash start-up cost will be €1100 which will include machinery and license. Nevertheless, €13170 will be owner's equity at the time of starting business so that €2195 per month for six months fixed cost can be covered in the case of zero sales turn over. Therefore, the XYZ hand car wash does not need loan or external investor.

XYZ hand car wash is foreseeing projected sales, from January 2016 to March 2016, up to €2520 per month. This will enable the business to reach breakeven point. However, the sales for the first month will be the same i.e. €2520 but the additional cost will incur. Therefore, the net income is showing loss. Moreover, the sales will be increased to €3600 from April 2016 to June 2016 which will eventually increase the net income. Furthermore, from July 2016 to December 2016, the sales has increased but remain constant i.e. €3960.

1.2 XYZ hand car wash idea

Finland is a developed country. The author came to Finland for studies. However, during staying in Finland, the author observed that there is no hand car wash with low prices in Finland. There are only auto car wash services in Finland which are not the main businesses as they are the side business of filling stations. Moreover, author

also wanted to develop the business in Finland, after the studies, with low cost and high prospects of success. Therefore, car wash industry was observed in Finland which provide services with high prices and the customers' dissatisfaction is high. Therefore, the idea of hand car wash came into author's mind to start business with the low investment to provide high quality service at low prices.

1.3 Management summary

XYZ hand car wash is a very small business. Initially it will be managed by one person. Mr. Zia Chaudhry is the sole owner and manager of XYZ hand car wash. In addition, he will be helped by part time employees if needed. However, the financial matters e.g. book keeping and taxation will be managed through accountancy firm.

1.4 Competitive advantage

The owner will build valuable relations with the local business community and hopes that this will create loyal customers. In addition, the owner's experience as an operations manager has been valuable in keeping overhead expenses as low as possible, and this will be an advantage when creating special offers and discounts for customers. However, the significant factor is hand car wash. The hand car wash service will be provided with care to reach the highest level of customers' satisfaction. The best material will be used to wash the cars in order to avoid any damage to the cars and to ensure the quality of hand car wash. It will be ensured that customers themselves need not to do anything after the car wash. Therefore, the low price and the quality hand car wash will give competitive advantage to XYZ hand car wash over its competitors.

1.5 Vision

XYZ hand car wash vision is to be a premium quality car wash service for the residents and business owners in Rauma. The entrepreneur will strive to keep employees loyal and in high spirits to ensure customer satisfaction. The XYZ hand car wash

will diversify its business area to introduce home service car wash in future. Moreover, also in the future, a branch of XYZ hand car wash business will be established in Turku or Helsinki. Furthermore, XYZ hand car wash will also become sole franchiser of hand car wash in next ten years in Finland.

1.6 Mission

The XYZ hand car wash will provide quality hand car wash service to its customers and will also generate the profit. The business will ensure the cost effective and quality hand car wash service to achieve the customers' loyalty and satisfaction. Moreover, XYZ hand car wash aims at creating jobs to play its part in Finnish economy.

1.7 How business model work

XYZ hand car wash business model will work in a simple and straight forward manner. It is a low cost hand car wash service. The customer will be served with good quality hand car wash and hand dry after the wash. Moreover, customers will be provided free vacuum cleaning. The focus will be on customer satisfaction which in return will pave the way for business turnover and profit increase as the satisfied customer will, through word of mouth, market our business to others.

1.8 Value proposition

The purpose of the value proposition is to describe the value we are offering to the customers and which needs are satisfied (Osterwalder & Pigneur 2010, 22-25). XYZ hand car wash business idea and model is very simple in operation as it does not require big machinery and manpower. So, we will focus on pricing and quality service. Moreover, we will keep minimum operating cost so that we can be the market leader in car wash industry in Rauma. Therefore, the key value proposition of XYZ hand car wash will be the low prices, free vacuum cleaning and quality work and customer satisfaction.

1.9 Target market

The initial target market for the XYZ hand car wash will be residents and companies of Rauma city in Finland. The reason behind choosing this target market is the fact that the entrepreneur has been living in Rauma since last two years. Therefore, this market is very well known and explored by the entrepreneur. Moreover, there are large numbers of foreigners who also, work at Olkilouto nuclear power plant, lives in Rauma who can also be a major part of our target market.

1.10 Marketing plan

Marketing plan is an important element for any business. Rauma, although, is a small town of approximately 40000 residents out of total Finnish population i.e. 5483533. However, an aggressive marketing plan will be adopted to launch and execute XYZ hand car wash. Therefore, the marketing mix tools will be adopted for the XYZ hand carwash plan. As marketing mix provide feasible combinations of variables to form a realistic approach to meet the objectives (Sherlekar, Parsad.and Victor 2010, 29).

Product mix

The XYZ hand car wash will have smaller product mix. The table below shows the product mix.

Table 1. Product mix of XYZ hand car wash

XYZ Hand Car Wash Products
Car wash
Car polishing
Vacuuming

The above table shows the products which XYZ hand car wash will offer. The main product is car wash. However, car polishing will also be offered. Moreover, the vacuuming will be free of cost for the customers.

Price mix

XYZ hand car wash prices will be lower than the auto car wash competitors. These prices are mentioned in the table below.

Table 2. Price of XYZ hand car wash services

Services	Prices
Car wash	15.00 €
Car Polishing	10.00 €
Vacuuming	Free

The above table shows the prices for the services offered by XYZ hand car wash. It is important to know that vacuuming is free of charge. However, the price for the car wash is 15.00 € and the car polishing is of 10.00 €

1.11 Key resources and activities

The XYZ hand car wash business requires low investment. Moreover it does not require vast resources to operate the business. However, our key resources will be professional cleaner, cleaning bay (building) at best location, cleaning equipment and marketing strategy. However, initially, entrepreneur will be the only employee to manage the business. Furthermore, with the business growth, part time employees can be hired on the basis of as and when needed. Moreover, the activities will be car cleaning with hands and free vacuuming. The hand car wash is the core activity. However, the other activities will be to ensure the satisfaction of the customers and enhancement of business through marketing and quality service.

2 FINANCIAL ANALYSIS

XYZ hand car wash is a new start-up business. This is a very low investment business with low risk and expenditures. However, it is very important to analyze the financial aspects of the business.

2.1 Breakeven analysis

The income statement (Appendix 6) shows that XYZ hand car wash is a very low expenditure business. The breakeven point is reached in January 2016 where net income is €70, 66. This shows the company has achieved breakeven point just within the start of the business in first month. Moreover, the breakeven point has been achieved only for seven car washes a day at 15.00 € each car and 42 car washes a week and eventually 168 car washes a month. This car wash monthly projection is very normal in car wash industry. However, on the other hand, fixed and variable cost is also very low which has enabled the company to reach breakeven point steadily.

2.2 Sales scenarios and projections

The profit and loss statement (appendix 6) of XYZ hand car wash shows one year i.e. 2016 sales projection. The sales projection has been shown on the basis of only car wash. The price of the car wash is €15 per car and the working days are 6 days a week from Monday to Saturday. Six days per week is very hard work. However, Saturday is easy for the people to get car washed as it is a day off from the job so it can be convenient for the customers to get their car washed.

Table 3. Projected car wash on daily, weekly and monthly basis

Jan – March			
	No of cars	Price	Total
Daily	7	€15	€105
Weekly	42	€15	€630
Monthly	168	€15	€2520
Apr – June			
Daily	10	€15	€150
Weekly	60	€15	€900
Monthly	240	€15	€3600
July – Dec			
Daily	11	€15	€165
Weekly	66	€15	€990
Monthly	264	€15	€3960

The above table shows that, from January to March 2016, 7 cars per day will be washed which can generate up to €2520 per month. This will enable the business to reach breakeven point in the first month. However, the sales for the first month will be the same i.e. €2520 but the additional cost will incur. Moreover, the sales will be increased to €3600 from April to June 2016 with 10 cars wash per day which will eventually increase the net income. Furthermore, from July to December 2016, the sales has increased but remain constant i.e. €3960 with 11 cars wash per day. However, one car approximately takes 15-20 minutes for basic car washes. So, 3 cars can be washed in one hour and maximum 21 cars can be washed by one person in 7 hours a day. However, car wash with polishing may take approximately 30 minutes so in that case one person can do maximum 14 cars in 7 hours a day. The detailed profit and loss statement (appendix 6) shows the detail of per month and annual sales.

2.3 Operating cost

Operating cost for XYZ hand car wash is very low. The overall cost for the first month is high as advertisement and some washing equipment will be purchased.

However, during the remaining whole year, the cost is same which is very low in terms of operations. The washing liquid is very cheap to buy from local market. Rent is €300 which is very cheap and suitable for startup business. However, the utilities cost, €300, is little over projected but it is to keep the business projection safe and practical. So, the operational cost is considered on the basis of necessity which means that cost can be reduced or increased with the emerging needs of the business. Therefore, the increase in sales can yield a big profit in the present projection of costs for year 2016. The detailed analysis of sales and costs is illustrated in profit and loss statement (appendix 6).

2.4 Funding requirement

XYZ hand car wash is a low funded business. It will be started from €2195. However, the required funding is approximately €1100 which includes the machinery cost of €1000 and the license cost of €100. This business does not need huge funding and investment from others or loans as the owner will arrange himself. Moreover, there is no liability for this business. The startup funding detail is shown below.

Table 4. Source and amount of funding for XYZ hand car wash

Source of funding	Amount %	Total
Owner's equity	100%	€ 13170
Investors	0	0
Loans	0	0
Total funding	100%	€ 13170

The above table shows the source of funding available for the XYZ hand car wash. The Owner's equity is € 13170. This funding is sufficient to sustain the business for at least six months without any sales turnover.

2.5 Profit & loss statement

The profit & loss statement of XYZ hand car wash shows the one year income projection. The price for car wash is € 15 per car and the profit & loss statement was

generated on the basis of car wash price. Therefore the summary of the profit and loss statement is on next page.

Table 5. Summary of profit & loss statement of XYZ hand car wash year 2016

Description	Year 1
Total sales	€ 42120,00
Total costs	€ 25880,00
Gross income	€ 16240,00
Taxes (20%)	€ 3248,04
Net profit & loss	€ 12991,96

The above figure illustrates the total sales and costs of XYZ hand car wash for the year 2016. Moreover, it also shows the total net income generated in the year 2016. However, the detailed profit & loss statement can be seen in appendix 6.

2.6 Cash flow

The cash flow statement of XYZ hand car wash shows that how much money is coming in and going out in a month for the year 2016. The initial required funds for investment are € 13170. However, cost of startup is € 1100 which includes machinery of € 1000 and € 100 license fee. Therefore, the cash beginning in the month of January 2016 is € 12070. The total money goes out of the account in the month of January is € 2290. Therefore, the bank amount at the end of the month is € 12300 after all the expenses being paid out. However, the money paid out from February to December is € 2090 because the advertising was paid for once in January. However, this activity of money coming in and expenses going out covers whole year. Therefore, the bank amount in the beginning of the month of December is € 27040 and the money in the bank at the end of December is € 28910. The cash flow is positive which means that the XYZ hand car wash will not run out of cash at any stage to meet its costs. However, detailed cash flow statement is shown in the appendix 7.

2.7 Balance sheet

The balance sheet of the XYZ hand car wash shows the assets and the liabilities at the beginning of the year 2016.

Opening Balance Sheet at 1st day of year 2016

Assets		Liabilities	
Equipment	€ 1000	Owner's equity	€ 13170
License	€ 100		
Bank(6 months fixed cost)	€ 12070		
Total assets	€ 13170	Total liabilities	€ 13170

The opening balance sheet is simple as there are not many assets and liabilities of XYZ hand car wash. Total assets are € 13170. However, the bank includes 6 months fixed cost i.e. € 12070 mentioned also in profit & loss statement (appendix 6). Moreover, there is no initial liability e.g. loans for XYZ hand car wash. However, the owner's equity is shown in liabilities i.e. € 13170. Therefore, the total assets i.e. € 13170 are equal to total liabilities i.e. € 13170.

Moreover, the ending balance sheet also reflects the assets and liabilities of XYZ hand car wash at the end of the year 2016.

Ending balance sheet at the last day of year 2016

Assets		Liabilities	
Equipment	€ 500	Owner's equity	€ 29410
Bank	€ 28910		
Total assets	€ 29410	Total liabilities	€ 29410

The ending balance sheet shows that equipment value is € 500 which was initially of € 1000 (see in opening balance sheet). The difference in the equipment value is be-

cause of depreciation i.e. decreasing in the value of assets. Therefore, the depreciation was calculated by the formula as below:

Cost of equipment - 50% of equipment value

€ 1000 - € 500 = € 500 for a year.

However, in the profit & loss account depreciation is shown € 41,67 on monthly basis (profit & loss appendix 6). Moreover, the bank in the ending balance sheet shows € 28910 which can be also seen in cash flow statement appendix 6. Furthermore, the owner's equity on liability side is € 29410 which equates with the assets.

3 EXTERNAL ENVIRONMENT

Finland is an advanced industrial economy with a thriving private sector and a business environment that is highly conducive to foreign direct investment (FDI). The government is business friendly, and the country has a developed infrastructure, a skilled workforce and competitive operating costs. Red tape is minimal and Finland is one of the least corrupt countries in the world according to Transparency international. Foreign owned companies can benefit from government investment incentives. Foreign investment in Finland is welcomed as a boost to the dynamism of the economy. As one of the most competitive and open economies in the world, Finland has a great deal to offer foreign investors (Website of Invest in Finland 2015). American magazine, Newsweek ranked Finland as the world's best country on the basis of criteria emphasizing the environment, education and quality of life. Finland has a highly industrialized, free-market economy with a per capita output equal to that of other western economies such as France, Germany, UK or the Sweden. The largest sector of the economy is services (57.1%), followed by manufacturing and refining (40.3%). In 2010 the Finnish economy recovered from the 2009 financial crises better than most forecasts predicted, and showed a broad based growth of 3.1% and unemployment rate 7.78 %. However, exports in Finland contribute over 38% of GDP (Website of Globaledge 2015).

Table 6. GDP and unemployment of Finland (Website of Globaledge 2015)

GDP (€) (2014)	GDP per capita (€) (2014)	Unemployment rate (2014)
194,5 billion	35928	8.7%

Moreover, corporation tax, i.e. 24.5%, is uniform for all types of corporate income and general value added tax rate is 24% (website of Invest in Finland 2015).

Economic growth is projected to resume in 2015 after three years of contraction. Nevertheless, sluggish incomes and high unemployment will continue to weigh on private consumption and remaining spare capacity will delay investments. A pick-up in exports on the back of the global economic recovery and the weaker euro should progressively spill over to the domestic economy. Business investment is expected to recover slowly, as demand picks up and capacity utilization rises. Slow income growth, high unemployment and uncertainty hold back residential investment despite low borrowing costs. Public investment has been steadily growing since 2010 and will rise further in 2015, but is then set to weaken as fiscal constraints tighten (website of oecd.org 2015)

However, Rauma is a small town comprising of 5483533 people (website of vrk.fi 2015). Rauma Chamber of Commerce operates independently in the Rauma region. It represents a business voice for local enterprises and holds a strong and active position in the local business fields. Our mission is to promote and support the business community in the economic region of Rauma. Rauma Chamber of Commerce is a network of 450 companies throughout the Rauma region (website of onec.fi 2015).

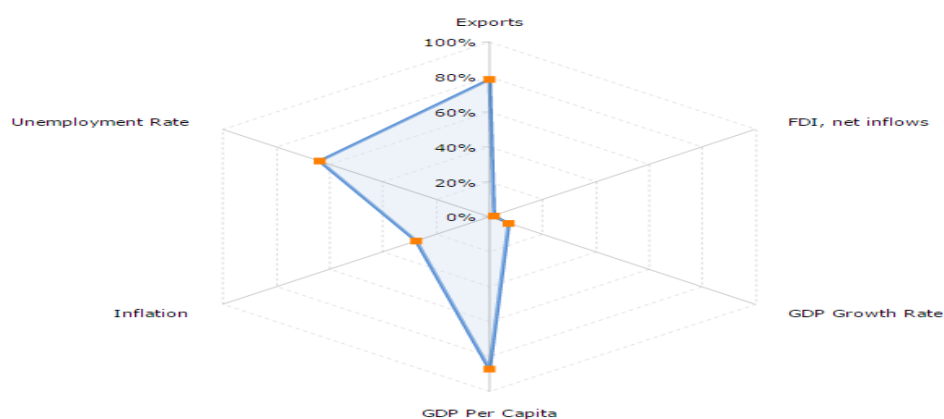


Figure 1. Snapshot of Finnish economy (website of globaledge 2015)

The above figure shows that Finland's Exports rank is higher than 78.69% of the countries in the dataset. For exports, FDI and GDP measures, a higher rank (closer to 100%) indicate a stronger economy. Conversely, for unemployment and inflation a lower rank (closer to 0%) indicates a stronger economy (website of globaledge 2015).

4 MARKET ANALYSIS

The basic purpose of market analysis is to gather information to understand the operating environment and its influencing factors going forward. Finland stands at no 11 in world ranking of ease of doing business (website of World Bank 2015). Moreover, Finland is least corrupt country in the world and country risk rating is A2 (Website of Invest in Finland 2015)

However, analyzing market more deeply is done with the Porter's five forces framework. Like Kotler and Keller states Michael porter has identified five forces that determine long run attractiveness of a market (Kotler & Keller 2006, 380).

4.1 Industry competitors

There are many car wash service providers in Rauma. However, all of them are either auto car wash or self-service car wash. None of the car wash service provider is offering hand car wash service in Rauma. Therefore, the probability of direct competitors' rivalry is minimal. However, it cannot be ruled out in the future as the individual member countries of EU may have adverse impact on other economies e.g. Greece. So, in that case, people may become unemployed and the industry rivals can avail easy work force to initiate the hand car wash business too.

4.2 Potential entrants

The new entrants always take a chance in any kind of economy. XYZ hand car wash itself is a new entrant in Rauma. However, XYZ hand car wash does not see any other similar business entrant in Rauma particularly from Finnish investor as hand car wash is a very hard working job and the low price offering does not motivate any Finnish person to take a risk. Contrary to this argument, the foreigners living as immigrants in Rauma can be a potential threat which will be coped up with quality.

4.3 Substitute product

Car wash, only, in any form can be substitute product. However, in hand car wash case, the only substitute can be home service where people start washing cars at their homes. However, that seems impossible at a macro level in Rauma. There are large numbers of people who live in multi-story buildings where there is no water facility available in car parking. Furthermore, the aged people will prefer to get their car washed at lower price with better quality instead of washing at home. Moreover, the well-off people with luxury cars will also prefer to have hand car wash service with good quality and reasonable price.

4.4 Supplier's power

Supplier power plays an important role in many cases e.g. pricing, demand and supply of materials etc. XYZ hand car wash business will not have any supplier manipulation as the car wash material is widely available in open market at different prices. Furthermore, in hand car wash business, there is not requirement of any advance technology or unit which can force the entrepreneur to follow the supplier terms of business which in turn can have detrimental effects on pricing, quality and long term sustainability.

4.5 Buyer's power

The potential customers of XYZ hand car wash are car owners living in Rauma. It is evident that buyer always try to manipulate the business though price negotiation, switching over to other rivals and through gaps of visiting same car wash outlets. Since auto car wash outlets in Rauma are of key chain filling stations so the prices are different. However, in XYZ hand car wash case, price will be lower than the existing auto car wash providers. Moreover, the quality will be high standards with free vacuuming. So, there will be minimum possibility of buyer manipulating the business strategy and turnover.

4.6 Competitors analysis

There are three main auto car wash service providers in Rauma. There competitors are mentioned below:

Table 7. Competitors' analysis

Car wash providers	Ordinary wash	Full wash
ABC	€16,00	€36,00
NESTE OIL	€17,50	€34,90
ST1 RAUMA	€19.90	€34,90

The above table shows the price comparison that full service price is above €30 which is very high. The vacuum cleaning is not included in the price. Therefore, customer has to pay extra €4 euros for vacuum cleaning. So, the total price for full wash with vacuum cleaning is approximately €40.

5 KEY TRENDS

The people in Rauma have almost the same line of thinking or trends like other people in Finland. They want quality of car wash. However, they also like to have car drying after car wash which is being done in auto car wash but it does not satisfy the customers. The customers usually dry various parts of the car e.g. wind screen, windows, bumpers and tyre rims themselves even after auto dry. Moreover, customers also like to have the hidden parts of the car e.g. door panels, car boot form inside, mud guards and engine cleaned in either same or reasonable price which is not available in auto car wash. Furthermore, customers prefer scratch free car wash which is impossible in auto car wash as the auto car wash unit leave scratches on car surface. Therefore, the customers prefer to have a car wash with minimum damage to their car. All the above mentioned trends can be easily addressed with hand car wash. However, the car wash industry trends, particularly, in Rauma are fairly static. The auto car wash is being offered as a byproduct at filling stations. Therefore, the business owners of auto carwash usually do not think outside the box. Eventually, XYZ had car wash business idea has emerged which will have the potential to excel and address all the above stated trends in Rauma auto wash market.

6 MILESTONES

Table 8. Milestones of XYZ hand car wash

Milestones
Complete business plan
Signing rental contract
Premises preparation
website preparation
Flyers distribution
Start of business

The above table shows the milestones for the start of the business. The most important milestone is business plan as this will be the base for the start of the business.

Moreover, acquiring and preparing premises is also important milestone as it is very challenging to acquire ideal location for car wash. However, website and flyer distribution is amongst the milestones too which are very challenging and effective. Moreover, start of business at particular date is very challenging. However, these milestones will be achieved with hard work and dedication.

7 IMPLEMENTATION ROADMAP

XYZ hand car wash is a very low investment business. Therefore, it does not require any investor for the start up. However, in order to achieve the milestones, an implementation roadmap strategy is very important. Hence, a very brief and clear road map has been shown on the next page.

Table 9. Implementation road map of XYZ hand car

Milestones	Start Date
Complete business plan	25.09.2015
Signing rental contract	01.12.2015
Premises preparation	10.12.2105
website preparation	15.12.2015
Flyers distribution	23.12.2015
Start of business	02.01.2016

The above table shows the dates for achieving the milestones. It is almost over three months to achieve all the milestones to start the business. The business plan completion date is 25.09.2015. Therefore, from business plan completion date, the remaining milestones will be completed in the month of December 2015. However, the business will be started on 02.01.2016. Moreover, the sales and marketing will be on individual basis with the focus on achieving loyalty of the customers.

8 RISK ANALYSIS

XYZ hand car wash will be operating in Rauma Finland. Although Finnish economy is good for business but it is important to analyze the risks involved in starting up business in Rauma. Therefore, the best method to analyze the risks and highlight the strengths is SWOT analysis.










Table 10. SWOT analysis of XYZ hand car wash

Strengths	Weaknesses
<ul style="list-style-type: none"> • Low investment • Low risk • People skills • Commitment 	<ul style="list-style-type: none"> • Language challenges • Staff availability
Opportunities	Threats
<ul style="list-style-type: none"> • Major share of market • Enhancement of business • Government funding support 	<ul style="list-style-type: none"> • Extreme weather • New entrants

The above table shows that XYZ hand car carries strength i.e. low investment a low risk particularly. However, language barrier and staff hiring can be a weakness. Moreover, due to low investment and low risk, there are various opportunities for the business e.g. Business may get Government funding if needed, more customers can be attracted which eventually can enhance the prospectus of business. However, the main threat i.e. new entrants can also be seen along with weather in Finland.

APPENDIX 5

Business Model Canvas

<i>Key Partners</i> 	<i>Key Activities</i>  Hand Car Wash Drying The Car Vacuuming <hr/> <i>Key Resources</i>  Professional Cleaner Quality Price	<i>Value Proposition</i>  Good quality Low Cost Free Vacuum Straight Forward	<i>Customer Relationships</i>  Personal Assistance Extra Care Adding Value <hr/> <i>Channels</i>  Direct Customers Companies	<i>Customer Segments</i>  Individual People Company Fleets
<i>Cost Structure</i>  Low prices-Water And Utility- Insurance-Rent-Chemical-Equipment Advertising-Wages	<i>Revenue Streams</i> 			

APPENDIX 7

XYZ hand car wash

Cash flow statement for year 2016

	Month 0	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec
Bank Amount begin		€ 12 070,00	€ 12 300,00	€ 12 730,00	€ 13 160,00	€ 14 670,00	€ 16 180,00	€ 17 690,00	€ 19 560,00	€ 21 430,00	€ 23 300,00	€ 25 170,00	€ 27 040,00
Income Sales													
Net sales cash in		€ 2 520,00	€ 2 520,00	€ 2 520,00	€ 3 600,00	€ 3 600,00	€ 3 600,00	€ 3 960,00	€ 3 960,00	€ 3 960,00	€ 3 960,00	€ 3 960,00	€ 3 960,00
Expenses of goods sold													
Water		€ 100,00	€ 100,00	€ 100,00	€ 100,00	€ 100,00	€ 100,00	€ 100,00	€ 100,00	€ 100,00	€ 100,00	€ 100,00	€ 100,00
Chemicals		€ 70,00	€ 70,00	€ 70,00	€ 70,00	€ 70,00	€ 70,00	€ 70,00	€ 70,00	€ 70,00	€ 70,00	€ 70,00	€ 70,00
Gross Margin cash		€ 2 350,00	€ 2 350,00	€ 2 350,00	€ 3 430,00	€ 3 430,00	€ 3 430,00	€ 3 790,00	€ 3 790,00	€ 3 790,00	€ 3 790,00	€ 3 790,00	€ 3 790,00
Out-going cash													
Advertising		€ 200,00											
Rent		€ 300,00	€ 300,00	€ 300,00	€ 300,00	€ 300,00	€ 300,00	€ 300,00	€ 300,00	€ 300,00	€ 300,00	€ 300,00	€ 300,00
Wages		€ 1 000,00	€ 1 000,00	€ 1 000,00	€ 1 000,00	€ 1 000,00	€ 1 000,00	€ 1 000,00	€ 1 000,00	€ 1 000,00	€ 1 000,00	€ 1 000,00	€ 1 000,00
Telephone		€ 20,00	€ 20,00	€ 20,00	€ 20,00	€ 20,00	€ 20,00	€ 20,00	€ 20,00	€ 20,00	€ 20,00	€ 20,00	€ 20,00
Utilities		€ 300,00	€ 300,00	€ 300,00	€ 300,00	€ 300,00	€ 300,00	€ 300,00	€ 300,00	€ 300,00	€ 300,00	€ 300,00	€ 300,00
Miscellaneous		€ 50,00	€ 50,00	€ 50,00	€ 50,00	€ 50,00	€ 50,00	€ 50,00	€ 50,00	€ 50,00	€ 50,00	€ 50,00	€ 50,00
Insurance		€ 250,00	€ 250,00	€ 250,00	€ 250,00	€ 250,00	€ 250,00	€ 250,00	€ 250,00	€ 250,00	€ 250,00	€ 250,00	€ 250,00
Investements	€ 1 000,00												
Start up costs	€ 100,00												
Total out-going cash		€ 2 120,00	€ 1 920,00	€ 1 920,00	€ 1 920,00	€ 1 920,00	€ 1 920,00	€ 1 920,00	€ 1 920,00	€ 1 920,00	€ 1 920,00	€ 1 920,00	€ 1 920,00
Cash flow		€ 230,00	€ 430,00	€ 430,00	€ 1 510,00	€ 1 510,00	€ 1 510,00	€ 1 870,00	€ 1 870,00	€ 1 870,00	€ 1 870,00	€ 1 870,00	€ 1 870,00
Bank amount end month		€ 12 300,00	€ 12 730,00	€ 13 160,00	€ 14 670,00	€ 16 180,00	€ 17 690,00	€ 19 560,00	€ 21 430,00	€ 23 300,00	€ 25 170,00	€ 27 040,00	€ 28 910,00
Needed Starting funds	€ 13 170,00												

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