Business Planning Process in a New Venture Development

(Step-by-Step Approach)

Master Thesis within Business Administration

Author: Yaw Opoku Gyamfi
Anthony Tontoh

Tutor: Helén Anderson
Rhona Johnsen

Jönköping June, 2007
Acknowledgement

We give thanks to God for giving us the strength and knowledge in writing this thesis. Also, we would like to express our sincere gratitude to our families who supported us during our entire education, especially our dad and mum.

Moreover, special thanks go to Helén Anderson and Rhona Johnsen for their immense tutoring. We would also like to express appreciation to the CEOs and founders of the companies who showed interest and dedicated their time to be interviewed.

Anthony Tontoh

Yaw Opoku Gyamfi
Abstract

Problem: The development of new ventures has been an issue of keen interest to the society. This is due to the fact that it enhances the socio-economic development of the society by creating jobs and also filling the gaps in the market. However, it is of interest to note that most people do not follow a business planning process when they are starting up a new venture. This may be due to the fact that they do not have any knowledge in a business planning process at the period of business initiation.

Purpose: The aim of this thesis is to give an individual or an organization a clear direction of a business planning process in a new venture development.

Method: A qualitative research method with a deductive approach was used to conduct this research. A primary and secondary data was collected from 4 organizations and were used to find out the possible steps of business planning process.

Frame of Reference: The theoretical spheres that were utilized in this thesis consisted of business planning process from authors that had a sequential approach to business planning for a new venture development.

Conclusion: The authors derived a model for business planning process in a new venture development that can be a recommendation to individuals or organizations starting up a new business because it provides a step by step direction in business planning to stay competitive in the market.
# Table of Content

1 Introduction ............................................................................................................. 1  
   1.1 Background ........................................................................................................ 1  
   1.2 Problem Discussion .......................................................................................... 2  
   1.3 Purpose ............................................................................................................ 3  

2 Frame of Reference ................................................................................................. 4  
   2.1 Planning process of the Hult Model ................................................................. 4  
      2.1.1 The Entrepreneur ...................................................................................... 5  
      2.1.2 The Environment ...................................................................................... 7  
      2.1.3 The Process ................................................................................................ 7  
   2.2 Planning process of Stan et al. (2003) ............................................................ 8  
   2.3 Planning process of Profit (2007) .................................................................... 9  
   2.4 The Summary of the Three Planning Processes ............................................ 10  
      2.4.1 Planning process of Hult et al. (1991) model ........................................... 11  
      2.4.2 Planning process of Stan et al. (2003) ...................................................... 11  
      2.4.3 Planning process of Profit (2007) ............................................................ 12  
   2.5 Derived Model for Business Planning Process for New Venture Development ............................................................................................................. 12  
      2.5.1 Idea Generation ......................................................................................... 14  
      2.5.2 Idea Modification ...................................................................................... 15  
      2.5.3 Idea Execution ........................................................................................... 15  

3 Methodology ........................................................................................................... 17  
   3.1 Choice of Method ............................................................................................ 17  
   3.2 Data Collection ................................................................................................ 17  
      3.2.1 Primary Data Collection .......................................................................... 17  
   3.3 Research Method ............................................................................................ 18  
      3.3.1 Qualitative and Deductive Research ....................................................... 18  
   3.4 Choice of Industry .......................................................................................... 20  
   3.5 Case Study ....................................................................................................... 20  
   3.6 Design of Interview ....................................................................................... 20  
   3.7 Trustworthiness .............................................................................................. 21  

4 Empirical Findings ................................................................................................ 23  
   4.1 Trader Invest .................................................................................................. 23  
      4.1.1 Entrepreneur ............................................................................................. 23  
      4.1.2 Environment .............................................................................................. 23  
      4.1.3 Business Planning Process ...................................................................... 24  
   4.2 Killnoise .......................................................................................................... 25  
      4.2.1 Entrepreneur ............................................................................................. 25  
      4.2.2 Environment .............................................................................................. 26  
      4.2.3 Business Planning Process ...................................................................... 26  
   4.3 Safetool ............................................................................................................. 28  
      4.3.1 Entrepreneur ............................................................................................. 28  
      4.3.2 Environment .............................................................................................. 28  
      4.3.3 Business Planning Process ...................................................................... 29  
   4.4 Jungle Thai Restaurant ................................................................................... 30  
      4.4.1 Entrepreneur ............................................................................................. 30
4.4.2 Environment ........................................................................................................... 31
4.4.3 Business Planning Process ................................................................................. 31

5 Analysis ....................................................................................................................... 34
5.1 Entrepreneur .......................................................................................................... 34
5.2 The environment .................................................................................................. 35
5.3 Business Planning Process .................................................................................. 36
5.3.1 Idea Generation ............................................................................................... 36
5.3.2 Idea Modification ............................................................................................ 38
5.3.3 Idea Execution .................................................................................................. 40

6 Conclusion ............................................................................................................... 42
6.1 Result ..................................................................................................................... 42
6.2 Suggestions for further studies ............................................................................ 44

References .................................................................................................................. 45

Appendix ....................................................................................................................... 48
Appendix 1: Interviewees: ......................................................................................... 48
Appendix 2: Questionnaires for Interviews ............................................................... 48
Figures
Figure 2-1 Hult Model.................................................................................................................5
Figure 2-2 Derived Model for Business Planning Process in a New Venture
Development..........................................................................................................................13
Figure 3-1 Qualitative Research Design...................................................................................19

Tables
Table 2-1 Hult et al (1991).........................................................................................................11
Table 2-2 Stan et al. (2003)........................................................................................................11
Table 2-3 Profit (2007)................................................................................................................12
Table 4-1 Summarized Information of the 4 interviewed companies.................................33
1 Introduction

This chapter deals with the area of our investigation which in turn leads the reader into a short background, followed by the problem discussion presenting arguments in new venture development and ending with the purpose, perspective, delimitation and definitions.

1.1 Background

New venture development involves various activities in creating a business that can be competitive in the market (Morse and Mitchell, 2006). It is the way most individuals come up with an idea and develop it by generating a product or service. The development of new ventures has been an issue of keen interest to the society. This is due to the fact that it enhances the socio-economic development of the society by creating jobs and also filling the gaps in the market. Barringer and Ireland (2006) proposed three issues that helps the society as new ventures are established. These are innovation, globalization and job creation.

Looking at the importance of developing new ventures, different scholars and institutions have proposed ways of its development from different angles. Moreover, new ventures have been established competitively without any external influence by many entrepreneurs. An entrepreneur, according to Wickham, (2004) defined it as a manager, that is, a person carrying out a particular activity; an individual, that is, a person possessing a personality, personal characteristics and psychology and an agent of economic change, that is, a person adding value to the society. Most people tend to start their businesses as Kishel and Kishel (2005) mentioned as a stimulating and prospective action that is worthwhile. Starting a new venture involves the eagerness of the individual to have a focus of objectives. An individual explained by Fowler, Fowler and Thompson, (1995) as “A single human being as distinct from a family or group”. Also, Sarasvathy (2001) ponder on the issue of a venture as it depends on the intensity of the venture formation experience, the individual’s past knowledge, culture and other distinctive attributes he acquires.

According to Timmons (1999) the creation of a new venture deals with aspects such as the opportunity, team and resources which are seen to be in a corresponding process. These variables which are opportunity, team and resources are vital factors in the development of a new venture.

Although there has been numerous ways and proposals of looking at venture creation, there has also been various failures and even the few ones that manage to run do not become successful in the long run. Gilkerson and Pauwe (1998) research on business pitfalls shows that most businesses fail because of poor choice of business opportunity. Gartner (1988) suggest that entrepreneurship is not about who you are but what you do. This has triggered the interest of looking at business planning process in new venture development in this paper. In whatever way new ventures are developed, it is equally important to know what variables or considerations that makes the process feasible or practical and this is what the authors will be talking about in this thesis. Moreover, the idea of the business planning process is discussed in the problem discussion section below.
1.2 Problem Discussion

Having a good planning process gives you good steps of having a niche in the market (Davidsson, 2003). The advice entrepreneurs need does not concern only where they should start it but how to do it. With this, it provides process view of entrepreneurship (Davidsson, 2003).

Different authors describe the business planning process differently but with the same idea. In this case, business planning is about finding, describing and refining the competitive advantage of your operation (Stan, Bennett, Borchardt and Duckworth, 2003). Profit (2007) also describes the planning process as a road map for continuous improvement that describes your business strengths and opportunities, sets goals for the future and defines the steps needed to reach those goals.

In this paper we would like to define business planning process as a process that gives one a clear direction and a defined steps of future decision implementation that enables goals or task to be achieved competitively.

A new business does not go from non-existence to existence in one step as a result from one decision or one act. Entrepreneurs have to do a number of activities when creating a business and these things would be performed sequentially (Davidsson, 2003).

Creating a road map for your business may be a key to growth and success but many entrepreneurs do not have a good planning process, even if they have the knowledge to develop one (Profit, 2007). It is of interest to note that most people do not follow a business planning process when they are starting a new venture. This may be due to the fact that they do not have any knowledge in a business planning process at the period of business initiation. Moreover, the few that use it do not have a well planned direction towards implementation of goals. This problem makes it difficult for many individuals to start up ventures successfully if they do not fail. Harper (1991) noted that trial and error methods have been unfavorable for many novices because they do not hesitate to elaborate and position themselves well in the market.

Profit (2007) suggest that a good planning process helps one to step back and analyze issues of the business and refine the goals that the entrepreneur want to accomplish. Also, the process helps to determine how you are going to achieve those goals that you have refined. Timmons (1999) also clarifies that it is important to size up quickly whether potential business exist and decide how much time and effort to invest because some opportunities are ideas that do not lead to any business or success. This clarifies that it is important to identify your resource constrains and consider your potential starting a new venture. A good planning method will help one to test ideas and see the flaws in in his business to avoid the waste of resources and opportunity. Moreover, confidence is built by one who undergoes the planning process because opportunities are seen clearly and helps one to take the right steps forward.

In addition, communication is built well between stakeholders (potential customers, suppliers, lenders, investors, employees, etc.) and roles are also clarified (Stan et al., 2003). Stakeholders must believe that one is right in the assessment of the potential of the venture opportunity to invest resources in it.

“In fact, for every 100 ideas presented to investors in the form of a business or proposal of some kind, usually just 1 or 2 or 3 get funded. Over 80% of those rejections occur in the few hours; another 10 to 80 get rejected after the business plan has been read carefully” (Timmons, 1999).
Introduction

It could be realized that the high pace in which new businesses fail indicates that, mistakes can not be tolerated in this competitive business world. Considering the above, our investigation will be on the fact of planning a business process however, it is equally essential to consider the question:

1. What steps can one follow when planning a new business?

1.3 Purpose

The aim of this thesis is to give an individual or an organization a clear direction of a business planning process in a new venture development.
Frame of Reference

2 Frame of Reference

This chapter of the thesis lays out various theories that are used in this research of the role of business planning process in a new venture development. As a result of this, a model is generated from other theories to help establish a solid understanding of the research.

Many authors in entrepreneurship have discussed the fact on starting up a new venture. Accordingly, authors like Per Davidsson, who wrote on the topic of “The Domain of Entrepreneurship Research” and with a model of the “The Interrelation between Discovery and Exploitation” was a general discussion on the process view of entrepreneurship. Per Davidsson model shows how an individual perceives an opportunity and the endeavours necessarily described on a business platform to reach its goals. The authors of this thesis believe that his model, “Discovery process and Exploitation process”, was not in a sequential mode as to what this thesis is about. Consequently, Bhave’s article on “A Process Model of Entrepreneurial Venture Creation” mentioned his model on the “Two types of Entrepreneurial Processes – Externally Stimulated Opportunity Recognition and Internally Stimulated Opportunity Recognition” as another way of starting up a business. With this, Bhave’s model was in a sequential approach where these two different ways in starting up a business depended on which came first. Moreover, it can be said that although Bhave’s model is another model with a sequential approach, the authors have chosen their theories from 3 different experts from different fields of business administration. As a matter of fact, these chosen theories were in a sequential mode and that this will enable the authors and readers to have a glimpse of how different business planning processes are perceived by various researchers thereby making the paper more exigent and practical. The theories used are the planning process of Hult, Jerreling and Lindblom (1991), Stan et al. (2003) and Profit (2007).

2.1 Planning process of the Hult Model

Hult et al. (1991) used the model as a tool for their clients in new venture establishment. The model is a summary of results and theories from entrepreneurship research that has been conducted. The model relates the entrepreneur, the environment and their interactions between themselves and the five planning processes. The figure below shows the interaction of the Hult et al (1991) model and their description.
2.1.1 The Entrepreneur

According to Hult et al (1991) the entrepreneur is driven by personality profile, need for achievement, autonomy, risk, motive of establishment and other triggering factors. Each of these drives of the entrepreneur has its own variables that has effects on the planning process. Below are subvariables and description of what makes the entrepreneur.

**Personality profile**

- **Age at start**: This includes its industrial experience, education, personal, maturity and networks.
- **Technical competence**: Formal and informal technical education and training.
- **Economic/financial education**: Formal and informal economic/financial education and training.
- **Knowledge about starting a new business**: It involves previous knowledge in starting a new business.
- **Leadership ability**: Previous experience from profit and non-profit organization.

**Need for achievement**

- **Vitality**: Devotion for action to do things.
Frame of Reference

**Contact ability:** This describes the ability to create, develop and maintain contact with the organization and business.

**Behavior:** Ability to create confidence.

**Intellectual capacity:** Imagination and creative thinking.

**Special gifts:** Special competence and industrial competence.

**Autonomy**

**Available time:** The time the entrepreneur can work with the establishment of the new venture.

**Family relations:** Attitudes of the family, their support and lack of support.

**Partners:** Potential partners who assist the entrepreneur during the establishment.

**Conditions of employment:** Regulations which control the relations between employers and employees.

**Financial autonomy:** Resources of financial nature which can be used for the establishment.

**Risk**

**Financial risk:** The financial responsibilities that the entrepreneurial and his or her family has taken in connection with the new venture establishment.

**Career risk:** Interrupted carrier and difficulties in taking up the former carrier.

**Family risk:** The effect of new venture on the family.

**Psychological risk:** The effects on the new venture on the psychological health of the entrepreneur.

**Motive for establishment**

**Positive motives:** The will to manage an enterprise to earn money to realise a business idea to have fun.

**Negative motives:** No other alternatives.

**Other motives:** Altruistic motives.

**Triggering factors**

The entrepreneur may be having the idea of establishing the business some time ago but the start up may have delayed due to some reasons. Moreover, factors such as unemployment, change of organization at work, a strong emotional experience, etc. may trigger the establishment of a venture.
2.1.2 The Environment

Hult et al. (1991) also argue that the environment of the entrepreneur is made up of role models, financial resources, other resources, market and society attitude. Below are the subvariables and description of the environment one may encounter in a planning process.

**Role models**

**Close relatives**: Through this the entrepreneur is born into enterprising.

**Other relatives**: Gives knowledge of the conditions of venture development.

**Good friends**: Can be inspiring to start new venture.

**Other business men/women**: Can act as advisors and mentors.

**Colleagues**: They stimulate the idea of the business.

**Small business owners**: Give knowledge of enterprising.

**Financial resources**

**Own financing**: Own capital and assets.

**Individual financiers**: Relatives who participate in the financing of the new venture.

**Financial institutions**: This includes banks, government and private investors who will be involved in leasing, factoring and insurance.

**Other resources**

**Service**: Consulting services in accounting, technology, etc.

**Raw materials**: Raw materials, components needed for the production.

**Labour**: Workers employed by the entrepreneur. Premises, machinery, equipment: Rented or acquired production facilities.

**Market**

**Local and foreign market**: The market in the local area and for export for the new venture.

**Societies attitude**

**Present policy**: Entrepreneuring experiences of the present policy regarding support for new venturing.

**Politicians on national and local level**: The entrepreneur’s perception of politicians from different parties and local level.

2.1.3 The Process

- The idea phase

The entrepreneur think of starting a new business for the first time in this phase. It basically start the creation of a new business. Since the idea is not well developed the entrepreneur does not start to test or examine the idea closer at this stage. Hult et al (1991) argue that it is a change of attitude of running a business of one’s own.
• The test and persuasion phase

This is where the entrepreneur tests its thoughts about being a business owner with people in surroundings. The family, relatives, friends, other individuals and organizations further away from one close surroundings are approached at first to test the idea. The more positive response one recieves from close relatives and friends, the more one is persuaded to start. The process may stop temporaily if it is negative. The individual goes through some learning process in book keeping and law.

• The preparation phase

At this stage the entrepreneur has to do more work than the first two stages in order to bring its idea to light. Problem solving is one important the entrepreneur get involve with. It concerns simple calculations, budgets analysis of the market situation, the production process, administration, etc. The entrepreneur contacts authorities and ask consultants for advice. The phase is relatively short in time compared with the other phases.

• The start up phase

The start up phase does not imply that a new venture is created. There may be in balance in this stage with ideas. The start up is a displacement from a comfortable situation to a more odd and uncomfortable one. It entails critical events for the entrepreneur. There may be internal or external positive or negative responses in the entrepreneur endeavors. One need to put a lot of pressure in order to get out from some situations. The start up phase starts from a definite point such as acceptance of an offer, renting an office, advertising in the newspaper, etc.

• The ongoing business phase

At this phase, Hult et al(1991) argue that taking initiatives, role models and putting ideas to action are necessary but not sufficient conditions for the startup of a new venture. The entrepreneur has to have access for resources such as labour, raw materials, capital, premises, equipment and other necessities for the planned enterprise. Activities such as getting a loan, looking for new markets, long hours spend in administration, customer and supplier contacts are very common.

To sum up, the planning process of the Hult Model is a model that shows a sequential approach where it relates the entrepreneur, the environment and the process (idea phase, test-and persuasion phase, preparation phase, startup phase and ongoing business phase) together. Furthermore, the arrows are double-sided and it is showing the interplay between the 3 features.

2.2 Planning process of Stan et al. (2003)

Business planning is an important aspect that needs to be considered when either establishing a new venture or renewing an existing venture. Certain measures are laid in place to fulfill the plans for the venture. Business planning in itself should serve as a method in helping to achieve a goal. According to Stan et al. (2003) business planning is about discovering, illustrating and improving the competences and capabilities of a new venture and moreover, directing it to accomplish the goal and objective of the venture. As a result of this, seven important aspects were raised by Stan et al. (2003) as a business planning process namely:
Frame of Reference

- **Identify goals** – This explains the fact that any venture should have a goal with which it involves the one liable for the ongoing venture. With this, the goal which is establishing a new venture should be specific (i.e. exact in the attainment of the new venture), measurable (i.e. goals be able to be verified), attainable (i.e. goals to be reached in any sphere), rewarding (i.e. goals helping the venture to proceed on its right course) and timely (i.e. goals having time limit for the venture to be fulfilled).

- **Identify inventory resources** – With this, it explains the fact on the accessible resources for the new venture and that needs to be determined. Examples of these resources are physical resources (building, equipments, etc), human resources, financial resources, etc.

- **Assess the business and environment in which the business exists** – This is basically evaluating the internal and external aspects of the venture by making use of its strengths, weaknesses, opportunities and threats. With this, it is vital to know what kind of environment the venture will be offering and in that case, a thorough assessment of the venture and environment should be made to help reach a successful venture.

- **Analyze business performance** – With this, it explains the fact on how the new venture will succeed in the market as a result of depicting the influence of the venture, be it financially or productively from series of evaluations.

- **Decide on actions** – This explains that certain actions that are required to proceed with the ongoing course of the plan.

- **Implement strategies** – It is all about communicating the course of action to other members of the venture in order to act in response to those actions.

- **Evaluate the plan** – This is about assessing the plan whether it has met the goal it intends accomplishing. In this case, it serves as a direction to help making adjustment to the plan.

Conclusively, the planning process of Stan (2003) is a process that is also in a sequential approach where it shows the 7 aspects in a business planning to achieve a goal.

### 2.3 Planning process of Profit (2007)

According to the Profit (2007), having a business plan helps as a guideline for a successful venture as it mentions out the venture’s strengths and weaknesses, lay out aims and identify steps to reach the aims. This is an important idea when it comes to establishing a new venture or expanding an existing venture as it gives a direction for the individual or organization to attain a successful venture. Establishments of a new venture as most individuals or organizations come up with do not necessary mean the new venture will succeed as it follows a business plan which sets as a road map for the venture. With this, for an individual or organization to create a new venture, the main emphasis are laid on the business planning process itself as it creates value to the business in the long run (Profit,
According to Profit (2007) seven secrets of a successful business planning has been outlined below as:

- **Shorten your planning horizon** – This explains the fact that creating a business venture needs to have a precise and a clear-cut goal where the venture should be seen in a short period of time and not for a longer period. This is important because the goal of the venture should be classified to be on a shorter perspective than on a longer perspective as to pinpoint the venture’s achievements.

- **Mind your metrics** – With this, it talks about the process whereby certain tactical measures are to be used to identify how the business will run in financial terms. Furthermore, it explains how certain information got from experienced ventures can help upbringing of say, a new venture or an existing venture.

- **Increase your planning frequency** – This explain the idea of reviewing plans for the business and thereby helping the individual or organization to assess the business concept to suit new environment.

- **Write it yourself** – This talks about an individual or organization writing the entire business concept solely as there need to be all features of the business. For example, the marketing plan, human resource plan, financial plan and the management team are strategic characteristics of a good plan that need to be considered.

- **Rally a Piannino; Posse** – With this, it explains how planning of a business should not be a self-centered aspect in the sense that it should be revealed to a colleague or an entrepreneur to criticize the plan. In this case, it helps the individual or organization to come up with new ideas for the business, identify gaps in financial terms.

- **Consider the negative** – This talk about identifying the negative aspects of the business concept and keeping in mind the necessary measures to offset the negatives. In this case, the worst aspects of the negatives should be thought of and then tackled as more situations turn critical.

- **Get the message out** – This is all about revealing the business concept after series of planning, analysis of strengths and opportunities of the business and then head for to the market.

Summing up, the planning process of Profit (2007) is categorised in 7 steps where it creates value to the business the individual or organization will run.

### 2.4 The Summary of the Three Planning Processes

The planning processes of the different authors has been summarized in different tables below.
2.4.1 Planning process of Hult et al. (1991) model

<table>
<thead>
<tr>
<th>Steps (Process)</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>The idea phase</td>
<td>Creation of the idea for the first time</td>
</tr>
<tr>
<td>The test and persuasion phase</td>
<td>Testing initial ideas within the environment (family, friends, relatives, etc)</td>
</tr>
<tr>
<td>The preparation phase</td>
<td>Problem solving, putting ideas into action, making more contacts</td>
</tr>
<tr>
<td>The start up phase</td>
<td>Starts from a definite point of view and persevering in negative and positive response</td>
</tr>
<tr>
<td>The ongoing business phase</td>
<td>To have access and use of resources, Implementation and putting ideas into full action</td>
</tr>
</tbody>
</table>

Table 2-1 Hult et al (1991)

2.4.2 Planning process of Stan et al. (2003)

<table>
<thead>
<tr>
<th>Steps (Process)</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify goals</td>
<td>Certain objectives that is specific</td>
</tr>
<tr>
<td>Identify inventory resources</td>
<td>Resources that are accessible for a business</td>
</tr>
<tr>
<td>Assess the business and environment in which the business exists</td>
<td>Evaluation of the business in terms of its strengths and opportunities</td>
</tr>
<tr>
<td>Analyze business performance</td>
<td>Evaluation of the business on a basis of financial and productivity aspects</td>
</tr>
<tr>
<td>Decide on actions</td>
<td>Actions needed to proceed with the plan for the business</td>
</tr>
<tr>
<td>Implement strategies</td>
<td>Communication of actions for a productive end</td>
</tr>
<tr>
<td>Evaluate the plan</td>
<td>An assessment to denote the accomplishment of the plan</td>
</tr>
</tbody>
</table>

Table 2-2 Stan et al. (2003)
### 2.4.3 Planning process of Profit (2007)

<table>
<thead>
<tr>
<th>Steps (Process)</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shorten your planning horizon</td>
<td>A clear-cut and precise goal for the business</td>
</tr>
<tr>
<td>Mind your metrics</td>
<td>Having a tactical measure to help the business in financial terms</td>
</tr>
<tr>
<td>Increase your planning frequency</td>
<td>Reviewing the plan for the business</td>
</tr>
<tr>
<td>Write it yourself</td>
<td>Accumulation of all vital aspect of the plan, e.g. marketing plan, financial plan, human resource plan, etc.</td>
</tr>
<tr>
<td>Rally a Planning; Posse</td>
<td>Disclosure of the plan for the business publicly for auditing</td>
</tr>
<tr>
<td>Consider the negative</td>
<td>Identification of threats to the business and tackling them</td>
</tr>
<tr>
<td>Get the message out</td>
<td>Declaring the business concept to the market</td>
</tr>
</tbody>
</table>

Table 2-3 Profit (2007)

### 2.5 Derived Model for Business Planning Process for New Venture Development

The three planning process in venture development by Hult et al. (1991), Profit (2007) and Stan et al. (2003) as described above has been written in different perspective although they relate to each other. They relate in terms of having a common goal identification at the early stages of a new venture, financial calculation, market analysis and implementation of the goal. However, the authors have different background or interest in the planning process that contributed to the different procedures in their business planning process. For example, Hult et al. (1991) process was a result of study of different scholars and it was for the interest of their consulting organization. Moreover, one may look at Profit (2007) planning process which is from top expertise in business standpoint. Also, one can argue that Stan et al. (2003) planning process was from a management point of view.

On this note the authors of this paper would like to combine the idea of the different viewpoint of the three planning process mentioned above. We believe it will generate a clear direction and practical viewpoint that will help anyone developing a new venture with a planning process. Moreover, since it is the combination of different expert's viewpoint from different fields in business administration, the derived model below will develop a better planning process in new ventures.

“Two heads are better than one”

---

1 “Some problems may be solved more easily by two people working together than by one working alone”. (Dictionary.com, 2007)
The model above shows that during the business planning process, the focus of the entrepreneur and the business environment cannot be underestimated as they have stated above by Hult et al. (1991). This means, although the business planning process is important, there must be a relative consideration of the capabilities of the entrepreneur and the environment in order to be competitive. The entrepreneur, environment and the planning process have a relationship like the Hult et al. (1991) model.

Below is the description of the derived model for business planning process in a step by step procedure. This model is categorised into 3 parts which basically explains the business planning process namely: *Idea Generation* (identify goals, shorten planning process and mind
your metrics-preparation phase); *Idea Modification* (testing phase, review and decide on actions); and *Idea Execution* (startup phase and implement strategies-ongoing phase).

### 2.5.1 Idea Generation

**Identify Goals**

This is the first stage whereby an individual or an existing organization establishing a new venture has to come up with a decisive idea in order to generate the venture. To do this, an identification of a specific goal has to be defined and thereafter followed (Stan et al., 2003). Pondering over this issue of identifying goal is a vital aspect when it comes to generating a new venture. In this case, it is the first stage in the business planning where the authors think it is best to know first before any other processes. With this, it can be said that the individual or organization establishing this venture needs to write the plan by themselves as a way of setting specific goals for this venture. In this case, more emphasis should be laid on the fact that the specific goal for the venture should be exact, measurable, attainable, rewarding and timely.

**Shorten planning process**

In this second stage of the business planning process, it relates how the individual or the organization has to cut down the planning process in a shorter perspective instead of looking at it in a longer perspective as Profit (2007) mentioned the idea of limiting the goals for the venture as it has to be seen in a short period of time. This is what the authors agree on as a planning process whereby the time frame for the process should be postulated on a minimal outlook. Furthermore, it is a way to recognize the achievements that the new venture will bring in the future. For instance, planning for a new venture and proposing the length of the venture to be say, 6 years, is not a good timing as the individual or the organization might not be able to pinpoint what the venture will be offering. In addition, as the market keeps on changing, the authors of this paper recommend the idea of shortening the business planning process for say, 3 years, as to determine success of the new venture. This boils down to the next stage where it talks about checking the metrics for the venture.

**Mind your metrics**

This is a stage where it is also an important aspect to note the measures to put in place in the planning process. This is basically the way that establishing a new venture must take into consideration the financial terms as it will allow for the smooth running of the new venture and this is what is cited by Profit (2007). In this case, it is a way that the individual or an existing organization can reevaluate their information (financial-wise) got from past organizations or individuals who have already started their businesses. Furthermore, this is a stage denoting the preparation phase of the planning process where more evaluation of the planning process is considered. Examples of such preparation parts are the budget analysis of the market, processes in terms of production, and other factors that contributes to the preparation of the venture. After re-examining the metrics for the venture, another stage of the planning process, which is the testing phase, is taken into consideration.
2.5.2 Idea Modification

Testing phase

With this stage, it is more of testing the venture as a way of undertaking the entire idea of the venture with certain focus groups to make out what needs to be adjusted in the venture as Hult et al. (1991) pondered on the issue of experimenting the idea of the venture with the environment for a positive and a negative response. This is deemed to be an important aspect as the authors of this research consider the idea of the testing phase as a way to know the strength of the venture. This leads the discussion of this planning process into the next stage of reviewing.

Review

In this stage, more emphasis is laid on this part as it shows the negative and positive strengths of the venture as Stan et al. (2003) pointed out that there needs to be an assessment of the business and also the surroundings the business operates. Furthermore, the individual or the organization establishing this venture needs to keep in mind to have a review after testing the idea of the venture with the said focus group to make adjustments. In addition, Stan et al. (2003) also mentioned that the idea of reviewing is an important aspect for an individual planning a venture needs to evaluate the performance of the business. With this, the individual needs to consider the positive and negative features of the idea. This is what the authors reckon that, reviewing the idea of the venture calls for checking the accomplishment of the venture. The next step talks about the necessary actions that needs to be undertaken after reviewing the idea for the venture.

Decide on actions

This is a stage that deals with how the individual choose certain prevailing actions based upon the analysis of the venture, whether it will offer the best value. This is what Stan et al. (2003) proposed the issue on business planning process as deciding on actions as it helps the plan to proceed in its course. In this case, the authors believe to meet the terms of this stage all because it is a stage where most crucial actions are undertaken to suit the venture. Examples of this is say, updating certain aspects of the business technologically, adding more resources, etc. to keep up in the environment.

2.5.3 Idea Execution

Startup phase

This last but one stage talks about the startup of the idea for the venture as a result of series of analysis on the negative and positive aspects of this venture (Hult et al., 1991). In this case, it helps the individual to message out the venture idea publicly and thereby offer what constitutes the venture. Furthermore, since it is the stage where individual or organizations start up shows that the venture has attained grounds but in a different point of view, it is on the idea of generating critical events for the venture. As a matter of fact, it can be that it is the stage for establishing the idea for the venture publicly in the newspaper, renting an administrative office, etc. In this case, as the venture idea has cropped up and
still in course, it comes to another last level of the planning process as stated below as implementing strategies.

Implement strategies (ongoing phase)

This is believed to be the last stage in the derived model by the authors as it talks about implementing strategies for the venture which has already cropped up. In this case, it deals with the way the individual or the organization must implement strategic actions to suit the venture and also other actors involved in this venture. With this, Stan et al. (2003) mentioned on the note of individuals establishing new ventures as communicating of crucial actions for a productive end. Moreover, the implementation of these strategies for the venture must be enacted in full action as the venture is in course. In this case, the authors agree to the fact that it is the last stage for the business planning process as the venture is still running. With this, it takes the business planning process into a new different level of running a new venture with which the authors believe it is another area for further research.

Pondering over the derived model for business planning process of new venture development, it follows a sequential approach. However, due to aspects like the entrepreneur capabilities and competences and the environmental factors, the steps in the business planning process may not follow each other or may go back and forth but the idea of this process still holds. For instance, the issue of the entrepreneur capabilities and competences could be that, he or she believes in him/herself as to start his/her business by hiring an office, purchasing miscellaneous materials, etc. without first and foremost, looking at the market and the competition it entails. On the note of the environment, it could be that the changes in technological factors in the market can hinder the entrepreneur to modify and then go back and forth in the process.
3 Methodology

In this chapter, we aim to clarify the understanding of the reader upon the preference of methodology in order to define the area of research as the methods are described.

3.1 Choice of Method

The essence of this paper is to give an individual or an organization a clear direction of a business planning process in a new venture development and in this case an approach needs to be stated in order for the reader to understand the importance of the different approaches to our research. As a result of this, a primary data was collected from individuals or organizations and used to find out the possible steps of business planning process. Moreover, a secondary data collection from individuals or organizations were also necessary for our research as regards to the perspective of the research topic. In order to gather the primary data for our thesis the commonly used research method that is, the qualitative method was used. In most cases, both methods that is, the qualitative and quantitative methods are used at length as to fulfill either collection of data or show the kind of research but it was not the case for this paper.

The focus is to concentrate on the qualitative research method as Bryman (2001) mentioned that it highlights basically words more willingly than the quantification of it. The usage of the qualitative method intends to investigate the role of business planning process in a new venture which will help the authors to know certain factors that constitutes a business planning process when starting a new venture. In this case, we intended investigating some individuals or organizations who have started their own business and what planning process were employed for their new venture. Furthermore, several questions that are unambiguous was formulated from the three theories used in the frame of reference to have a structured interview with these individuals or organizations.

3.2 Data Collection

3.2.1 Primary Data Collection

The intention of collecting data from individuals or organizations is a good way to enable the authors to investigate the problem at hand. According to Brannick and Roche (1997) the means of collecting data is significant in a research and that it depends on the nature of the research in question or the approach of the theories at hand. With this, data can be collected either by secondary or by primary sources. Primary data is information gathered for the problem studied by the researcher (Churchill, 1996). In this case, primary data was collected from individuals or organizations who have started their own venture, and we used the information gotten from them as to really find out the possible steps involved in a business planning process in order to analyze the issues at hand. A primary data collection method, which is the preferred method were organized by the ones conducting the research and that they were collected from the examination of the interviewees or the focus groups (Brannick and Roche, 1997). Furthermore, Brannick and Roche (1997) mentioned various types of primary data and it stated below namely:

- Questionnaire – Interview or Self Completion
  - Direct or Indirect
Methodology

- Observation – Participant or Non-Participant

With this, it can be explained in the sense that the data can be a structured or unstructured depending on the research on course. Besides, the means of collecting data was of a structured interview with the individuals or organizations where more information could be retrieved for more analysis for the research. There was no need for an observatory means of gathering data but was in a questionnaires form of an interview and a direct one. According to Sekaran (2000) there are ways in collecting data and that the commonly used methods ranges from telephone interviews, face-to-face interviews and computer-assisted interviews. As a result of this, our structured interview was a face-to-face interview and that our primary data were fully obtained in order for full examination.

3.3 Research Method

3.3.1 Qualitative and Deductive Research

Carrying out a study demands for two main research areas where researchers are supposed to take into consideration. These are the qualitative and the quantitative research methods where Hyde (2000) explained on qualitative methods as a method for studying a particular research in depth and the quantitative methods as the method for studying the general features of a population and drawing a general conclusion from the perspective of interest.

With this, the focus of this paper is to take the roots of a qualitative research as Patton (1991) pondered on the issue of a qualitative research laying emphasis on a small amount of individuals given well-defined information. The authors interviewed 4 organizations for clear-cut information for analysis. In this case, the problem at hand, which is finding out the steps in business planning process for a new venture, can be investigated. The case for choosing this type of research is to present an analytical outline of the business planning process for a new venture development. Accordingly, the reader can understand the importance of our qualitative research paper. Yin (1994) contributed on the fact that a qualitative research is in a frame of generalizing information and thereby a point for analysis. As a result of this, our paper will be on an analytical point of view raising issues concerning the business planning process in contextual to the entrepreneur and the environment to enable the authors to complete the research. A qualitative research design of our paper is related to the description by Williamson (2002) as below:
As seen above, this is a layout of our research as our topic of interest (role of business planning process in a new venture development) is chosen and then out of the topic, our research topic is been formulated to answer the entire research at hand. Also, the theoretical framework, which will show how different theories will be used to explain on our said topic for the research. In continuation, more data would be collected from organizations to analyze the theoretical concept along with it to answer our research questions as our final findings for this research.

There are two kinds of research approaches when conducting a study; the deductive and the inductive approach. The deductive approach implies the developing of a theory and to design a research strategy to test hypothesis (Saunders, Lewis & Thornhill, 2003). On the other hand, with the inductive approach data is collected and new theories are developed as a result of the data analysis (Saunders et al 2003). The starting point in the inductive method is empirical data and/or empirical observations in contrary to the deductive approach that origin with a theory.

Our study has the deductive approach, since we are deriving new planning process from existing theories. Moreover, looking at the structure of this thesis, we commenced firstly with the theories before the empirical data and completed with analysis and conclusion respectively.
3.4 Choice of Industry

The essence of this section is to show the reader on certain aspects that were considered in our choice of industry. Considering the topic at hand, it relates to any individual or organization starting up a new venture. In this case, any kind of industry can be chosen as a result of the context of a new venture. Due to accessibility, the authors chose 4 small organizations in Jönköping. According to Kotey (2005) small organizations are “…firms employing less than 20 workers”. These organizations were from different industries, that is, the health industry, the restaurant industry, mechanical industry and finance industry. As a matter of fact, these respective industries had similar but different ways in starting up their business.

Accordingly, these 4 organizations are Trader Invest, Killnoise, Safetools and Jungle Thai Restaurant. The reason for choosing these different industries for our investigation was to vary the analysis in a way to know the steps involved in their business planning process of their new venture.

3.5 Case Study

According to Yin (2003) case study is all about the practical investigation that checks up what is happening in the present sphere within the real-life standpoint. As a result of this, it is the way to analyze from the viewpoint of the authors what is really out there in connection to various theories use for the research. The importance of a case study is seen to be a research instrument (Hamel, (1992); Perry and Kraemer (1986)) and with this, carrying out a research in all aspects such as examining the individual, an organization or a group helps readers comply with the research.

Furthermore, as it calls for a generalization on the part of using a qualitative research method and as a matter of fact, the usage of a case study does not imply that the authors will draw any conclusions based on a statistical support. Likewise, case study research is mainly qualitative as it investigates complicated patterns rather than investigating statistical variables (Matthew, 2006). In this, the authors to made use of their chosen 4 organizations as a case study in order to analyze the business planning process in each organizations. Moreover, the essence of the case study is not only comparing the information support from the chosen organizations to the theoretical concepts but also contributing to the qualitative research. With this, the case study that is conducted implies that the research on course can be relevant to any other organizations that may use this business planning process as steps in starting up a new venture.

3.6 Design of Interview

The interviews that were conducted by the authors was a structured interview with formulated questionnaires from our derived model. The authors decided to interview organizations from different industries in order to have a good varying analysis of their business planning process on starting up their venture. Consequently, the authors interviewed 4 different organizations in Jönköping due to accessibility and that all interviews were successful as to the way we approached them.

---

2 Jönköping is a city in the province of Småland in southern Sweden with about 122,000 inhabitants (www.jonkoping.se)
The organizations that the authors interviewed were Trader Invest (finance industry), Killnoise (health industry), Safetools (mechanical industry) and Jungle Thai Restaurant (restaurant industry). With this, the authors believe that it was appropriate to have different industries to make our qualitative research more feasible. The authors arranged different interview dates with the said organizations personally and thereafter conducted the interviews in a sound environment. In addition, the information got from the interviewees were transcribed instantaneously to avoid any mishaps.

### 3.7 Trustworthiness

Researches done by qualitative methods are simply seen to be a subjective perspective as analysis is done by the ones researching that particular field. The reliability and validity of this paper is not only on the empirical findings but based on the entire thesis. According to Bryman (2001) reliability, as a matter of fact, depicts that a particular research is repeatable. In this case, it concerns that the concepts or theories from the various researchers or experts in the frame of reference, used in this research are consistent. Furthermore, Bryman (2001) continued to ponder on the issue of reliability as that, it connects to a quantitative research but in this case, the concept of reliability falls on the 3 main theories in the frame of reference of this thesis. Researchers try to assess how accurate their results and in this case tend to simplify the research matter as authentic data are collected. Likewise, validity in this paper is seen to be true in the sense that it will not only prove an unending result but to help or recommend other researchers or any individual interested in this field. This is what Kirk and Miller (1986) described as the extent to which something in a form of results or data gives the right answer. As stated above, the research is not depicting a proven result but on the note of recommending other authors or researchers in the field of a new venture.

Moreover, the trustworthiness of a qualitative research is not based on the data collected but as stated earlier, on the idea of the entire thesis. As a result of this, Lincoln and Guba (1985) mentioned that the decisive factor for a qualitative research to be good is the usage of trustworthiness. Lincoln and Guba (1985) continued with the idea of trustworthiness as a criterion for a qualitative research and they put forward 4 features of trustworthiness in a research as mentioned below as:

- **Credibility** – This talks about how researches are conducted in a manner that is acceptable and that it is in high-quality method of researching. In this case, our entire research is performed in a way to portray the real deal as the authors used elements like real theories from experienced authors, real interviews and real organizations, in the field of new venture development that is acknowledged by others.

- **Transferability** – This explains the fact that researches should have an in-depth description as it will help others researching in that field to make conclusions on it. With this, this paper tends to have a broad explanation of various concepts along with the empirical findings to allow others to have further research on the field. In this case, the research based on the final result can be valuable to others.

- **Dependability** – This is also one factor of trustworthiness whereby it talks about the quality of the research as details of every phase are reviewed and thereafter recorded and kept. Moreover, examples of these processes in researches are
Methodology

interview documents, research formulation, participants, and other processes. As regards to this paper, interview documents and the interviewee and interviewers were recorded and kept. Moreover, the interviewees of the 4 organization permitted the authors of this paper to publish and also come for more information from them.

- **Confirmability** – With this, it explains on a note that the researcher should act in a good behavior as to not permit any personal value to contradict with the research. In this case, this paper is conducted in a way that the authors of this research paper are active in all the processes of this research. Furthermore, the relationship between the authors and the interviewees of the 4 organizations was friendly and on a sound environment.

Furthermore, the idea of trustworthiness can be seen in this paper, as high-quality research processes were established. The authors’ trustworthiness helped to formulate questions in connection to the theories used in this paper for the interviews. With this, we were able to come out with an unbiased analysis and result.
4 Empirical Findings

This part entails the findings from the interviews of companies for our research.

4.1 Trader Invest

The company was established in 1998 and has been offering their service as an investment advisor. Other services that the company offers to its customers include market trends, market outlooks, technical market analysis, etc. It started as a sole proprietorship and now has different offices in Sweden. The company runs its business via the internet where most of customers are found.

4.1.1 Entrepreneur

The Chief Executive Officer (CEO) started this venture without experience as a hobby when he was in junior high school. Although the CEO did not have any experience in investment, he had knowledge in that field. There were no risks involved because it was a hobby. However, the risk involved might be not making enough money compared to working in a store. Moreover, he used his own personal savings to finance this venture.

“...but with some small finances I managed” (CEO, personal communication, 2007-04-30).

The CEO was determined to start the business and was self-confident and was prepared to take risk. He mentioned that his family had no experiences or was not from an entrepreneurial family but they were supportive. Moreover, the CEO attended a high school where they had the tradition of establishing small businesses. He attended an economic school that gave him the tools in many business concepts. As well, he bought some management books and also listened to other people in the field to enable him start up this venture. Likewise, he did not call for any grants from the government or any other institution for money and do not see himself as an entrepreneur or a manager but as an investment advisor.

4.1.2 Environment

The environment had an impact on the startup of the company. This is due to the large market where most companies were running effectively. The market was growing where gaps were already filled by other competitors but the company had a gap to fill to also compete. Furthermore, Trader Invest which was not the first to be on the market but amongst the first groups easily had a different business idea. Thus, was found by customers that needed investment advisors.

The attainment of customers was difficult for the company. Moreover, Trader Invest used some group of customers that could satisfy his expenses as his customers. Considering the competitors, competition was not really high as it was amongst young people. Consequently, the CEO's focus was on the stock market as it was the leading factor in Sweden. Other reason employed by the CEO was certainly for the money.
4.1.3 Business Planning Process

Idea Generation

The CEO had no business planning process and also no knowledge about selling or organizing, etc. He mentioned that less planning was done in the startup of the business.

Likewise, be it the short term or the long term basis of the market, market strategy, etc., no active plan was established. He planned day by day and took advises from friends and other counterparts.

“I had the vision but had a goal to work towards it and never thought how to reach these goals…it was just a trial and error method” (CEO, personal communication, 2007-04-30).

The CEO looked at the competitors’ way of doing business and conducted his business in a manner that was better. His tactical measure put in place for the company was to surmount his competitors in a different way. In addition, he did various calculations on the note of becoming cheaper than his competitors. For example, charging 10% less than competitors. Also, the CEO looked at his competitor’s way of operations such as their strategy and advertisement and carried out the same.

In this case, he believed his competitors were running their business in the right way and that whatever his business will be offering also gave a good service but differently. Also, the CEO continued to ponder on the issue of achieving a better service after 2 or 3 years time.

He had a one-focused idea and this idea could be measured. His goals for the company were too high but not unachievable but knew about the market. As a result of this, he had the knowledge of the market and that would be able to reach the market goals. Furthermore, the CEO consistently mentioned that there were no any specific sub goals. Nevertheless, his vision was on a day-to-day standpoint, that is, marketing today and analyzing the next day. The goals of the company were basically altering since it was not immeasurable.

“I have no time goal but it was just a vision” (CEO, personal communication, 2007-04-30).

Taking into consideration the company strategy for the market, the CEO never thought about his business strategy on a long term and short term basis. However, he deliberated on the issue of it to last for a long period.

The company has a planning process now which can be depicted from the statement made by the CEO as

“But I have business planning process now” (CEO, personal communication, 2007-04-30).

Idea Modification

He tested the idea for his venture with his friends on the internet and people he knew. The testing phase which was for a couple of days was conducted by the CEO to check whether he would be profitable or not. Additionally, he realized that his respondents answered precisely and could pay for the services he would be rendering. The environment he tested the venture idea were friends on the internet and the ones interested in investments. As a
matter of fact, their positive responses were enough for him to start the business as he tested with about 400 people.

Considering the idea of the stock market in Sweden, it was the leading factor and that the CEO changed his idea for the venture in that stream. After series of review, he did not change his business idea all because that was what he wanted to generate.

Idea execution

After series of positive responses, the CEO started by opening a bank account, buying an accounting software and paying some fees to the foundation. In addition, he used his own room to start up as it was his hobby. He invested much of his time after the testing phase and also more concentration into the business. Consequently, more pressure was on him at that time.

The CEO considers his business to be more profitable as compared to having a job in a shop or store.

4.2 Killnoise

Killnoise is a company founded in Sweden by two university graduates in 2007. The company produces ear plugs that prevents harmful noise in the ear and let good sound through the ear. The product helps to protect harmful noise without impeding the quality of message to the receiver. One of the problems the product solves is Tinnitus which makes people hear noise that is not there.

4.2.1 Entrepreneur

One of the founders of the company had an experience in establishing a business at an early age in junior high school. The founders elaborated that the university level helped them with the tools needed to know some concept and understanding the business world. There was no alternative for them to start the business because they had a strong need and feeling to have something in existence.

“It is about making a mark in the market by giving them a trendy product” (Founders, personal communication, 2007-05-03).

The risk involved in the startup was time and money. The reasons been that there were lots of efforts provided for the development of the product. Time and money were the factors that were prevalent in their company in the early stages of the venture. They could have gotten employment after their education but they used most of their time in developing the product. In this case, if the business was not successful, the biggest loss would be the time lost.

The founders of Killnoise see themselves as entrepreneurs as they came up with a different product which was different from the existing ear plugs of their competitors. Moreover, the main activities of the company such as product development, marketing, sales and other aspects are performed by the founders thereby they are perceived as entrepreneurs.
Empirical Findings

Some aspects of personality like charisma, competence and education, etc did not have much influence. In creating a new venture, it is a question of

“Do I have what it takes or do I think I have what it takes” (Founders, personal communication, 2007-05-03).

The background and family of the entrepreneurs had no influence in the establishment of the venture but it was the need to create something that gave them the drive. Also, the degree attained at the university is a certificate that helps the individual in a way to show trustworthiness in any business environment.

4.2.2 Environment

The impact of the environment to Killnoise founders was not big as a result of any existence of competitors of their current product. There was a need for them to establish this venture as there was a gap in the market.

The founders financed their venture themselves as well as private investment and borrowed money from the bank. They had an opportunity to have access to money from a venture capitalist but they turned it down. They financed the venture themselves because they wanted to control the organization.

In the beginning of the venture in terms of the market, the founders saw a big gap since potential customers could not get the right product from companies already in the market. The opportunity of getting the right product came to light when they perceived it to be a need.

There were no direct competitors as they produced complete different product from their competitors. Considering the response from their customers, positive remarks were given through the media.

4.2.3 Business Planning Process

Idea Generation

The founders had a planning process in the beginning but it was not followed consistently. The planning process helped them to plan their activities when during the startup of the venture.

“We were planning so much in the beginning…” (Founders, personal communication, 2007-05-03).

However, the company believed that it is important to be careful of what the customer wants so it is important to go to the field to make research.

“Market first before you start planning otherwise you might predict unnecessary planning tactics” (Founders, personal communication, 2007-05-03).

Consequently, they had knowledge of business planning process in their own way which was documented. They stated that it is good to stick to the initial plan otherwise there will be a diversion on the way.
Empirical Findings

Their goals were specific in the beginning and could be measured in terms of the market. The company’s goal was seen to be attainable because they believed in it and there was a market (10%-15%) for it.

Moreover, the founders were having a lot of sub goals in their business plan.

“Sub goals were related and also helped to achieve main goals” (Founders, personal communication, 2007-05-03).

The viability of their business was seen to be in a short term as they did not perceive the future of their business. In view of this, they stated that

“The short-term is more effective…will help to achieve a lot” (Founders, personal communication, 2007-05-03).

Lots of financial calculations were made during the startup of the business. Although, the company did not have direct competitors they looked at the trend of the industry and other companies producing similar products to learn some strategies to stay competitive on the market.

Idea Modification

The company performed a lot of testing in places like the bars, night clubs, and with individuals like professional users, venture capitalist. Also, people in business, bartenders, and investors also tested their products. There was different testing for different industries or people of interest for couple of years. This was done to see which market or industry to target for a large profit margin.

The founders had various positive response from the test and the answers got from the survey helped the company to have different product line for their customers. After the review, there were minor changes to the product but not the main business idea during the venture development process. This could be depicted from a question raised by some potential customers as

“She/shouldn’t we have a string to hang around our neck?” (Founders, personal communication, 2007-05-03).

The strategy of the company was changed after the review since they have different response from different customers.

“We found new direction to go from a different response” (Founders, personal communication, 2007-05-03).

Idea execution

The founders’ education background gave them the business idea tools to perform well in their day-to-day activities during the venture start up process. This gave them the urge not to hire workers or have experts’ advices or in any other case hire an administrative office.

“We do all the accounting, marketing, etc and other things by ourselves” (Founders, personal communication, 2007-05-03).
The network of the company helped them to implement their idea quickly after the review of the product. They utilized most of their resources at this stage. One of the founders confirmed that;

“I had to take an Italian course so that I can borrow money from the government in other to pay my rent”
(Founders, personal communication, 2007-05-03).

The company is quite confident in their business because there is a need for their product and their potential customers are enough to reach their profit margin.

4.3 Safetool

Safetool is an organization formed by a parent company called CombiTeam in the early 2007. It is an organization that delivers products and information systems created. The company’s products are tested in the construction industry which integrates RFID systems in tools and machines. The main essence of establishing this organization was to prevent the rampant theft in the Swedish construction companies. This is to solve the problem of theft in the construction companies as one takes a specific tool.

4.3.1 Entrepreneur

The primary reason for starting this venture was the need in the market. The drive for this new venture was due to an opportunity by providing security in the market. Moreover, Safetool was having the resources necessary to fill the gap in the market.

“First of all, there must be a need. Many young people are fascinated by technical possibilities. They tend to forget if there is a need or not. You always have the need first and find ways to solve it in a better way”
(CEO, personal communication, 2007-05-02).

The CEO had experience before establishing this venture. Moreover, he sees himself as an entrepreneur because of his creativeness and experience. The CEO encountered some risk involved in the business in terms of the market but not in finance. The charisma and competence of the CEO, scrutinized by various venture capitalists to check its viability of the new venture, gave him the edge to raise more funds during the venture startup.

There were tremendous financial support from the government and other organizations such as Combiport, ALMI (Venture Company) and Insurance Company (lowering risk in terms of damages).

4.3.2 Environment

The environment had a great impact on the ability to start this new venture. The environment helped us with risk capital. Moreover, The Company was within the sphere of other companies that we could reach for technical advices. The beginning of the startup was good because the construction company PEAB, helped to utilize their product since it was attractive to them. The CEO tested and marketed Safetool to big construction companies like Skanska because they were responsive.

Safetool had no competitors at the moment. The closest company is Securitas with which they are cooperating with.
4.3.3 Business Planning Process

Idea Generation

The CEO had a planning process in the beginning of the company but did not follow intensively. However, the planning of the company at the early stage worked well for the take off of the company. Although the CEO had no knowledge about any theoretical business planning process, one of the top management level people probably initiated some business planning process because he was in a business school.

The goals were specific in the early stages but were not measured in terms of the market. The primary goal was to cover cost as they had some red cases (expenses more than revenues). They were having a lot of sub goals. The team that started the new venture had series of meetings which was held 14 days in a month help to work towards the sub goals to reach the main goals of the organization. Moreover, at the startup of the venture, the CEO was more optimistic in short term predictions around 3 years.

“Long term goals are unpredictable since there are a lot of changes in business startups…short terms goals for newly started companies are more realizable goals and attainable” (CEO, personal communication, 2007-05-02).

A lot of calculations were also involved at the early stages of the venture. Financial and strategic calculations such as employees, resources, office etc were the keen calculations made. Since we do not see any company to be our main competitor we look at similar companies and we take some advices from them. The price customers will like to pay for the finish product was very important to acknowledge in order persevering strategically.

Idea Modification

“The idea of the new venture was tested intensively” (CEO, personal communication, 2007-05-02).

Construction companies like PEAB was one of the companies that they tested their products at. The size of the company was enough to do most of our testing. Moreover, it was interesting to work with them since they were having security problems. Although they were nice people to work with their need for our products made an important place to work at. Also, the product was tested at nearby cinemas and factories that marketing of the products will be necessarily.

Changes were made constructively to suit the market because mistakes were found. Making changes after testing is a successful way and important way of doing things since you will encounter relevant challenges. The negative response and the positive response the company faced helped them to have different ideas of the relevance and need for the product.

“The negative response or challenges did not change the main idea of the product but modified it” (CEO, personal communication, 2007-05-02).

The CEO contemplated on the issue of strategic actions after review of his venture idea as that it is more of a practical posture. He continued to say that these strategic actions upon review are more theoretically inclined than practical. Although he makes some changes, he does it a way that will bring maximum solution to the problems at hand. The changes are organized and an ongoing process but not frequent.
Empirical Findings

“Do the best for the situation you have to go on… you can not stop it” (CEO, personal communication, 2007-05-02).

Idea Execution

The activities involved in establishing the Safetool venture were hiring workers, copy machines, search for legal help, staffing, etc. These activities were important in the sense that the CEO was determined to carry out their goals. In addition, he mentioned that there is a big potential to achieve their goal in this venture.

“Doing the right thing from the beginning helps” (CEO, personal communication, 2007-05-02).

4.4 Jungle Thai Restaurant

Jungle Thai Restaurant was founded in 2001 by a student at Jonkoping International Business School and after a couple of years working as a consultant he decided to establish this restaurant business. This design of his restaurant business was an idea that he got from caves with a jungle theme he visited whiles on his holiday trips in the Universal Studios in USA. The restaurant sells solely Thai cuisines and provides quality Thai service to his customers. The restaurant has about 8 workers and serve varieties of only Thai cuisines.

4.4.1 Entrepreneur

This idea to open the restaurant in Jonkoping was because there was a poor selection of restaurants here. Furthermore, he saw that as an opportunity to open this restaurant with the main business idea to serve Thai cuisines with quality. This quality service is in a package form where everything is served and workers attending to the customers. This quality service is a strategy used to fulfill a good restaurant.

The founder had an experience of being a cook before starting his venture and traveled a lot in the world to know more about different cultures. There were lots of risk involved in the startup of his business as of getting money from the bank and also using his own money. The founder of Jungle Thai Restaurant sees himself as an entrepreneur. He explained that:

“...because I like risk and a risk-taker” (Founder, personal communication, 2007-05-25).

He continued to clarify that he want to be the first in the market and do something new where problems could be challenged. However, he was optimistic that his idea was going to sell because he entered the market because there was a niche in the market.

His personality like competences, culture, and education affected his business because he needed to know how to plan for the business by having business plan and other things. In addition, he mentioned that experience and luck were contributing factors. He stated that his goal in the early stage of the venture was attainable.

“I have self-confidence in the business…” (Founder, personal communication, 2007-05-25).
4.4.2 Environment

The environment had an effect on starting the Thai restaurant because there was no potential restaurant having the same theme in the market. He made lots of analysis in Jonkoping on the other restaurants, the number of people visiting restaurants, and other relevant issues before he started his own restaurant business. This is because he saw that;

“...there was an opportunity to penetrate this market” (Founder, personal communication, 2007-05-25).

He financed his venture with some loans from the bank and also more from his own investments. The founder made a marketing strategy as a way of evaluating the responses of individuals in Jonkoping. He did lots of marketing in the newspapers, magazines and lots of places as possible before having a grand opening of the restaurant. The customers that he got at the grand opening were about 250 people waiting outside his restaurant 2 blocks away.

Considering the aspect of marketing strategy, he had lots of networks such as, students in the university and lots of people around Jonkoping city to help market his venture idea. His marketing strategy was a good strategy used to attract about 90% other competitor's customers to his restaurant in the first 3 months of business and that was one of his successes.

4.4.3 Business Planning Process

Idea Generation

The founder had a business planning process a year before he started the business. He exclaimed that;

“A lot of planning!” (Founder, personal communication, 2007-05-25).

He planned by making an economic analysis, marketing analysis of customers to target, and competition analysis. The founder had an experience or was aware of the idea of business planning process and that helped him to know what aspects to consider and not to do. Moreover, he had a specific goal in his business as he stated that;

“Every guest that will leave this restaurant will be happy and satisfied with my Thai food and services” (Founder, personal communication, 2007-05-25).

Furthermore, his goal could be measured and attainable and this he was eager to do because he wanted to have an increase in market share. The founder had specific sub goals in his business where he wrote down in his business plan (economic strategy) to make some amount of revenue quarterly in a year. He saw his business to be in a long term as he stated;

“I prefer both long term and short term but specifically long term...I am a long term man...the short term is about cost and revenue and also the long term is about my reputation, the goodwill... and pride...I believe in a long term” (Founder, personal communication, 2007-05-25).

There were lots of calculations done in the early stages of the business. Moreover, there were more of strategic measures put in place than the financial measures. The founder of the Thai restaurant’s family and friends were not against his idea at the initial stages he did not learn a lot from them considering the tactics, encouragement or experience. For
instance, his father was a businessman and had no idea of his modern plan of running a
restaurant. He had his own way of encouragement and was determined to achieve his goal.
Moreover, he did not take much tactics from his competitors because he was doing
something different and had his own strategy. His plan was not more on pricing compared
to competitors but offer value, competing in services and quality.

“We are leading the Thai restaurants in Sweden” (Founder, personal communication, 2007-05-
25).

Idea Modification

He tested his idea by having a marketing strategy to cover his windows and making
transparent holes in it and then writing down some provocative messages on the windows
and doors. The testing phase lasted for 1 month and was tested with individuals of all age.
The fact that he wanted to have something new in his market he was ready to consider all
endeavors in his target market in order to be successful.

“I make a lot of analysis of how my people will come to my restaurant” (Founder, personal
communication, 2007-05-25).

The testing phase did not affect his initial business idea. He mentioned that;

“I try to follow the business idea… give my customers the best Thai food” (Founder, personal
communication, 2007-05-25).

Furthermore, there were lots of positive responses from his customers based on the fact
his marketing strategy was of quality. However, there were some negative response, that is,
having a lightning and thunder sounds in the restaurant but later discarded this idea and
used a rain forest sound for the interior comfort. The founder made some strategic actions
as he upgraded the menu of the restaurant every half a year and other changes in his
business. There was more marketing on other things that were not in place.

“You learn from your mistakes” (Founder, personal communication, 2007-05-25).

Idea Execution

The founder of Jungle Thai Restaurant had to recruit the qualified skilled people to work in
his restaurant and this aspect was a crucial factor at the startup of the business. He
mentioned that since he was a cook himself, he cooked most of the foods in the kitchen in
the early stages of the business. He had to acquire the required license for the restaurant
and also be able to sell alcohol in the restaurant.

He found his business to be a profitable business as he made lots of planning for the
business.

“One has to have planning before starting a business… if you don’t plan you will not succeed however;
planning is not a guarantee for success but give one a better chance in success” (Founder, personal
communication, 2007-05-25).
The table below is a summarized information from the companies during the planning process of new venture development.

<table>
<thead>
<tr>
<th></th>
<th>Trader Invest</th>
<th>Killnoise</th>
<th>Safetools</th>
<th>Jungle Restaurant</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Entrepreneur</strong></td>
<td>Risk taker, self finance, family morale support, experience</td>
<td>Knowledge in the field, desire to start a business, risk taker (time and money), no family influence</td>
<td>Experience and creativity, risk taker, charisma, no family influence</td>
<td>Risk taker, self confidence, no family influence, experience</td>
</tr>
<tr>
<td><strong>Environment</strong></td>
<td>Opportunity in the market, less competition</td>
<td>Opportunity in the market, less competition, self finance, society positive interest, need for product</td>
<td>Opportunity in the market, financial support, outsourcing (workers), no competition</td>
<td>Opportunity in the market, less competition, society interest</td>
</tr>
<tr>
<td><strong>Idea Generation</strong></td>
<td>Hobby, Long term goals, one-focused idea, financial calculation</td>
<td>Short term goals, financial calculation, specific goals</td>
<td>Short term goals, specific goals, financial calculation</td>
<td>Long term goals, specific goals, financial calculation</td>
</tr>
<tr>
<td><strong>Idea Modification</strong></td>
<td>Tested with friends and relatives</td>
<td>Tested with different industries, strategic changes</td>
<td>Tested with construction industries</td>
<td>Tested in his geographical area</td>
</tr>
<tr>
<td><strong>Idea Execution</strong></td>
<td>Opening bank account, acquiring accounting software, fees payment, licensing, advertising, investing more time</td>
<td>Advertising, purchased administration materials</td>
<td>Staffing, administration materials</td>
<td>Acquiring licences, staffing, administration materials, advertising</td>
</tr>
</tbody>
</table>

Table 4-1 Summarized Information of the 4 interviewed companies.
5 Analysis

This chapter consists of an analysis of the empirical findings and the derived model for business planning process in a new venture development.

5.1 Entrepreneur

It was interesting to acknowledge that the CEO and the founders in our case studies saw themselves to be entrepreneurs and not businessmen or managers. The drive of the entrepreneur as mentioned by Hult et al. (1991) are; need for achievement, autonomy, risk, personality and motive of establishment. This can be related to the drives of the founders and CEO of the 4 companies.

The CEO of Safetools and the founders of Trader Invest, Jungle Thai Restaurant and Killnoise are risk takers. This common attitude of taking risk by business founders is very important as mention by Hult et al. (1991) as one of the attribute of entrepreneurs. Furthermore, it was interesting to know that finance does not seem to be a big problem for all the 4 organizations because they were able to secure loans and grants. This may be the reason why money may not be the main risk for some of the companies but time. As Killnoise mentioned time was their biggest issue but not money. Although they used all their money and even had to find some ways of borrowing money to pay their rent during the early stages of their business. Money may not be the biggest issue because of loan or credit issues in the country (Sweden) which may make this issue directed to certain economies or geographical areas. In this case, we would like to argue that time may be very important risk to consider when starting a new venture. The ability to take risk is very important because at every stage in the business planning process there are challenges such as time, finance, negative responds during testing, etc that crops up and that could hinder the achievement of the new venture.

Moreover, the founders and the CEO admit to be entrepreneurs because they have new products in the market and were able to identify the need of their customers. The founder of Jungle Thai Restaurant explained that he is an entrepreneur because he wanted to do some thing new where problems would be challenged. This brings to factors that makes one an entrepreneur as depicted above from the founders and the CEO such as being creative, having some thing new in the market and meeting challenges.

It could be inferred that the personality and education background of the CEO and the founders had a positive influence during the early stages to start up the business. It helped them to approach stake holders such as the bank and meeting marketing personals. The CEO of Safetools was able to secure more funds from venture capitalist because of his charisma and discipline from his previous business. Charisma and self confidence of the founder of the Jungle Thai Restaurant was one of the motivations he had in order to pursue business although he did not have any motivation or influence from his family.

The background of the entrepreneurs gave them a lot of motivation, knowledge and helps them to choose their businesses cautiously. Their background stems their decisions and endeavours meeting stakeholders during the startup of the business. The CEO of Safetools was able to secure more funds due to its business credibility and charisma. The education of the founders of Jungle Thai Restaurant and Killnoise were able for them to have knowledge in the endeavours of their startup, how to plan their business and secure funds from stakeholders. The CEO of Trader Invest hobby and education gave him more insight
of know-how of investment thereby giving him experience before hand before the initiation of his business. These show that the background of an individual or an existing company such as education, experience and culture may be essential factors that may have impact on Idea generation and perseverance of the entrepreneur.

The data we collected from our case study shows that family influence is not important in any way to start a business. The founders of Killnoise, Jungle Thai Restaurant and the CEO of Trader Invest and Safetools did not have any family influence in terms of support or positive or negative impact during the business startup.

The entrepreneur has to be creative and have certain personality to meet challenges. Moreover, his background and risk taking capabilities is important during a business planning process for a new venture development.

5.2 The environment

The environment of the individual starting the venture has a relationship with the entrepreneur and its activities in its business planning process. Hult et al. (1991) proposed that environment of the individual is made up of its resources, role models, market, society attitude, etc. The individual or existing organisation starting the new venture must have knowledge in the market and react to its challenges periodically. These periods in the planning process are the idea generation stage, idea modification stage and idea execution stage in the planning process. This is due to the fact that in all these stages the individual or the organisation would be influenced by some of the variables in the environment as mentioned by Hult et al. (1991) and act as challenges for them.

The founder of Safetools did not have any competition in the market but Jungle Thai Restaurant, Killnoise and Trader Invest encountered some competition in the market. Having no competition or not having a strong competition was a sign of success and motivation for them which helps them to face challenges during their business planning process.

Furthermore, the founders of Jungle Thai Restaurant, Killnoise and CEO of Trader Invest and Safetools were able to see a need in the market. The need in the market shows that there is market opportunity for the business which is vital as a motivation and for perseverance for the entrepreneur when they want to take risk at any stages of the planning process. This depicts clearly that there are customers available for the products so challenges, risk and losses during any stages at the business planning process would be worthwhile in the future. The founders took loans from stakeholders because they were satisfied with the presence of customers for their product and a less competition that would help them settle their debt. The access to loan also shows that stakeholder’s credibility issues have been met thereby making a positive environment a persuasive tool for stakeholders.

Also, it would cost the founders and the CEO a ransom to test their products, buy office materials or start staffing before making any profit during different stages of the planning process. However, because they know their environment poses a positive impact on their business such as, less or no competition and customer availability for their product, they would not hesitate to meet their challenges. Moreover, the environments of the 4 companies consign a positive impact of the founders and the CEO. They had access to finance and expertise easily which enhanced their planning process and achieve a goal competitively.
The planning process consists of different activities which are performed in the environment of the entrepreneur. In view of this, if the environment does not support challenges of these activities, the objectives of the business planning process can not be achieved. This clarifies the relation of the environment to the business planning process and it becomes necessarily because it influence the activities within the business planning process.

5.3 Business Planning Process

The business planning process consists of 3 parts namely: Idea Generation, Idea Modification and Idea Execution and has been analyzed below.

5.3.1 Idea Generation

The concept of idea generation is got from the steps in the model of business planning for new venture development where it ponders on the variables of identifying goals, shortening planning process and thereafter, the stage, mind your metrics. Consequently, these concepts which various experts have brought up tend to be a vital aspect in our proposed model of business planning process for new venture development.

Having specific goals when starting a new venture is an important aspect in the startup of a company as an individual or an organization has to choose goals for a better outlook. These goals in the early stages of the business should be specific, measurable, attainable, rewarding and also timely as Stan et al. (2003) stated earlier in the above text. Considering the findings, all 4 companies had goals that were specific in the sense that it was exact. Furthermore, 1 founder amongst the interviewed companies mentioned about his goal for his business as;

“Every guest that will leave this restaurant will be happy and satisfied with my Thai food and services”
(Founder, personal communication, 2007-05-25)

This is a goal that sets off the idea for a business and also they are of importance as it serves as a roadmap for the startup of the new venture. In addition, specific goals are intuitively offsetting the link to startup a company.

Talking about how the goal of a new venture is measurable can be explained beyond recognition as measurement of a goal cited by Stan et al. (2003) is an important factor. As a matter of fact, a goal to be measured denotes that it can be verified. The findings from 3 out of the 4 interviewed companies can be deduced that all their goals for their business were measured. The CEO of Trader Invest goal is measured as a result to reach the market goal. On the other hand of Killnoise, the founders mentioned about their goal being measured on the note of the market as to the nature of their business. Accordingly, the founder of Jungle Thai Restaurant also mentioned that his goal was measured as a way to increase his market share in the business.

As a matter of fact, their goal that was measured was a facet of their business to override the challenges in the market. In this sense, the goal has to be determined as a way of helping an individual or an organization weighs what his new venture can offer to the society. Goal measurement is an important aspect when it comes to starting up a business as more attention is paid on how the goal of the new venture can be proven. Furthermore, an additional feature of a goal for a new venture is the idea of attainability, which Stan et al. (2003) explained as how goals can be reached in a certain sphere. Looking at the findings, 3
Analysis

out of the 4 companies contemplated on the issue of their goal for their new venture to be attainable. In this sense, it can be deduced that goals for a new venture can be attainable whatever the industry the venture is offering.

From the findings gotten from our interviewed personnel from the 4 companies, they mentioned the aspect of sub goals, which is also another feature in the idea generation phase. In this case, the idea of having goals is a vital aspect in a startup of a new venture. This is what helps an individual or an organization establishing a new venture to know what his or her venture can offer to the society. Setting sub goals are exclusively an important feature of the goal identification stage.

From the findings, all the 4 companies had sub goals which are part of the main goal. With this, it can be said that in a business planning process, the idea of having a goal is a fundamental issue. This can be addressed by the way an individual or an organization focus on the goals or sub goals, that is been specific, measurable, attainable, rewarding and timely. The authors of this paper believe that having a goal for a new venture is a facet to take into consideration. In addition, for an individual or an organization to have lots of sub goals helps the new venture acquire root in reaching its potential end. As a result of this, these sub goals are formed to help the venture achieve or reach its main goal. This can be seen in the findings as one of the companies’ CEO pondered on the issue of their company having meetings to work on their sub goals to reach their main goal.

The attributes of a business planning process that is derived can be seen in a certain perspective which relates to each other or are in sequential order for an optimum result. The idea of a shortened planning process for a new venture is the utmost initiative an individual or an organization can do. Accordingly, planning process of the venture idea should be in a short run rather than in a long run.

Looking at the findings, 2 out of 4 companies stated that having the idea for the new venture in a short term is better than having it in the long term. In this case, it can be said that since no one can predict what might happen in the market and that it is difficult to have the business in a long term. Furthermore, 3 companies (Killnoise, Trader Invest and Safetools) pondered on the issue of having the business concept or idea in a short term, say, 2 to 3 years. However, the founder of Jungle Thai Restaurant mentioned about having his business in a long term as to the nature of business. In this case he stated precisely as

“I prefer both long term and short term but specifically long term…I am a long term man...The short term is about cost and revenue and also the long term is about my reputation, the goodwill... and pride… I believe in a long term” (Founder, personal communication, 2007-05-25)

Shortening the planning process of the venture idea is an important aspect in the business planning process as Profit (2007) mentioned the idea of restraining the goals for the venture as it has to be perceived in a short period of time. The short time frame for the venture idea then helps the individual or the organization to recognize the achievements that the new venture will offer to the society.

“The short-term is more effective…will help to achieve a lot.” (Founders, personal communication, 2007-05-03)

This is a way of perceiving the business in a good way, thus, attaining the best out of the business in a short term.
In addition, a short planning process facilitates in pinpointing the importance of the new venture as it will be offering value to the society.

“Long term goals are unpredictable since there are a lot of changes in business startups…short goals for newly started companies are more realizable goals and attainable". (CEO, personal communication, 2007-05-02)

In continuation, keeping in mind the metrics for the new venture is a vital issue to be considered as Profit (2007) mentioned that it is a way of evaluating certain areas in the business. For instance, in terms of financials, an individual or an organization needs to consider this aspect as it helps to examine the business from past organizations. In this case, it assists in re-examining the venture for a smooth run. From the empirical findings, all 4 companies instigated lots of calculations in their early stages of their venture. Moreover, these companies had their own way of setting off their metrics for the business.

Basically, the idea of financial metrics from these companies was based on either the performances in the market, surmounting competitors, or based on the number of employees, resources needed, or office for the business. Likewise, this idea of taking into consideration the metrics for the venture is an immense aspect for the business. This is the case whereby an individual or an organization can assess the nature of the business in terms of the environmental pressures (internal and external pressures). The internal pressures are how many employees to employ, the vital resources needed for the business, facilities and other aspects. Furthermore, the external pressures are competitors, the performances in the market, the society and other variables within the external pressures.

Considering all these aspects of the metrics for the business, it aids in preparing the business for a smooth run and thereby achieving a competitive edge and success.

5.3.2 Idea Modification

Idea modification is the next important aspect in the business planning process that entails the testing phase, reviewing and deciding on actions. These stages are known to be the idea modification of the business planning process for new venture development.

The aspect of testing phase falls under the idea modification as Hult et al (1991) mentioned that testing of a venture idea with the environment is an important factor that shows the negative and positive responses of the business. This can be attested with the empirical findings from the 4 companies as they all tested their venture idea. The testing phase of the venture idea of Trader Invest, Killnoise, Safetools and Jungle Thai Restaurant was basically different from each other. Thus, the testing phase for Trader Invest was with friends and other people to see how viable the business will be in the startup. The other 3 companies also tested their concept several times for a response. In addition, there were positive responses in conjunction to the business idea for all 4 companies. In this case, it helped the companies to really prove what their business can offer and also to know the strength of the venture.

The testing phase of the venture idea is mostly conducted in an environment that the venture will be offering as a result of checking responses. Talking about the environment where most of the testing stage was implemented was different for all the companies. For instance, looking at Jungle Thai Restaurant, the founder tested his venture idea with all individual in a complete different way by having a marketing strategy to attract customers. With this, it can be said that since all the companies tested their venture idea with the
environment, be it internally or externally, it depends on the different sphere of industry targeted. Furthermore, the testing phase which was conducted by the 4 companies is a way of assessing the responses retrieved. In this case, it helps the company to make adjustments to the business itself.

Accordingly, the CEO of Safetool stated as “The idea of the new venture was tested intensively” (CEO, personal communication, 2007-05-02).

This leads this entire part to another stage where it talks about the review of the venture idea after testing.

The review section of the business planning process is another way of evaluating the business as Stan et al. (2003) mentioned that the idea of reviewing is a way of assessing the business and the environment it operates. Furthermore, this is a concept for an individual or an organization establishing a new venture, to consider various aspect of the business. Likewise, this stage of the business planning process is an ideal way for organizations to find out their strengths and weaknesses of the business. From the findings, all 4 companies constructively had a review of their venture idea as they were faced with lots of challenges. For instance, the statement made by a potential customer of Killnoise as

“Shouldn’t we have a string to hang around our neck?” (Founders, personal communication, 2007-05-03)

This is a usual response that shows that adjustment should be made but as a matter of fact, it does not necessarily mean the product should be changed. In this case, the founders of Killnoise had to stick to their plan for the product and not modifying it.

In the other case of Safetools, there were both negative and positive strengths of their product as their customer (Construction Company) complained about their product offered.

With this, the CEO had to make some alterations as he stated as;

“The negative response or challenges did not change the main idea of the product but modified it” (CEO, personal communication, 2007-05-02).

Furthermore, in the case of Jungle Thai Restaurant, there were positive remarks as to the kind of strategy the founder was utilizing. However, there was a negative response made by his customers. In this case, changes were done to the problem as he stated that;

“You learn from your mistakes” (Founder, personal communication, 2007-05-25)

With this, it explains the fact on review of the venture idea as it reveals the performance of the business and what they are offering to the society. Although reviewing the idea of the venture is an important aspect to consider, it is not a way of changing the whole business concept. The founder of Jungle Thai Restaurant mentioned that:

“I try to follow the business idea...give my customers the best Thai food” (Founder, personal communication, 2007-05-25)

As a matter of fact, reviewing only checks the performance of the business in order to show how viable it is and also what value it can offer to the society.

The stage, deciding on actions concludes the idea modification phase where Stan et al. (2003) proposed that it helps the plan to proceed in its course. In addition, it talks about
how certain prevailing actions are strategically chosen. This aspect of making decisive actions is made when an individual or an organization has reviewed the venture idea. From the findings, 3 out 4 companies made strategic changes to their business. Accordingly, Trader Invest made no strategic actions on his business (investment advisor) as that was his main core idea for the business. Looking at Safetools, Jungle Thai Restaurant and Killnoise, strategic actions were made to the business. Based on this fact, there were differences in both strategic actions. From the perspective of Killnoise, they made lots of strategic actions as they had to respond to various responses from both internal and external environment.

Furthermore, they stated that;

“We found new direction to go from a different response” (Founders, personal communication, 2007-05-03).

On the other hand of Safetools, the CEO made several strategic actions which were an ongoing process to the business. Consequently, these actions made by the CEO were to solve the problems at hand. Strategic actions were made by the founder of Jungle Thai Restaurant to also keep up his competitive advantage as he improved upon certain features of the restaurant. Basically, he stated that:

“We are leading the Thai restaurants in Sweden” (Founder, personal communication, 2007-05-25)

Therefore, the concept for deciding on actions is a critical aspect to note as it helps individuals or organizations to update their business internally or externally to keep up the competition. In addition, deciding on actions for changes in a business helps to show what value the business can offer.

5.3.3 Idea Execution

The idea execution stage in the planning process of new venture development is the third and last stage of the business planning process. At this juncture the individual has gone through various activities and may be optimistic that he could implement his strategy. The idea has been solidified and more focused on a particular goal. The goal initiated from the beginning may be the same goal to be implemented at this stage but the idea has been narrowed and market more defined. Risk of the entrepreneur has been reduced at this stage to be less uncertain in the venture thereby enhancing success for the entrepreneur and staying competitive.

The information of the venture goes out to the public after series of analysis of the negative and positive aspect of the venture has been well scrutinised (Hult et al., 1991). Trader Invest draw his friends attention and advertised on the internet to gain customers. Jungle Thai restaurant also drew customers’ attention by putting information on the window about the theme of the restaurant. At this stage, Killnoise used the newspaper as one of the means to let the public know their existence.

Moreover, the grounds on which the venture was built and what constitutes the venture is delivered to the public and used by stakeholders in all their venture endeavours. The individual is more ethical in its business endeavours and more determined with a clear mind to stay competitive in the market. This pave grounds for the venture and gives them the edge to put more resources in the venture by hiring workers, renting offices, buying administration equipments, advertising etc (Stan et al, 2003). The activities of the entrepreneur may differ depending on the type and size of organisation. This can be seen
in the view that Traderinvest bought software in accounting, licence its company and open a bank account. Traderinvest did not hire staff or rent an office because it is an investment company and does business on line, and the founder do not need more people to work with on line. Unlike jungle Thai restaurant and Safetools, staffing was important for them because the type of organisation will need more people to work. Licensing was very important for Jungle Thai Restaurant because of the possibility to sell alcohol in the restaurant which attracts customers. At this stage in the business planning process, the founder mind is more focused and geared towards running a new business.
6 Conclusion

This last chapter presents the core conclusions that were made in the analysis. Accordingly, the authors’ reflections and suggestions for further studies are elaborated.

6.1 Result

As stated in chapter 1, the aim of this thesis is to;

“… give an individual or an organization a clear direction of a business planning process in a new venture development.”

In order for the purpose to be fulfilled, the authors came out with a research question;

- What steps can one follow when planning a new business?

The authors of this paper believe that the purpose was fulfilled as a result of our research question being studied and answered in the analysis chapter. In addition, the purpose was fulfilled as the authors derived a model for business planning process in a new venture development to define our research. The derived model for business planning process in a new venture development is made up of the business planning process which has a relative relationship with the entrepreneur and the environment.

The business planning process is a step that one can follow when planning a new venture and it includes the Idea Generation, Idea Modification and Idea Execution. In view of the 3 main stages mentioned (Idea Generation, Idea Modification and Idea Execution), a clear direction of a business planning process in a new venture development can be acknowledged.

The authors believe that the Idea Generation stage which is “goal identification, shortening planning process and mind your metrics” must be considered. Inferring from our analysis, the idea generation stage denotes that when starting a new venture, one must consider the venture to be in either a long term or short term goal, have financial calculations and also consider having specific goals for the venture. Besides, in contextual to the authors’ analysis, the fact on either having a long term or a short term goal in a new venture depends on the kind of venture, the founder’s perception and the market.

The Idea Modification is the second major stage in the business planning process. It includes the “testing phase, review and deciding on action”. The authors believe that testing of the venture idea in the market depends on its respective industry. Also, strategic review on the positive and negative responses must be taken into consideration so that a modified idea can be implemented to come out with a venture that will have a competitive edge in its industry. The authors of this paper would like to clarify that the idea modification stage will not change the core of the venture but gives a clear marketing strategy (pricing, position, place, promotion, target group, etc.) that helps to stay competitive in the market. This can be inferred from the CEO of Safetools upon his statement;

“The negative response or challenges did not change the main idea of the product but modified it” (CEO, personal communication, 2007-05-02).

The third and last stage before running your business is the Idea Execution and it consists of the “startup phase and the implementation strategies”. At this stage of the business planning
process the founder has a clarified goal which paves the way for licensing, advertising, acquiring office materials, staffing (skilled workers), etc., depending on the kind of organization.

The authors believe that the entrepreneur and the environment have a relative relationship with the business planning process mentioned above. This is vital in the planning process of a new venture because it will help individuals or organizations gain a competitive advantage. For one to consider starting up a new venture, the entrepreneur is an important feature to note as he/she is the one establishing the business. As a matter of fact, the entrepreneur must be a risk-taker, know who he/she is, have the need for achieving his/her goal for the venture, and having the urge to establish that venture. However, the authors have observed from the analysis that the family does not have any impact on the founders when they are starting a new venture. This may be due to the founders’ motive of establishing the venture and also the need for achieving their goals. Also, the issue of family influence when starting a new business may be due to culture variations.

On the perspective of the environment which is also another facet of the derived model for business planning process in a new venture, it is a factor for one to consider. The environment, which entails the market, resources (internal and external resources), and the society’s attitude are essential factors. The environment is important in the sense that it gives the founder access to the appropriate data in order to make his/her goal achievements successful in the business planning process. The data such as information of competitors, market, resources and all other stakeholders must be observed during the business planning process.

From the authors’ deductions, the derived model for business planning process in a new venture development can be a recommendation to individuals or organizations starting up a new business. Moreover, this model is deemed to be important as the authors perceive it to;

- Have a step by step direction in business planning
- Assist planning
- Have a specific (measurable, attainable, rewarding, timely) goal to run the venture
- Stay competitive in the market

As a result of this, we would like to conclude that having a business planning process paves the way to a new venture. More light can be shed on this as one of the founders mentioned that;

“One has to have planning before starting a business… if you don’t plan you will not succeed however; planning is not a guarantee for success but gives one a better chance in success”

(Founder of Jungle Thai Restaurant, personal communication, 2007-05-25).
6.2 Suggestions for further studies

This main research on the business planning process in a new venture development was conducted only in Jönköping, a province of Sweden. Sweden is a developed country and that people starting a new venture have access to incentives that would enable a smooth establishment. As a result of this, the authors of this thesis suggest that further studies on this topic should be conducted in a different geographical area. It would be interesting to conduct this research in developing countries such as Ghana, where entrepreneurial activities are at its peak because the government is encouraging people to start ventures.

In addition, another area where the authors think to make research in terms of business planning process is how big companies (about 200 employees) can introduce new businesses.
References


References


Appendix

Appendix 1: Interviewees:
(Trader Invest)
Goran Rubil, CEO, 2007-04-30, 10.00

(Killnoise)
Ulrik Unenge, Marketing Director, 2007-05-03, 17.00

(Safetools)
Werner Hilliges, VD/CEO, 2007-05-02, 15.30

Appendix 2: Questionnaires for Interviews

Entrepreneur
1. Why did you start this new venture?
2. Were you having any experience(s) before starting the venture? If so, what was /were they?
3. Can you elaborate on any risks involved in the venture at the early stages?
4. How did you see yourself when you started this venture? An entrepreneur or just a manager of this organization?
5. Did your personality (education, charisma, competences, culture, etc) have influence in creating this new venture? If so, how did it affect you?

Environment
1. What impact did the surroundings had on your ability to start your business?
2. How did you finance your venture?
3. What can you say about the beginning of the startup of the venture in terms of the market?
4. How was the response (competitors, customers, etc) in the market?

Business Planning Process

Idea generation
1. Did you have any planning process when you started the venture? a) If yes, how was your process? (formal-document or informal) b) If no, how do you plan or organize your business in terms of sales, finance, prototypes?
Appendix

2. Do you have any knowledge or aware of any idea of business planning process? If so, how did you structure your planning process?
3. a) Was your goals specific at the early stages of your venture?
   b) Could your goals be measured in terms of market, returns, etc.?
   c) Do you see your goals to be attainable?
4. Did you consider having specific sub goals in a time period and why?
5. How long was your business strategy for the market?
6. Do you consider looking at the viability of your business in a short-term or in a long-term?
7. Did you make any financial calculations during the business startup and when did you do that?
8. Did you put in place any strategic or tactical measures in the early stages of your business? If so, when and why did you initiate this idea?
9. Did you consider any tactics from competitors, families, or from your experiences?

Idea modification

10. Was there any testing of the initial idea of the venture? If so, why and how was it done?
11. How long was the testing phase of the venture idea?
12. What environment did you test your idea and why that environment?
13. Was there any assessment or review during the startup of the venture?
14. What were the effects of the testing phase upon your review of the idea?
15. How did your testing phase affect your business idea?
16. Were there any positive and negative responses after review?
17. How did you handle the positive and negative responses?
18. Was there any strategic actions based on the review?

Idea execution

19. What activities (hiring administrative office, staffing, etc.) were involved at the startup phase of the venture?
20. Were these activities crucial at your startup phase looking at it from the earlier stages of your business?
21. On what level did you use all your resources at the implementation of the venture analyzed idea?
22. Do you find yourself to be in a profitable business at the implementation stage?