The high risk of failure in micro-enterprises
Reducing failure-risk by evolving the traditional business plan

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Abstract

Today’s economy of the European Union is statistically proven to be largely made up of startup enterprises. Startups, that has been and will be an essential part of the economy, be it present or future. However, it is a well-known fact that startup failure rates are quite high, both in the economy as a whole as well as the restaurant industry which is of focus in this paper. Therefore, there is a pressing need among both scholars and entrepreneurs to figure out how to reduce the micro-enterprise startup failure rates.

It is why; this paper was written with the purpose of studying the components of a traditional business plan model, to look for gaps and parts that are worth developing more. Primary concern was to find out the necessary steps a startup must take in the business plan to better avoid financial failure in the pre-established startup period – which is over 42 months.

Therefore the following research question was posed: “How can the components of the traditional business plan be adapted or complemented by contemporary research, and, entrepreneurs’ views and experiences in order to better avoid financial failure of a micro-enterprise start-up within the European restaurant industry?”

In order to answer this question a qualitative study was done; contemporary research was reviewed and compared with primarily collected data which was gathered by conducting semi-structured interviews with managers and employees of restaurants. The abductive approach allowed the authors to “enrich” the established theories used.

It was made clear that two prominent gaps were found in the traditional business plan models; networking and a red-thread strategy. The first gap, *networking*, includes the need to establish a “network identity” within the network that the startup operates in, and to plan how the network that the business operates in can be used, as well as clearly state what purposes and benefits it provides. The second gap, *red-thread strategy*, emphasizes the need of a strong overall focus on the desired goals and visions of the organization in order for it to better operate and function, and specifically, how it is to be implemented to permeate throughout daily operations. It is to make the operational inferences of the vision clear, and how the startup will ensure that the aim will stay the same through their day-to-day operations.

To conclude, it was found that by allegedly filling up those two gaps by including them in detail in the business plan, the startup could have a bigger chance of avoiding financial failure within the startup period.

**Keywords:** entrepreneurship, startups, business plan, developmental phase, networking, red-thread strategy, European Union restaurant industry
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1. Introduction

This part introduces the background of the thesis and explains the context which the research topic is derived from. It further states the research purpose and then states the research question.

1.1. Background

Start-ups have always been part of the economy. Even though individually they might seem insignificant in terms of GDP due to their small size, studies have shown that start-ups as a collective support economic growth (Wu & Atkinson, 2017, p.8). Schumpeter (2003, p. 80) positively argues that a growth in output and capital are largely due to smart entrepreneurs who tirelessly work on developing and implementing start-up businesses.

However, while start-ups bring many good things to the economy, the future for a start-up can be a bit bleak, daunting and unsure. Shikhar Ghosh, a professor at Harvard Business School, told in an interview for the paper “Harvard Business School Working Knowledge” about the failure rates of startups in the U.S. which he has established through his research. Defining failure from the perspective of a complete liquidation of assets, his research shows a failure rate upwards to 40%. If seen from the perspective of failing to reach the return that was projected on an investment, the rate goes up to 80%. If redefined as a failure to reach a projected financial goal, then the failure rate is upwards to 95% (Nobel, 2011).

Cambridge Associates gave another view of what unsuccessfulness entails. They defined a start-up as failed after being unable to return more than 100% of the investments back to their investors. The research was based on 27’259 start-ups between the years 1990 to 2010, which showed the overall failure rate according to this definition has not risen above 60% since 2001 (Griffith, 2017). However, since the global investment firms are trained professionals in evaluating what businesses are likely to be successful, the percentage is more an indication of Cambridge Associate’s development of abilities to find successful firms, rather than being a direct indication of the overall failure-rate of startups.

It can be difficult to understand exactly when the start-up phase is, and when a firm should be considered as established. Acs et al., (2007) stated in their article “Can the Irish Miracle Be Repeated in Hungary?” the three growth stages of firms. They consist of nascent (0-3 months old), baby (3-42 months old) and established (over 42 months old) firms (Acs et al., 2007). This is therefore also the definition of a start-up for this thesis; a firm which is yet not over 42 months old. This thesis will be based on data of firms that have survived past this cut-off point in several European countries in the empirical data section gives an indication of those that have survived the start-up period. This data also marks the scope of research to be applicable to European firms.
The European Union, or EU, is an economic union which currently holds 28 member countries. These member countries are regulated under umbrella-laws which are mandatory, and have mutual agreements across several topics such as agriculture, technology, health, work, among other (Europa.eu, n.d.). This means as a result that there is a generalizability across several countries, despite some sharing neighboring borders, and some being on the opposite sides of the continent.

Since there is such a large generalizability across so many countries, the EU makes for a very interesting topic to research. Regarding the topic of failing companies which is what this thesis focuses on, some concerning facts can be seen when comparing the failure rates within the EU. This is through a compilation of the average failure rate of start-ups in 24 of the 28 EU countries within 5 years since its inception, which was recorded for the years between 2009 and 2014. The 5-year failure rate reached its peak in 2010, being at 56,34%. The lowest failure rate was recorded in 2011 where it was 53,78%.

The data was collected from companies within the business economy except for holding companies (Eurostat, n.d.). The failure rate-trend visible between 2009 and 2014 shows that the percentage of companies that have failed within 5 years since its inception is around 55% in the EU. As an example, the individual failure rate for Sweden in 2014 was 56,75%. This means that 56,75 % of the 46’240 companies established in 2009 failed, totaling 26’241. This compares to the overall failure rate for the EU, which would have resulted in a total failure of 55,74%, or 25774 companies established in 2009 who failed to survive until 2014 (Eurostat, n.d.).

Across several media outlets, social forums and word of mouth, It is commonly expressed that roughly nine out of ten startups fail on average (Patel, 2015). However, while this does not completely reflect the reality of the number of companies that has to completely cease to exist, it does reflect on an important thing: majority of the startup fails in their early phases of operation for multiple reasons. One of the reasons which is apparent through real life situations and entrepreneurial experiences is a lack of focus, which can present itself in a variety of ways, such as an inability to express the value offered to customers or losing the direction within the company (Wagner, 2013).

Problems in operations can be led back to an issue in the business plan that was overlooked or not given the necessary attention, or, respectively: the entrepreneur forego creating a business plan altogether. Although many other variables play a part of a start up venture’s success or failure, taking all of them into consideration would enlarge the scope of focus too much for the parameters of this paper. Therefore this paper will not focus on such variables as the execution of the business plan, competitors’ moves and the management team’s capabilities and managing style. Instead the focus will be placed on the components of a business plan and the issues and matters that surrounds it.

1 Appendix 1 and 3.
1.2. Problem Discussion

The business plan will be reviewed and discussed, more specifically, with a focus on micro-enterprises start-up firms within the restaurant industry. Micro-enterprises are simply put as the firms which employ less than 10 people (European Commission, 2003). By having this focus, it will then exclude majority of the start-ups which are created by franchising of larger chains, which already has a supportive network attached to it. Instead, the ventures to be researched are those who independently create and establish a business, not differentiating between those who raise capital on their own, and those who borrow.

The business plan states several important factors which need to be thoroughly researched, stated and executed in order to give the firm its best chance at success. The traditional business plan taught in both universities and found readily available across various online and offline platforms has lent itself as the core structure for many entrepreneurs’ planning of their business idea. While this plan contains many essentials, it is concerning that so many entrepreneurs fail at such a high rate, even with the traditional business plan being available in abundance. This can be due to many other factors than the business plan such as the market, the supply variations and possibilities, and not to neglect one very important factor: the entrepreneur.

However, the business plan could model act as a “safety blanket” to ensure that the new entrepreneur has a larger chance of success despite the other shortcomings. It would not simply be possible to create a business plan that is perfect, and that ensures success for all who use it. However, the traditional business plan can be complemented by adding methods, factors and guidelines that have resulted from contemporary research and entrepreneurs’ experiences. This would in turn increase the readiness of both the plan and the entrepreneur, and make the entrepreneur more aware about its start-up, including the market and conditions that surrounds it. By adapting the traditional business plan it gives the opportunity to better an already familiar element, rather than changing the structure completely for those who are recurring owners of start-ups. Also, by adapting the business plan according other entrepreneurs’ experiences, the new entrepreneur can learn from others’ mistakes and how to avoid these pitfalls, and will from the contemporary research be more adapted to the needs of today.

1.3. Purpose

The focus in existing academic papers were heavily put on the entrepreneur: However, this paper will place emphasis on the start-up period, more specifically, the developmental phase. The part of the developmental phase that will be of primary concern is the business plan. This will be examined by researching the necessary steps a start-up must follow in the business plan to better avoid financial failure, and how the traditional business plan can be improved. The evaluation will consist of categorizing and establishing what elements the traditional business plan consists of, which is the staple-type taught in business schools and literature. The thesis will then compare,
contrast and develop that by comprising contemporary research and entrepreneurs’ experience. This will be done by evaluating different elements for business plans in literature, and comparing them to real-life examples of micro-enterprises in the European restaurant industries. The reason for this focus is due to the interest of the authors.

1.4. Research Question

From the previously stated research purpose, the following research question was established:

“How can the components of the traditional business plan be adapted or complemented by contemporary research, and, entrepreneurs’ views and experiences in order to decrease the risk of financial failure of a micro-enterprise start-up within the European Union’s restaurant industry?”
2. Methodology

*This chapter will present and motivate the methods used for data collection and analysis from both a theoretical and practical perspective.*

The methodology chapter is going to introduce the research paradigm. Namely, the authors’ standpoint in research philosophy, assumptions of the world and nature of knowledge that is acknowledged. It is essential to state the researcher’s philosophical views given that it establishes the fundamentals, which the authors will use to analyze and study the research topic of their chosen. Given that the different approaches create a link between theory and research in a different way, it is essential to clarify.

2.1. Research Approach

There are three main approach to research which exists: the deductive, the inductive and abductive approaches.

The deductive approach describes a study that develops theory based on empirical reality and therefore “particular instances are deduced from general inferences” (Collis & Hussey, 2014, p. 7). Given that the authors do plan on using already established theories and test them by conducting interviews and compare real life experiences to the theories, a deductive approach was considered. However as the authors planned to not just test theories but also add to it and “enrich” them, the deductive method was rejected.

The inductive approach describes a study where “theory is developed from the observation of empirical reality” meaning, that the “general inferences are induced from particular instances” (Collis & Hussey, 2014, p. 7). The scope of this research paper is too narrow to create a brand new theory, although the authors wish to gather general conclusions from a handful of particular examples. It is why the inductive approach was deemed unfit for this type of research paper as well.

Instead, the authors decided to go with Aristotle’s (1980) famous “golden mean” and use an abductive approach. According to Lipscomb (2012, p. 244) the abductive approach describes a study where the findings are confirmed and underpinned by “deductive and inductively sourced evidence”. Basically, the abductive approach is a mixture of inductive and deductive. The authors’ aim with this study was to compare real-life practices to established theories as well as enrich the used theories based on the insight that was gathered during primary data search. Using grounded theoretical models, a “reality check” was conducted and in the process of comparison with reality, new additions and concepts were born.

Following these reasonings, this thesis thereby follows an abductive research approach to gather valuable data and ultimately, contribute to scientific models.
2.2. Epistemological Considerations

Epistemological assumptions clarify what the researcher accepts as valid knowledge as well as the relationship of the researcher and the entity that is being researched (Collis & Hussey, 2014, p. 47). There are two main paradigms one can take here: positivist view or interpretivist view.

Positivism is a paradigm that assumes that there is only one social reality which is objective and not affected by the act of being researched. Positivism originates from natural sciences, as researchers up until the 19th century were more focused on studying inanimate objects and were concerned with the components of matter and natural rules. For a while only this singular research paradigm existed, however, with the rise of industrialization came a significant change in the way people lived their lives. This caused researchers to become interested in the new “social phenomena” but they soon realized that the positivist method created by natural scientists was not suitable for the new phenomena (Collis & Hussey, 2014, pp. 43-46).

Due to the criticism of positivism, interpretivism was developed by multiple scholars such as Dilthey & Bentanzos (1988), Rickert (1934, 1920) and Weber (1946) as an alternative method. Interpretivism states that social reality is subjective, therefore every single person experiences social reality differently, which means that the researched is affected by the act of researching (Collis & Hussey, 2014, p. 44).

According to Packard (2017, p. 537) interpretivism assumes that people are agentic and are acting voluntarily - observable factors do not determine their actions though they might influence individual’s behavior. Thus it means that people’s actions must be studied and viewed at an individual level in order to understand the meanings and reasons for the said actions of the individual.

Given that the authors of this paper are studying an entrepreneurial phenomenon in social context, an interpretivist approach was used. Packard (2017, p. 536) argues in their article Where did interpretivism go in the theory of entrepreneurship? that interpretivism is a “groundbreaking philosophical alternative” that could emphasize the “source of entrepreneurship in individuals rather than abstract markets”. Taking a critical opinion against positivism, it is true that natural sciences have created a useful method but the positivist approach became questionable whether it could prove to be a successful tool when dealing with human agency.

Therefore, from an epistemological point of view, taking an interpretivist approach means that an attempt was made to minimize the distance between the researcher and the researched by using a well-known form of participative inquiry - semi-structured interviews (Collis & Hussey, 2014, p. 47). From the reasons stated regarding the interpretivist approach, the authors accept the assumption that valid knowledge comes from subjective evidence from participants.
2.3. Ontological Considerations

Ontology concerns itself with the nature of reality (Collis & Hussey, 2014, p. 47). There are two main approaches one can take here.

The first is the objective point of view, meaning that axiologically speaking the researcher is independent from the subject that is being researched. This means that the conclusions drawn from the collected data is unbiased and value-free. However, the objective approach is associated with positivism as it states that there is only one reality (Collis & Hussey, 2014, p. 47). In the above section the authors clarified that they are taking an interpretivist approach, therefore the objective view was rejected.

Interpretivists believe social reality is subjective and multiple; therefore each and every single person have their own sense of reality (Collis & Hussey, 2014, p. 47). According to Mercier (2009, p. 214) “life is not what we live; it is what we imagine we are living” which corroborate to the subjective approach that there are as many realities as there are people living. Given that this study is based on qualitative primary research, the researchers have to take the different social realities into consideration and analyze the data in this light; therefore an interpretivist view was taken.

2.4. Ethical Considerations

Social research ethics codes became rather widespread in the past few decades (Bell & Bryman, 2007, p. 65). According to Wilson (1997) ethical concerns received more and more attention as it was stimulated by the pressure placed on academic researchers early on; in order to contribute early in their careers and gain permanent positions in universities, many researchers feel incentives to conduct research with unethical methods.

For this reason - among many others - professional bodies such as the Economic and Social Research Council (ESRC) or Council for Industry and Higher Education (CIHE) have actively encouraged researchers to conduct studies ethically by publishing ethical guidelines (Collis & Hussey, 2014; Bell & Bryman, 2007). Out of which, Bell and Bryman (2007, p. 71) have created a guideline by comparing multiple guidelines already published.

Therefore, the authors took into consideration Bell and Bryman’s 11 categories of ethical principles while conducting research for this paper;

I. Harm to participants
This guideline focuses on the potential to “cause harm through the research process and theneed to ensure physical and psychological well-being either of research participants, the researcher, or others” (Bell & Bryman, 2007, p. 71). The authors paid special attention to not cause any harm, be it physical or psychological to the interviewees - the interviewees all have been informed of the nature of this study and topic before any interviews were conducted. They have all agreed to answer questions and nothing was published or disclosed without the interviewees’ explicit consent. Furthermore the authors took intellectual property rights very seriously and were carefully sourcing and citing works that are not this paper’s authors’ own work.
II. **Dignity**
The category dignity is “the requirement to respect the dignity of research participants, researchers or others and avoid causing discomfort or anxiety” (Bell & Bryman, 2007, p. 71).

Previous to every interview, the researchers informed the interviewees that they have the right to not answer any questions they do not feel comfortable answering. Furthermore, by disclosing the topic of interest in advance the authors hoped to reduce the level of anxiety by giving the interviewees a chance to prepare ahead.

III. **Informed consent**
This emphasizes the “need to ensure the fully informed consent of research participants” (Bell & Bryman, 2007, p. 71). As mentioned above, collecting every involved participants’ clear consent had preceded the interviews. No information was acquired by tricking or lying to the interviewees. The authors approached the whole procedure by emphasizing the concept of mutual trust.

IV. **Privacy**
This category concerns with the “need to protect privacy of research subjects or avoid invasions of privacy” (Bell & Bryman, 2007, p. 71). No private information was collected and those disclosed in this paper were done by the participant’s full agreement and consent. The interviewees had the freedom to not answer specific questions or they had the freedom to reveal as much as they were comfortable with.

V. **Confidentiality**
This is the “requirement to ensure confidentiality of research data whether relating to individuals, groups or organizations” (Bell & Bryman, 2007, p. 71). The authors were careful not to disclose any confidential information that the interviewees have trusted them with, and respected the wishes to keep certain parts of the interview, the interviewees’ personal data or the company’s data they were representing, confidential.

VI. **Anonymity**
Anonymity focuses on the “protection of anonymity of individuals or organizations” (Bell & Bryman, 2007, p. 71). As it was already mentioned above, the authors of this paper have respected the wishes of interviewees’ and the companies’ in case they did not want names, addresses, or contact information to be made public.

VII. **Deception**
This one assesses the “potential for deception through the research process, either through lies or behavior that is misleading” (Bell & Bryman, 2007, p. 71). All of the interviewees were informed of the purpose and the topic truthfully. No information was gathered via lies or inappropriate behavior.

VIII. **Affiliation**
The category affiliation concerns itself with the “need to declare any professional or personal affiliations that may have influenced the research, including conflicts of interest and sponsorship, including information about where funding for the research has come from” (Bell & Bryman, 2007, p. 71). The authors reveal any type of affiliation or connection which they have towards the interviewees and/or the companies in focus in the 4.1 Interview overviews section.
IX. **Honesty and transparency**
This focuses on the “need for openness and honesty in communicating information about the research to all interested parties, including the need for trust” (Bell & Bryman, 2007, p. 71).

For the purpose of clear and direct communication, the authors have communicated the research purpose and topic in advance to the interviewees, who in turn had the chance to decline based on the information given to them.

X. **Reciprocity**
It is the “idea that the research should be of mutual benefit to researcher and participants or that some form of collaboration or active participation should be involved” (Bell & Bryman, 2007, p. 71).

Reciprocity was considered however, given that this is a mere bachelor’s thesis it was quite difficult to assess any mutual benefits for both the researchers and the participants. The participants were aware that their companies will receive no significant - if any - marketing value or further interest of researchers from this paper. However every single interviewee was offered a copy of the finished product which could provide some managerial benefits and new insights.

XI. **Misrepresentation**
The last category is emphasizing the “need to avoid misleading, misunderstanding, misrepresenting or false reporting of research findings” (Bell & Bryman, 2007, p. 71). The authors experienced a bit of challenge with this category since the interviews were not conducted in English and therefore translation could accidentally change the meaning of the original context. Nevertheless the authors stayed true to themselves and the participants and avoided techniques such as lying or misleading.

2.4.1. Truth Criteria
This section concerns itself with the validity and truthfulness of this study. The authors used Lincoln and Guba’s (1985) four suggested criteria which should be used during the evaluation of the quality of the selected method of analysis, data collection and research process. Lincoln and Guba (1985, p. 219) prepared four criteria to be used for assessing the quality of a qualitative study.

I. **Credibility**
This criterion concerns itself with how the research was conducted - whether it was done in a manner that the subject of research was properly identified and described. This criterion checks the internal validity (Lincoln & Guba, 1985, p. 307-308). Credibility improves when the researcher involves themselves with the studied phenomenon for a lengthened period of time, tirelessly continue to observe the subject in order to gain in-depth knowledge and by triangulation.
Given that the authors engaged in research for roughly two months to write this report, it is barely enough time to get involved with the topic in depth. However, the authors of this paper attempted to increase credibility by triangulation; which is a method where various sources of data and research methods are used and more than one researcher is investigating the same topic (Collis & Hussey, 2014, p. 71). A wide range of different sources were used such as peer-reviewed articles, college textbooks, journals of different focus in business and entrepreneurship, official reports from consulting companies, as well as articles from established business magazines like Forbes. Besides using secondary research data and grounded theories, the authors also conducted primary data collection by interviewing managers and employees of different restaurants to inquire about their personal experiences. To further strengthen the credibility of this paper the authors reached out to multiple persons of interest in the topic of entrepreneurship and startups to have valuable discussions and to gain fresh insights.

II. Transferability
It is focusing on whether the findings could be applied to other similar instances and situations for the results to be approved for generalization. In the classic sense transferability depends on the “degree of similarity between sending and receiving context” however Lincoln and Guba (1985, p. 297) argues that naturalists reject this view because the researcher only knows the sending context. Therefore, the investigator cannot make inferences about the degree of transferability of their paper, unless they evaluate a previously done work of theirs from a “receiving” context.

III. Dependability
Dependability is to ensure that the research process used was systematic, rigorous and well documented. Basically, this criterion hopes to ensure that the researchers establish the goal of their paper, the time limit for the research process, the roles of the researchers and all the others who are involved, determine the format of the paper as well as the logistics (Lincoln & Guba, 1985, p. 323). All of which, the authors have clarified in this paper by carefully planning ahead, using predetermined structures and formats to aid the writing process, documenting the primary data collection process as well as the literature review, meanwhile keeping the goal in mind.

IV. Confirmability
This criteria refers to whether the research process has been described fully and to ascertain if it is possible to assess whether the findings are grounded in the data. Confirmability is easy to evaluate if “appropriate audit trail linkages” have been established such as correct citation, logical flow and category labels throughout all chapters, appropriate analytic techniques have been used and other alternatives for methods have been argued against (Lincoln & Guba, 1985, p. 323). The authors of this paper have paid special attention to ensure clarity and quality in the way they argue and interpret different theories and materials gathered from the interviews. It was also attempted to raise confirmability via triangulation.
2.4.2 Data Collection Method & Source Criticism

Besides reviewing and using information from already existing research papers, the authors also personally collected data by themselves also. By having collected primary data and having the chance to analyze the data in context with the authors’ interests, the research’s credibility has bound to increase.

According to Jankowicz (2005, p. 161) the research is not done in a “vacuum” as it builds on the work of others. This paper too, is heavily relying on the work of other scholars and the findings of other researchers from various reports. It is however, quite impossible to review and evaluate every single previous research done in the chosen topic of relevance. This is why the authors have summarized only the most relevant findings and theories in relation to the purpose and research question. Saunders et al. (2009, p. 61) emphasizes the importance of only including the most significant data done in the area of research.

Since every research is done for a unique, specific reason, using secondary data might appear to be tricky as the previous research’s reasons may not align with the reasons for this paper (Saunders et al., 2009, p. 280). The authors paid special attention to evaluate the sources used, so that the secondary data used would be relevant and appropriate for the research question.

As for the data collection method the authors used the mono method. It means that a single type of qualitative data collection method was used and paired with a qualitative data analysis procedure (Saunders et al., 2009, p. 151-152). In this case semi-structured interviews paired with color-coding of the gathered data by a handful of keywords.²

In the section for empirical data, statistics has been used comprised of data from Eurostat (Europa.eu, n.d), which is from a statistical software on the initiative of the European Union, with the statistical office situated in Luxembourg. To fit the topic, the data has been re-categorized to only include businesses including less than 10 employees for the food and beverage service industry.

Certain measures have been made in order to ensure reliability of the statistics. Data that is estimated or has a break in the time series has been excluded. Further, the exact data points that have been used for reference in the failure rates estimates have been included in the appendix. This is so that the reader can both understand the reasoning of the importance of the topic from a statistical perspective, as well as read the underlying data for it. Also, we cannot know exactly how the data has been collected, but rely on the reliability of the source. The authors assume that the European Commission as a source provides credibility and accuracy within the data that they have published, simply from the vastness of the total statistical efforts and the EU’s reputation as a political entity.

² Interview structure in Appendix 9
3. Theoretical Frame of Reference and context

This chapter will focus on the introduction and presentation of the work of earlier scholars, which includes the frameworks and theories created from the most relevant articles in respect to the focal area of this research. The literature used in this paper have covered the elements of the developmental phase, business plan and its main components, and further introduced grounded theories.

3.1 Context of the Developmental Phase

The developmental phase of a business project which this thesis is based on is defined by Verstraete and Jouison-Laffitte (2011, p. 13) in the book “A Business Model for Entrepreneurship”. The model consists of 4 different stages, which follow sequentially from the left to the right in the figure below, that together make the developmental stage.

![Developmental Stage Diagram]

For this paper, all of these different phases within the developmental period are of interest. However, due to the limitations of the scope of research, this will be synthesized by discussing and establishing recommendations for stage 4, which develops the business plan. This is because these phases are strictly sequential; in order for the next stage to begin, the previous stages need to be completed. Hence, for stage 4 to be actualized, stages 1 through 3 need to be established, developed, and completed (Verstraete & Jouison-Laffitte, 2011, p.23). If in matter there would be some discrepancies or problems, or as a contrast, well executed elements in stage 4, these can all be rationalized by the help of methods used in previous stages; which have led to the resulting “conclusions” in the last stage.

Stage 1 consists of: creativity and establishing the topic of interest. For this stage the authors suggest the PMI-method, which was first presented by De Bono in 1985. The method consists of P: the Plus; positive aspects of the idea, M: the Minus; negative aspects of the idea, and I: the Interesting; aspects that require further investigation and are “interesting” (Verstraete & Jouison-Laffitte, 2011.p. 14). By using the PMI-method, the entrepreneur will be able to get a general appreciation of the aspects that support and hinder the business idea. The stage which follows, stage 2, regards the recognition that there is, or will be, a market for the business to operate within (Verstraete & Jouison-Laffitte, 2011, p.15). This further connects to the realization that the business idea is a concept which is viable in reality. Stage 3 presents the importance to set up a strategic vision which explains where the future of the business is, and strategies to reach it (Verstraete & Jouison-Laffitte, 2011, p.18). The Strategic Vision model which the strategy making builds on in stage 3, consists of 6 elements which are presented in the figure on the next page;
The 6 stages together help the entrepreneur create the strategic standpoint which it is to carry through its operations. Some of these elements can be found in the different definitions of the traditional business model which is shown on the following. However, some cannot be found. The third stage acts to summarize many important elements which can be difficult to transfer not only from one stage to the next within the developmental phase, but also throughout the course of the business’s life-span. This is especially since the strategic vision framework, or model, aims to bring several important factors to the entrepreneur’s attention at a point where they still cannot be implemented into the fully developed business idea (Verstraete & Jouison-Laffitte, 2011, p.18).

Stage 4 includes the development of the business plan itself (Verstraete & Jouison-Laffitte, 2011, p.23). Here, the authors present the GRS-model. This is a type of business model to be presented as a part of the business plan, which concerns G: Generation; the development of the business idea itself, and the creation of value (Verstraete & Jouison-Laffitte, 2011, p. 44) R: Remuneration; refers directly to the plan of generating revenue, and what the company expects to retain as profit (Verstraete & Jouison-Laffitte, 2011, p.42) and S: Sharing, which is the provision of the value the business creates to the rest of the stakeholders, most importantly shareholders and customers. More specifically, the network and exchange (Verstraete & Jouison-Laffitte, 2011, p.52). This 4th stage of the developmental phase is what this thesis will focus on.
3.2. Business Plan

The stage of business plan development will be analyzed from the perspective of how it could be adapted and improved. This is done initially in the stage below, where a comparison on three different definitions of the traditional business plan are compared and color coded to establish what general elements it consists of.

3.2.1. Comparison of The Models

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>- Context</td>
<td>- the pitch on how the entrepreneur intends to make</td>
<td>- Contents</td>
</tr>
<tr>
<td>- Benefit (for customers)</td>
<td>- money for themselves, the investors, and other</td>
<td>- Key points of the plan</td>
</tr>
<tr>
<td>- Target customers</td>
<td>- financial stakeholders</td>
<td>- The business and management</td>
</tr>
<tr>
<td>- Point of differentiation</td>
<td>- Company overview:</td>
<td>- Key personnel and their</td>
</tr>
<tr>
<td>- Clincher (a memorable something)</td>
<td>- how the business governs its tasks and processes</td>
<td>- knowledge</td>
</tr>
<tr>
<td>2. Vision and mission statement</td>
<td>- with their current means</td>
<td>- The results to date of the business</td>
</tr>
<tr>
<td>3. Description of firm’s product or service</td>
<td>- Corporate governance</td>
<td>- Current lawyers &amp; accountants,</td>
</tr>
<tr>
<td>4. Business and industry profile</td>
<td>- Start-up summary</td>
<td>- Borrowing history</td>
</tr>
<tr>
<td>5. Competitor analysis</td>
<td>- Company location and facilities</td>
<td>- Reporting structure of the</td>
</tr>
<tr>
<td>6. Market entry strategy</td>
<td></td>
<td>- internal organization.</td>
</tr>
<tr>
<td>7. Marketing strategy</td>
<td></td>
<td>3. Past history</td>
</tr>
<tr>
<td>- Showing customer interest</td>
<td></td>
<td>- Entrepreneur’s experiences</td>
</tr>
<tr>
<td>- Documenting market claims</td>
<td></td>
<td>- Product or service</td>
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<tr>
<td>- Target market</td>
<td></td>
<td>- Current product range</td>
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<td>- Advertising and promotion</td>
<td></td>
<td>- Current customers</td>
</tr>
<tr>
<td>- Market size and trends</td>
<td></td>
<td>- Status of product development</td>
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<tr>
<td>- Location</td>
<td></td>
<td>5. Market and competition</td>
</tr>
<tr>
<td>- Pricing</td>
<td></td>
<td>6. Objectives and strategy</td>
</tr>
<tr>
<td>- Distribution</td>
<td></td>
<td>- SWOT</td>
</tr>
<tr>
<td>8. Entrepreneurs’ and managers’ resumes</td>
<td></td>
<td>- General business goals</td>
</tr>
<tr>
<td>- Organization chart describing business’s key positions.</td>
<td></td>
<td>8. Production/Service supply system</td>
</tr>
<tr>
<td>11. Loan or investment proposal (p.188-188)</td>
<td></td>
<td>- Estimated turnover</td>
</tr>
</tbody>
</table>

Red: concluding summary of the business and the business plan.
Orange: the business overview and profile.
Green: Financial documents, information and estimations.
Blue: Product/service related information, explanations and planning.
Purple: Concerns the current situation of the market, and the intended strategies to penetrate the market with regards to the business profile.
Light blue: the knowledge and previous experiences of the entrepreneur and the employees.
Brown: Organizational and operational measures, planning and structures.
On the previous page, three definitions of the traditional business model are presented. They were established some time between the years of 1987 to 2015, meaning that the “traditional way of business planning” has remained relevant for at least during this time period. This also shows that the traditional business model is a method that is used till this day, and despite its age, has a format which is relevant with contemporary businesses. There are some general components of the business plan that could be distilled by categorizing the elements of the different definitions, which then are distinguished by color-coding. The first color code is red, which stands for the “concluding summary of the business and the business plan”. This is the absolute first part of all of the business plan definitions and is essentially the abstract of the business plan. The purpose of this part is to summarize the fundamental information which can be used as a “selling pitch” for potential investors, or those influentials who are of interest to the success and growth of the initial start-up.

The orange color represents “the business overview and profile”. This is the description of the organization itself, which most often consists of elements such as the vision and mission statement that explains the purpose and direction the firm wishes to take. It can also describe what the firm generally can provide to the market and who the key personnel are. In a sense, it maps the organizations’ parts which makes the whole.

The third color code is green, and stands for the financial statements, documents, estimations and projections. Here the financial viability of the start-up is presented, and it can be made possible for potential investors to the economic livelihood of the firm, should it survive the start-up phase. Here, the entrepreneur will also state the value of the capital that exist within the start-up, and how it is expected that these help in the economic expansion and growth.

Blue regards the offering that the firm will provide to its market. This is where the entrepreneur explains the key factors or attributes to the service or good that will be provided, and how it functions. The overall benefit of the offering is described in this section in terms of perceived customer value.

The fifth color is purple, and it concerns the market. Here, the scope of the market needs to be researched, as well as the estimated development of it and the firm’s competitors that occupy it. After having established the current state of the market which the start-up will reside in, an analysis of the different competitors need to be put into place so that the entrepreneur can get an understanding of how to provide an offering to customers that distinguishes itself from the competitors’. After this has been established, methods and logistics of how to deliver this to the customer need to be settled.

Light blue stands for the people of the organization’s human capital, and the experiences that they hold. In the orange color-code, key personnel and their knowledge could be mentioned as well, however, in this color-code, a more in depth explanation is given of where this knowledge was derived and how they have used it. The purpose within the orange color-code is more to mention the capabilities and know-how that is available within the start-up, not how it was accumulated and where in the business it can be utilized.
The last color code is brown, and stands for the overall structure of human capital. It explains the positions and tasks of those who are involved in the start-up, and how they will be exchanging information and communication between each other.

3.3. Theoretical Summary

Here, the theories are summarized and put into relation of each other, and the areas in which they are lacking is introduced.

The method for the theoretical frame of reference was to use the developmental model by Verstraete and Jouison-Laffitte (2011). More specifically, the 4th step of the developmental model, which purpose is to create a business plan. This stage is used as a method to control the previous three steps. Since the four steps within the development model are sequential, there is no possibility to conduct the last without the completion of the previous steps. However, comparing the traditional business plan to the developmental model, it is apparent that not all factors within the three precedent steps carry on to the business plan.

Stage 1 consist of developing and protecting the idea. This is what is then found in the business plan’s vision and mission statement, where the brief description of what the firm does, and identifies as is solidified. Stage 2 is about the realization that there is a market for the offering which the firm wishes to provide, and a brief analysis of the opportunities that are present. Stage 3 is about creating an opportunity after the realization that there is a market apparent, and setting up the business. Stage 2 and 3 corresponds to the purple color-code in the business plan, which discusses the current market situation, and the strategies that are to be used to be able to penetrate the market of interest. What distinguishes stage 3 is the strategic vision-model, which includes 6 elements. These are configured to the business plan as follows:

1) “Organizational configuration”: Corresponds to the brown color-code, which consists of organizational structure and methods

2) “Positioning”: which is part of the purple color-code, that reflects on the current market, market opportunities, and how and where the firm is to occupy the market.

3) “Open-mindedness and apprenticeships” and;

4) “Competencies, strengths and weaknesses”: the 3rd and 4th elements are part of the light blue color-code, where the human capital is evaluated and presented based on their knowledge, the method they acquired this knowledge, and analyzed based on their personal competencies.

5) “Performances and evaluation criteria”: is of the brown color-code, which relates to the organizational structure, and the methods of control that are necessary.

6) “Social Capital and networks”: this is part of the green color-code which relates to financial planning and statements, and the purple color code that concerns the product and distribution networks.
In stage 4, the business plan presented. However, the business plan is not the only component of stage 4. Another component is the GRS model. The model is controlled in terms of G: generation and R: remuneration, which are both controlled in the business plan through development and establishing of the plan. The last part of the GRS-model, S: sharing, is not completely evaluated however. The market is evaluated in the purple color-code, but there is little discussion of an interrelationship between stakeholders. Franchises have, among other supportive methods, an already established network which ensures provision of information. It is therefore suggested that the traditional business model lacks a networking strategy stage, where the market and competitors are not only evaluated, but also how the start-up can draw from the competitors’ and other stakeholders’ pre-established knowledge of the market, and if there are opportunities that can present themselves through networking.

Examples of these opportunities are events that are organized for public outreach, firms within the same market that can help product or offering distribution in exchange for favors or similar services, loyalty exchange and assistance, or other synergy possibilities where two competitors or firms which operate within the same or similar industries assist each other in the business operations. Networking can also help with drawing benefits across industries or markets, to improve processes or tasks that can seem as daunting, difficult or expensive. For instance, distribution for a small business owner might seem difficult and expensive per shipping, especially since each shipping is unlikely to be sizable enough to benefit from much quantity discounts. Instead, if the entrepreneur networked with a courier company, the two parts could come to an agreement of loyalty benefits or exchanges of services for lower shipping costs. It is therefore worth the time and effort to plan and evaluate the possible networking opportunities that can present themselves for the firm’s operative safety and accumulative financial savings.

Further, while the business plan comprises important facts and information for the entrepreneur in one document, they do not complete each other. The orange color-code gives the overview of the business, where the firm’s vision and mission statement is presented. However, much like the operational directive for logistically functioning distribution, the business plan should have a section dedicated to not only to what the purpose of the business is, but how this purpose can be implemented to daily operations to actualize the entrepreneur’s intentions and vision for the business.

Also, as briefly mentioned in the background, managing the focus of the firm is important as well. In the orange color-code, the business overview and profile is found, and more specifically the vision and mission statement that express the overall purpose of the organization. However, there is no implementation plan or strategy that state how the focus is to be actualized and made feasible in daily operations, only what it is.
4. Empirical results

This section provides a statistical understanding of the scope of relevance of the thesis topic, and overall failure trends within the countries of concern.

According to data gathered from Eurostat, which is a Directorate-General of the European Commission, the average failure-rate of companies in the EU in the business economy with an exception of holding companies ranged between 53.78 and 56.34 during the years 2009-2014 (Eurostat, 2018).

The volatility of the failure rate is not very large, which can in part be explained by a very large sample number, totaling between 2 and 3 million companies per year. By narrowing the scope down to only include companies with less than 10 employees, and only part of the food and beverage service industry, the failure rate of companies ranged all the way from 44.26 to 52.24 percent between the years 2009-2015.

The volatility of these failure rates is greater than for the whole business economy, but that can also be explained by the lesser number of companies that were sampled for this data, totaling 75 to 100 thousand per year (Eurostat, 2018). This will create a lesser opportunity of normalization, which can be seen in the diagram on the following page.

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3 Appendix 1  
4 Appendix 2
Despite having the reasoning concerning volatility in regard, the failure rate statistics for both industry definitions near 50% (Eurostat, 2018). This means that there is on average a one-in-two chance that the start-up is to fail within 5 years since its inception. This is a very high number and shows that there is a real concern for new companies to enforce their ability to survive.

In 2009, there was a total of 2.7 million companies born within the business economy in the EU. Out of these, 73.5 thousand were micro enterprises of the food and beverage service industry. Or, in terms of percent, the micro enterprises constitutes 2.27 percent out of the total number of businesses within the EU. And by 2014, the numbers had grown to almost 3 million companies within the business economy, and 103 thousand micro enterprises of the food and beverage service industry, increasing the percentage to 3.46 percent (Eurostat, 2018).

By this, it is apparent that only a few percentages out of the total number of EU companies still constitute of a large number of firms, and can by their own success make an indentation of the failure rate. It is therefore not only in the firms within the food and beverage service industry’s best interest, but the EU economy as a whole. There are also other macroscopic consequences or benefits of the managing of the failure-rate, such as lessening the unemployment rate, recreational occupation, and increasing the disposable income of citizens.  

While the whole EU and all its industries are of interest, the scope of the thesis is limited due to resource restrictions. However, the results might serve as an indicator for the businesses within the other industries in the EU, including those startups which are not micro-enterprises.

5 Appendix 3 & 4
4.1. Interview Overviews

This section will briefly give some background and understanding about the interviewees.

4.1.1 Interviewee No.1

This interviewee is a man in his late 40’s, with an origin in the northern of Sweden. He started a restaurant by a high-way around the perimeters of Umeå about ten years ago, which he has run as the owner since. The restaurant’s vision is to be cozy and relaxed, and to serve as a second home for the truckers that spend most of their time on the road. Previous to starting the restaurant, he had little to no knowledge regarding business plans and how to run a restaurant, which he was helped with by bankers and family connections. The interviewee was recommended to Gabrielle Ek by the help of a friend that she met doing voluntary work in high school. The interviewee is the friend’s uncle and previous to the interview had no contact with the author.

4.1.2 Interviewee No.2

The second interviewee is a female from the south of Sweden. She initially ran a clothing store that she sold off before moving to Stockholm. She now works there as a hostess for a restaurant that currently is developing a Mediterranean theme. The restaurant has encountered some troubles and tribulations during its operations, but currently are on their fifth year and growing. The woman is not the owner of the restaurant, however, she was a close acquaintance of the owner previous to the restaurant’s inception, and helped develop it from the idea stage all throughout the business plan. Gabrielle Ek met this interviewee during an event organized in connection to Stockholm university sorority alumni. The interviewee then explained her previous history as a business owner, which originally caught the author’s attention. After further conversing, the author explained the interest to do a thesis that concerns start-ups, and the interviewee and author then exchanged contact-information.

4.1.3 Interviewee No.3

The third interviewee is Antal Nagy, a man from Budapest, Hungary. He has been working with entrepreneurship and management since more than two decades and has climbed the corporate ladder the old-fashioned way. The physical restaurant has been around for a long while, but it has been operated by Antal’s company since three years. However, he has been working there since eight years, so when it was time to take over the management of the restaurant it went rather smoothly. He is the one who prepared the business plan and who is responsible for supervising the operation. Antal Nagy is a relative of Eszter Ciriák via marriage, and despite this affiliation the author is not in a close relationship with the interviewee. He was recommended for the interview via other family members of the author.
4.1.4 Interviewee No.4 & 5

The last two interviewees were recommended to Gabrielle Ek by a former student at Umeå University. The exact connection between the former student and the interviewees is not clearly defined, though it is understood that they are relatives. The interviewees wished to be anonymous, but also wished to show the cultural diversity of their partnership; privately and professionally, and how that have worked out for them. Aliases have therefore been agreed with the interviewees that highlight this aspect. The interviewees are a couple that reside in Finland, though Mrs. Mohammad moved from the middle east around 20 years ago. After some time, she and Mr. Niemi got married. Recently, the couple started a Pizzeria in Tampere, which is one of the larger cities in Finland.

4.2 Interviews Decoded / Key Data Points

A similar method to the one used in the comparison of theoretical frameworks were used to decode the interviews. The material gathered was differentiated by color-coding the information that was collected. The authors identified four main categories that were used to synthesize the information and the color-coding. These key categories were then used as headings, and through searching the interviews, subheadings or related sub-key words were found and applied to the main categories. Some of the key words the authors themselves are the most responsible for introducing in the interview. An example of this is the word “construct”, which pertains to the gray color-code. These color codes are explained by their color-code and categorization below.
The reason for this type of analysis of the interviews is since one of the interview-methods of examining the understanding that the interviewee had of the business plan, was if they thought that they themselves had the knowledge and capabilities to construct the business plan. However, several of the sub-key words were mentioned by the interviewees themselves, such as the “atmosphere”, referring to the ambiance of the facilities, or “theme”, referring to the way the entrepreneur has intentionally shaped the ambiance through the physical and non-physical setting.

4.3. Data Collection & Results

4.3.1 Interviewee No.1

Yellow

In the yellow color-code, information was found relating to the key-words: “vision” and “focus”. For vision, the information related to the intention of the restaurant, and how it coincides to the vision that is currently held for it. The interviewee explained that the vision for the restaurant had remained the same throughout the business plan and the time it had been in operations.

Focus in this interview concerned the type of customers that the restaurant directs itself towards. For this, the interviewee explain that they mostly have truck drivers and other professional drivers as customers, with the exception of a few locals that act as regulars.

Dark green

In this color-code, the key-words "friends", "family", "bankers", "distributors", and "entrepreneurs" relate to the material. Friends and family connect to the same information. The interviewee has several business owners within the family that helped with inspiration and general input. There were also a key influencer in this network; the brother in law. This individual had worked as a consultant, and gave invaluable support and direction during the business planning process. The bankers filled a similar position to the brother in law, they helped with making sure that the planning was financially viable, and had given feedback on the business plan. As for entrepreneurs, it both related to the brother in law that helped with the start-up, but also to the contacts that the interviewee wished that he had. He stated that it would have been helpful to have contact with those who have similar restaurants to provide assurance, since the restaurant cannot compare in many ways to those within the town-center.

The distributors is a vital physical network that is necessary for the operations of the restaurant. The interviewee explained that there had been some difficulties finding a distributor that could be used in a financially sustainable manner, that was also willing to provide its service so far out from the town-center.

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6 Full interview in Appendix 5
**Pink**

Here, the key words "ideas", "permits", "issues" and "business plan" are present. Ideas concern the understanding of starting a business, the different business prototypes that result from the brainstorming phase, the influence of the brother in law and his knowledge, as well as the rest of the family and their business knowledge. The brother in law further helped with the permits, and the requirements that were necessary to fulfill to get the permits. He also helped with the issues regarding finding the appropriate distributors, since this was not something that the interviewee had prepared for in the business plan. This was especially since the business plan mainly concerned financial calculations and requirements, and was made mainly for the bank’s assurance.

**Grey**

The last color-code includes the key words "experience", "knowledge", "work", and "construct". Experience concerns previous start-up experience, knowledge of the industry before starting the restaurant, awareness of what the business plan is that precedes the start-up, and possible issues that were experienced. Knowledge relates to this, and is mainly about the extent to which the interviewee is aware of how to construct the business plan. The interviewee had little preceding understanding of what it consisted of, and relied on his social network’s support. The understanding that he had of the industry personally came from when he worked in a restaurant some years earlier. This was however several years earlier, and the interviewee did not gather a great deal of experience or industry knowledge from this job that he could utilize while he opened his own restaurant.

**Yellow**

The key-words present in this color code are "vision", "theme", "aim", "atmosphere", and "appeal". The vision changed as the restaurant remained in operations. It was realized that the initial atmosphere that the owner wanted to provide for the customers was too generic, and the restaurant had too little of its own identity. This in turn caused a low customer return-rate and business was low. Instead, it was realized after having tried several alternative measures, that changing to a Mediterranean theme helped the restaurant. Despite that being the case, the restaurant is still able to aim itself toward finer dining and customers seeking an environment to celebrate special occasions, but now with a stronger separator of identity.

**Dark green**

Here, "network", "relationships", "personal connections", and "entrepreneurs" are present. The interviewee had already well-established personal connections within the restaurant industry, as did the owner of the restaurant that is a previous colleague to the interviewee. There are therefore several established relationships with successful

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7 Full interview in Appendix 6
entrepreneurs within the industry, which makes a strong network for the start-up. However, this interviewee shows that it is important not only to have strong connections, but connections that will help the start-up grow. The startup faced several issues and troubles in finding their identity, and could have benefited from constructive criticism which could have lessened the learning pains and shortened the process.

Pink

This color-code concerns the key words: "business plan", "contents", "issues", "strategy" and "situation". The interviewee had previous knowledge of the contents of a business plan since she owned a clothing store before moving to the city where she and the start-up owner met and worked together. Despite that being the case, the interviewee could not foresee or expect the issues that occurred, or at the least does not mention having previously had concerns regarding this. Despite that being the case, the interviewee agrees that there should have been a previous strategy on how to handle the situation. A situation which almost cost the start-up its operations to cease to exist.

Grey

"Experience", "work" and "construct" are the last keywords that are found in respect to the color-coding. Experience and work coincide here, since the experience that the interviewee has of the restaurant industry is what she has gathered from working as a waiter. Since the interviewee is not the one to actually own the start-up, there is also interest in how the owner gathered their experience.

Because of the fact that the interviewee and the owner worked together for the years that the interviewee worked as a waiter, it can be assumed that the entrepreneur herself gathered most, if not all, of her experience in the same manner, and even in the same location as the interviewee did. Other experience was gathered from her earlier venture where she owned her own store, before which she researched how to construct the business plan, and gathered some know-how of by what means a business should be managed and built.

4.3.3 Interviewee No.3 - Antal Nagy

Yellow

In relation to key-words in this color code category, “vision” and “aim” was mentioned. Interviewee no.3 had a slight misconception about what a vision is but once it was explained to him, he had a clear picture. The original vision of the company has changed over the years. Initially the aim was to serve commuting people who have limited amount of time and financial resources, so therefore it was to operate as a fast-food restaurant. However, as the economic crisis affected the food and beverage industry, he has worked to extend the original idea into new branches such as offering delivery option, party service or hamburger stand.

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8 Full interview in Appendix 7
In the Network category multiple keywords came up: “relationships”, “personal connections”, “friends”, “family”, “distributors” and “entrepreneurs”. Network connections came up in relation to problem solving. He put emphasis on the lack of labor, both skilled and unskilled, which have caused problems on multiple occasions. Therefore he had used his personal connections as well as his colleagues’ and entrepreneur friends’ personal connections to fill up specific positions in the restaurant. He also admitted that some members of his family are also employed there. He has emphasized that many connections change and dissipate over time but there will always be ones that stay loyal and therefore its possible to build up a long-lasting relationships. For example according to him, connections with distributors have significantly helped his company forward.

The pink color category, Business Plan, was defined by the following mentioned keywords: “ideas”, “contents”, “issues”, “strategy”, “plan” and “situation”. The interviewee confessed that he did not explicitly create a business plan, since he has been working in the restaurant for 8 years before his company took over the operation and he did not feel the need to state things he already knew how to do.

Because of this situation, he only created a part of the full content, which mainly focused on issues such as how to serve their customers better. As he emphasized, the market is always changing and therefore flexibility is an important factor. Therefore he built in ideas such as the delivery option. Upon being asked whether he prepared strategies to deal with problems that arise, his response was no. He did not plan ahead, but admitted to rely a lot on his personal connections when facing a problem.

The grey color code that represents Experience came up via these keywords: “knowledge” and “work”. The interviewee has been working in the profession since 25 years, although not in the exact same position. He has been working in the restaurant since 11 years, has been managing it since 8, therefore he has gathered years of experience and knowledge about both the restaurant and the technical parts of management. He admitted to learning the economics, namely the accounting part, in the last 3 years, which proves that knowledge is something that is continuously being acquired.
4.3.4 Interviewee No.4 & 5: Mrs. Mohammad & Mr. Niemi

Yellow

Concerning the first color-code the key word that is present is “vision”. The couple explain that their vision for the venture was to have non-complicated pizzeria. They want to be a well-known, common denominator on everybody’s mind. Instead of being remembered by differentiation, the owners want to be remembered by the fact that they are the typical pizza-place that comes to one’s mind when they hear the word pizzeria. They want to be able to provide food that is good for an affordable price. This also means that the customers will not get any service that exceeds their expectations, to provide extra satisfaction. However, this also rids customers of their expectations, making it simpler to make the needs of the customers met.

Dark green

Here, the “network”, “personal contacts”, and “family” key words are of relevance. The owners of the restaurant did not have an established network that helped with their operations in the region. Instead, the help and inspiration that they had gotten was from personal contacts. The first influences in this category was Mr. Niemi’s nephew, who studies business. He was the one who told the couple in the first place that they should make a business plan for their restaurant.

The second type of influencer within the personal network is also part of family, and is Mrs. Mohammad’s father. The couple stated in their interview that it is the father’s shop that caused them to initially find inspiration for being business owners themselves. The father also gave Mr. Niemi a lot of advice regarding business ownership, and provided them with second-hand information, due to the father having acquaintances who themselves were owners of restaurants.

Pink

The key words “business plan”, “content”, and “issues” is found here. The restaurant owners did plenty of research for their business plan after Mr. Niemi’s nephew had told them that it was something that they should do. Because of this, the couple became well aware of the contents of the business plan before they started writing it. Therefore, the couple was quite well prepared to the possible issues that they could face starting up. However, despite doing this, the couple explained that they had plenty of issues with the estimations of cost. They had nothing to remark on operations functionality, but the money needed to make these work was an issue. The estimations made of the costs were not applicable to reality and they found themselves more financially invested than they had wished.

The couple also stated another issue that they had experienced. It was the inability to separate private life and work from each other, often bringing work-matters home or mixing the two together. They stated something which is very important: they were unable to previously grasp how much work and effort it takes to be an entrepreneur, realizing that their business now permeates throughout their life, both at work and at home.

9 Full interview in Appendix 8
Grey

In the last color-code “knowledge”, “construct” and “research” are present. The restaurant owners did plenty of research previous to making their business plan, causing them to be well-aware of its content and how to construct it. This researching seems to have provided them with invaluable know-how, since they still are in operations, 8 years later. They also gathered second-hand knowledge from Mrs. Mohammad’s father who is a business owner himself, and that has friends within the same industry.

4.4. Interview Summary and Comparison

Yellow

All of the interviewees had the key-word “vision” present in the yellow color-code. However, the development and current history of the vision was not the same for all. Interviewee no.1 as well as no.4&5 had explained that the initial vision that they had for their restaurant had remained the same throughout their time in operations. For interviewee no.2 and no.3, their situations contrasted to the other two due to the fact that the vision for these ventures changed during its operations; interviewee no.2 changed from a traditional finer dining restaurant to mediterranean themed to increase the identity distinction, and interviewee no.3 developed his concept from a fast-food restaurant to a fast-food restaurant that offers add-on services such as delivery and catering options.

Dark Green

All interviewees mention either “friends” and/or “family” as part of the network that they have for their business. For many of the interviewees, these “personal contacts” have proven to be an element that most likely have saved the business from going under. Both interviewee no.1 and no.4&5 were advised by family members that they should construct a business plan, and both of them were also guided by a family member that provided guidance at some point in the developmental stage.

Interviewees no.2 and no.3 explained a more practical influence of these network members. According to interviewee no.2, who is a partner of the owner of a start-up restaurant, the personal network established from previous work-experience helped establish the restaurant since the personal network was made up of already successful entrepreneurs within the restaurant industry. Interviewee no.3 took practical applications of his personal network even further and utilized it to solve a staffing problem. He experienced large issues with finding workforce that could help him operate his restaurant, but managed to fill these gaps by using his personal connections, and those that they would recommend. Further, this interviewee mentioned that despite having established a connection with someone, that relationship might dissipate or change, as could other relationships develop.
Both interviewee no.1 and no.3 confessed to not having made a full “business plan” for the restaurant. No.3 explained that he already had experience from the industry, and that it therefore was not relevant to construct all of the parts of the traditional business plan, since he already had that knowledge. Instead, he admits to having focused mainly on the part which he found the most important for his venture; pertaining to how to serve customers best. No.1 was instead more concerned with the financial aspect of the new venture, and committed most to this part of the business plan. While this results in incompletion of the established format of the business plan, no.3 defends this reasoning somewhat by the importance of being flexible.

All of the start-ups faced “issues”, but from varying directions. Some faced issues caused by the market, some by lack or mis-planning, and some from within the venture. As no.3 said, it is important to be flexible so that you can battle these issues as they come.

Most of the interviewees explained that they had previously worked at some period within the restaurant industry. This in turn can loosely show that there is a slight inclination for those who have “experience” within the industry before to be the owners of restaurant start-ups. This “knowledge” then served as complement, and for interviewee no.3 lessened the effort required for making the business plan. Interviewee no.2 does not herself own a venture, but previously worked with the business owner where both her and the owner of the Mediterranean restaurant gained most of their experience within the restaurant industry. Both no.2 and no.3 used this experience that they had gained to their advantage, and in some instances used it as substitute for other things, such as when no.3 abstained from making the complete business plan, due to his already established knowledge making it redundant.

On a contrast, interviewee no.1 and no.4&5 did not have that much experience to support their work with. No.1 worked within the industry when he was younger, which can explain the interest he has for the industry, but has not worked with it long or recent enough to establish an understanding that assists in the running of the restaurant. Instead, both no.1 and no.4&5 relied on second-hand knowledge; knowledge available within their personal networks, gathered from other individuals’ experiences relevant to the industry.
5. Analysis

This part of the paper will first analyze the findings from the interviews, then, different theoretical perspectives relating to the gaps found will be evaluated. Finally, these will be discussed and it will be defined how the gaps found should be filled by the help of the secondary and primary information.

5.1 Interview Analysis; Causes and Relations

In the first step towards answering the proposed research question, in this section the authors are using methodological triangulation to identify variables that are necessary to confirm and/or complement the grounded theories (Collis & Hussey, 2014, p.72). By using mixed methods the authors are comparing results from independently conducted interviews and afterwards compare these to the secondary data collected from various times and sources. To begin with, it was investigated what were the causes and reasons for the different beliefs and situations of the interviewees in regards to the color codes.

It felt logically appropriate to study the pink color code first which represents the business plan itself. Two out of the five interviewees have failed to prepare a business plan in its entirety and in both cases the reason why was because they thought only certain parts would be of use for them during the start up period. This led to situations where the entrepreneurs were forced to rely on other factors such as personal networks and flexibility to solve unexpected problems, while not having clear pre-established strategies as of how to deal with them. Truth to be told, it is partially difficult to estimate what the possible issues might be, though one can expect to encounter some generic obstacles regardless of which industry the company operates in.

However, it is impossible to see a correlation between only preparing a partial business plan and having a change in the company’s vision in the startup period, since the authors have limited number of interviews done and there were cases where a full business plan was made and yet the vision still changed or vice versa. It is essential to mention, however, that in both cases where the interviewees clarified that they have only prepared a partial business plan, those parts were of a considerable use in the first years of the business.

Other interviewees, who have successfully prepared a full business plan, had not evaded problems either. Out of which, every problem mentioned by the interviewees were due to issues in the business plan such as miscalculations or being too generic in certain aspects. While some of the interviewees thrived on a simple, generic idea that was grounded into their business plan, other interviewee experienced drawbacks due to the same reason. Although at first glance one could argue that it was not a cause of human error, however, the problem ultimately did not source from having a simple vision statement but the inappropriate estimation of the local market - which is a human error. Interviewees all had different opinions regarding these problems; some agreed that they wished they did not lack strategies as of how to deal with specific problems, while others expressed that their strategy was basically to cross the bridge when they come to it. Meaning, that they wanted to deal with issues in-time as they came.
However, it can also be of help to map the resources and networks that the entrepreneur can utilize to help solve expected and unexpected issues. This means that the entrepreneur does not have to establish a set routine to pertain to when problems arise, but instead have a clear and previously established understanding of what external intelligence, resources and assistance that exist which can help solve the issues. This is why some interviewees, have not prepared strategies in advance.

As for the yellow color code, focus, it was already touched upon in the above paragraphs when discussing a business’ generic vision. Out of the five interviewees only two admitted that the vision of the company changed through the startup period, infereces are however, hard to draw because the changes were due to a similar yet different reasons in both cases. One was due to the change in the market demand and noticing niche segments that the company could serve but were not serving before, and the other was due to a low-rate demand from the market. Both cases are, however, connected to the way these businesses were fulfilling customer expectations, or the lack of thereof. All two of the interviewees in this case admitted to having to take a closer look at their target segments’ needs, wants and expectations and make appropriate changes, that in turn re-shaped the vision statement. Those who did not alter from the original vision was because they proved to assess their market demand and target segment accurately, and all put effort into staying focused.

It is probably unsurprising but every single interviewee had mentioned the importance of personal connections and networks. Networks, the dark green color code, came up in terms of various reasons such as inspiration, expert support during the planning process, distribution and problem solving. All but one interviewees have a common connection and that is the presence of family members and/or friends either during the business plan writing process or the actual startup period. Simply put, personal connections, in all those cases have not just helped with the daily operations of the companies but also helped establishing the cornerstones of the business.

Other professional connections were also mentioned by all of the interviewees in regards to solving distribution and other unexpected problems as well as expert support in legislation for example. The reason why interviewees alluded to any type of networks were because they are an integral part of both the business plan writing process and the operation during the startup period. Some interviewees also mentioned that they wish they had connections with loyal suppliers and have friends and/or acquaintances in a specific field of expertise.

Seeing how important many of the relationships are for the owners of start-ups, this suggests that there should be planning done previously on how to nurture and establish these sometimes vital relationships and connections. It is especially important for those startups whose entrepreneur lacks knowledge about the industry or some other specific area of practical management. Knowledge, of course, does not make anyone fail-proof, but it can help the entrepreneurs steer clear of most of the preventable obstacles, or plan how to manage those that are inevitable. And for that to be a realistic possibility the entrepreneur needs to build, maintain and strategically expand his or her network.

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This connects to the last color code, grey which represents experience, given that more than one interviewee admitted to being lacking in knowledge or experience in certain aspects. Two interviewees had no knowledge of what a business plan was or what it should entail previous to the current venture. Others mentioned having to acquire a new set of skills so that they could fulfill a role they have not previously done before. The reason why experiences of the entrepreneurs came up was because it influences the business plan planning process heavily and sometimes it saves time and effort on things that are not extremely important. For example some interviewees used their knowledge and experiences to determine what parts of the business plan is the most important, or what aspects of the operation to focus on while others compensated to their lack of knowledge or experience by research and external help. Where networks - both personal and professional - came up again as the primary source of support and information.

5.2 Gaps; Perspectives

This section will discuss the gaps identified in 3.3, which concerns the comparison of the varying definitions of the traditional business plan. These gaps are discussed from perspectives established by authors of different books and articles. This is then distilled in 5.3, where the gaps are defined, and assumptions are made regarding these by the use of the information gathered in this thesis.

5.2.1 Gaps; Casson’s Perspective - Role of Networking

A gap found during the theory comparison which was then supported by the findings in the interviews was the need to plan the networking more efficiently in the business plan, and to put more emphasis on this matter. Mark Casson (2010) discusses in his book “Entrepreneurship - Theory, Networks, History” the influence and part that networks play for businesses. One way which it helps the business is through efficiency in information gathering in a number of ways. The entrepreneur is able to collect second-hand information from these social networks (Casson, 2010, p.24). This can then help with decision making, through other entrepreneurs experiences and knowledge, which act as a shortcut to skip painful learning processes. By conversing with other entrepreneurs, the entrepreneur can both gather a support network in case of adverse events, and learn how to prevent those from happening.

The type of network that the entrepreneur is able to gather is of importance as well. So called “elite social networks” can be especially helpful during the developmental phase, since these provide information that is not publicly available, and usually stem from individuals who have a superior understanding of matter (Casson, 2010, p.24). One type of such elite social networks were mentioned by the interviewees; bankers. The bankers provide the entrepreneurs with estimations of what is financially viable, for both their and the entrepreneur’s sake, as do they help the entrepreneur gather the resources that are necessary for the start-up. This type of network is already available for franchisees, since it is in the franchisers best interest for the franchisee to succeed as well as possible.

Also, both franchisers and bankers or other idea nurturers provide very little risk in taking the idea, and making it reality before the entrepreneur is available to implement it. Having networks with those of similar ideas and businesses is something that some of
the interviewees wished to have. However, while this could provide insightful input for the non-experience owner of the start-up, this type of relationship also run the risk of “giving away” the idea. Those who are already in the industry generally have a better standpoint that those who wish who enter it. Therefore, primarily using the elite social networks that pertain to bankers and lawyers, will better ensure a good source of information, as well as the integrity of the idea.

One main point regarding purely operative networks is that they are not just that; purely operative. The trading networks are as Casson (2010, p. 25) calls it, incubated by the networks of the social kind. Despite thorough structural planning, the processes will inevitably be managed by humans, and the human factor has to be considered. That means that the entrepreneur needs to carefully and thoughtfully manage and prioritize the amount of effort that is to be given to the social networks. But also, realize the value in a good social environment between especially those actors that provide regular trading network services. Since the main offering or product, the food, is directly distributed by the restaurant itself, this rather concerns the distributors that make the internal trading to the customers possible. These distributors include for instance those that deliver the produce that go into making the food.

Another point which Casson (2010) raises, is that networking is a good way to market one’s self. He states that someone’s reputation has the largest probability to be strong in a network which they themselves belong to (Casson, 2010, p.24). In this context of start-ups in a new industry, it means that the entrepreneur will most likely be well-known in the market which they not only operate in, but symbiotically create relationships within that market with those who can make operations work more fluently. These types of market actors include individuals, organizations and groups such as bankers, customers, as well as other entrepreneurs or distributors.

One way to synthesizing both relationship making with elite social groups, and building reputation, is by what Casson (2010, p. 24) calls “gate-keepers”. These are the networking individuals or organization that opens new possibilities. The most obvious are those that directly create an ability for the firm to operate within the market. The less obvious ones can for instance be gate-keepers that hold control over vital functions of the market. For a freight company this would be those handing out licensing agreements to operate in different regions, or the transportation vehicles that are necessary for shipping. In this context, gate-keepers can also be licensors who award the permit to operate the restaurant for health and safety reasons, or restaurants who hold a large market share, and give way for the new entrepreneur’s restaurant without trying to compete it out.

It is therefore important to bond with the right people. And, more specifically, identify how to find those influential actors. The entrepreneurs should not only identify the market and location that they want to be present in, but they should also establish how and what they should do to find the social network that they will use. The entrepreneur should evaluate what the possible social networks are, and what they could provide for the entrepreneur and their firm. This can be both in terms of resources and connections with other helpful actors, but also other beneficial matters, such as advice, or “inside-intel” that only those in a very advantaged position within the industry are able to obtain.
As the interviewees presented, there are many possible benefits that can be drawn from the networks, which can mainly be summarized as experience-rich secondary information. This should only be seen as the first step however. The second step is actualizing a plan on how to find and draw from this. It is not possible to just expect these different influencers to be available at the entrepreneurs’ disposal. Instead, there has to be intelligent and strategy-driven methods on how to gather the secondary information, and connect to the individuals and organizations of the desired social network.

5.2.2 Gaps; Sahlman’s Perspective - Critical Factors

According to Sahlman (1996) a business plan must assess 4 interdependent factors critical to every new venture:

(Sahlman, 1996, p.140)

Within *the opportunity* factor the identity of the business is presented, and it explains what it is that the business will offer and to whom, by which measures business can grow and how fast, the financial statements and who stands in the way of the success. This can be put into perspective by focusing on two main questions in this section:

1) Is the total market for the venture’s product or service, large, rapidly growing, or both?
2) Is the industry now, or can it become structurally attractive? (Sahlman, 1996, p.140)

Both of these questions are answered in the traditional business model. The questions requires the entrepreneur to state its vision and mission statement, as does it require the
entrepreneur to do an industry and competitor analysis to create a perspective and understanding of the environment that the new venture will reside within. Clever investors try to identify high-growth-potential markets early in their evolution. Many entrepreneurs look for fast-growing or large markets because it’s easier to achieve market share. As for attractiveness, investors are looking for markets that actually allows businesses to make money (Sahlman, 1996, p.139). The traditional business plan therefore provides an opportunity to do an evaluation early on in the development process that enables the entrepreneur to also prove to possible investors, such as the bank or venture capitalists that also have the financial soundness of the venture in interest.

This section of the model also concerns not only the entrepreneur’s possibility to achieve revenue, but also the capability to extract it. There has to be an economically viable access to customers, which in itself is a key to successful business. However, Sahlman explain that many instead take the “Field of Dreams” approach, which means that they build the business and then they believe that the demand will come (Sahlman, 1996, p.142).

This issue was especially obvious for interviewee no.2, where the restaurant was started with a familiar content, though not adapted to suit what the customers were desiring, causing the restaurant to shift its identity several times over its years in operations. It was also this interviewee that explained that she and the owner of the start-up had the largest relevant network to the industry, yet they failed to utilize it. The network could have provided them with a wholesome amount of insight in future operations, and especially, the context which they should build their operations around.

The second factor is the context, and it concerns the larger perspective. In essence, it is to include the factors that influence the start-up, but that the entrepreneur cannot control. This therefore spans past the market and industry, and ends out to the macroscopic environment. It consists of three levels; At one level is the macroeconomic environment; including level of economic activity, exchange rates, inflation etc. At another level are the wide range of government rules and regulations that affects the opportunity and how the resources can be/will be used. And yet another level are macroscopic developmental limitation factors like technology that define the limits of what a business and its competitors can accomplish (Sahlman, 1996, p.141).

(Sahlman, 1996, p.141)
While an understanding of one’s environment is important, it is questionable how much analytical effort should be put on the part of the far external environment which cannot be affected by the owner of an micro-enterprise either way. It might be so that the network that the micro-enterprise belongs to is so small that it functions as somewhat of a closed system; and is therefore not affected in a way that is very noticeable from macroscopic trends. Also, when the environment is so small, it is also very likely that the network reacts in a way which is very different from the other networks, or larger markets, and therefore can be evaluated in a matter which is applicable to the small start-up. Instead, directly focusing on those macro-factors that are directly applicable to the market and industry are likely to be the most relevant.

To be able to do this, the method which is the likeliest to be the most efficient, and simplest for the entrepreneur to do, is possibly by examining the industry as it is, since factors from a macroscopic perspective that have important influence will then inevitably permeate throughout the whole industry. The relevant macroscopic knowledge will therefore be covered by the “typical” industry analysis that is already established as one of the elements of the traditional business plan. An example of these macroscopic factors are the governmental rules and regulations imposed on business that operate within the restaurant industry. Sweden for instance has a food and safety regulations agency called “Livsmedelsverket”, which controls the industries such as the restaurant industry, and regulates how the operations of businesses within those industries are to be carried out (Livsmedelsverket, 2017).

According to Sahlman (1996), entrepreneurs need to show a large awareness of the venture’s context and how that context aids, or, hinders it. Then, they should demonstrate an understanding that they know that the venture’s context will inevitably change and describe how those changes will affect the business. Lastly, it should be explained in the business plan the ways, if present, in which the management can affect context in a positive way (Sahlman, 1996, p.141). This is partly discussed in the interviews. Both interviewee no.2 and no.3 explained that they have had to change their vision for the business, no.3 especially due to macroscopic factors. Something which is not discussed in the traditional business plan is how to pertain to a certain business identity, and how to make it practically applicable. There is a vision and mission statement, but there is not a section dedicated to how to pertain to one’s vision, and making sure that the certain angle chosen is able to be actualized, and viable in the long-term.

The third factor is risk and reward, where it is suggested that the entrepreneur makes an assessment of everything that can go wrong and right, followed by a discussion as of how the entrepreneur can respond and manage those. Sahlman (1996) further draws a parallel to chess, and uses it as an analogy; in order to be successful the entrepreneur has to anticipate several moves in advance. All opportunities that are available to the entrepreneur come with promises, and they also all come with vulnerabilities (Sahlman, 1996, p. 140-141). This is not viable in reality, considering the fact that it is simply not possible to estimate all possible consequences that the business could face.
However, as stated in the interview comparison section, it should be established what resources that are available, both tangible and intangible, as well as human and non-human. These can then be evaluated how they could help for different types of situations. This established network can then be used as a template to fast and easily allocate the assistance that is needed for the situation that the business is facing.

The last factor of Sahlman’s (1996) model is the people. This factor includes the entrepreneurs themselves, as well as individuals outside the business that provide key services. These key individuals tend to be of professions such as lawyers, accountants and suppliers, or as stated by interviewee no.1, bankers. Venture capitalists and investors look favorably on a team that has insight and experience with the industry, and also on those that have already worked together previously (Sahlman, 1996, p.140). This not only causes the entrepreneur to have greater confidence regarding his or her own capabilities, but it also assures the investors that the entrepreneur is able to make decisions based on well-grounded knowledge.

Interviewee no.2 explained that the entrepreneur and herself had worked together at a previous instance, which was the reason for their rise in interest of establishing their own venture. This interviewee never stated that there were any issues relating to the ability to run a restaurant business, neither was it something that ever caused a great amount of uncertainty. The issue they had was that they could not distill which type of business was the most suitable for the region that they would operate in, and the customers that are present there.

This knowledge gap could have been completed by networking, and finding someone who was willing to consult them in their choices on how to draw customers to the restaurant. Even if they could not find someone who was willing to help, or they could not afford to have a marketing consultant, the interviewee and the owner of the restaurant could have utilized their network by gathering second-hand knowledge from those acquaintances they have that operate in the same region. By doing this, the relationships between the new venture and established businesses in the region will strengthen, and the entrepreneur will find a short-cut to market research. They will get invaluable information directly from those operating within the target market, and this without much effort.

5.2.3 Gaps: Guercini & Milanesi’s Perspective - Liabilities

In the article “Interaction Approach and Liabilities: A Case Analysis of Start-Up Firms.” by Guercini and Milanesi, from 2016, the authors discuss the main liabilities that new ventures face as they start their operations. The article also discusses how these different liabilities that span across several areas, relate to each other. The article is constructed from an interactive perspective, which means that not only is the welfare of the entrepreneur and the start-up considered, but also the external influencers and individuals that the entrepreneur interact with, as well as their relationship (Guercini & Milanesi, 2016, p.293). Four main liabilities were found, consisting of newness, smallness, foreignness, and outsidership. The authors have defined them as follows:
The way that the liability reacts and relates to other types of stakeholders differ, and they also have a varying amount on influence, that is affected by the networked relations between the entrepreneur and its stakeholders. The authors highlight the importance that “heritage” has. The heritage within a network means that some actors within the network have previously established relationships, part of which are long-lasting. These relationships then affect the influence and role that liabilities has on the business. According to the authors, some relationships can be so strong that it mitigates the influence that the liability has (Guercini & Milanesi, 2016, p.306). This therefore diminishes its importance-weight in the business plan.

As mentioned previously in this thesis, the scope of the topic was chosen to be micro-enterprises so that franchisees with their already established protective network would be excluded from the reasonings that we as authors would carry. This therefore means that all of the businesses that this thesis concerns have possess the newness trait. The protective network reduces, and in some instances completely excludes liabilities and hazards that would otherwise affect the business and the entrepreneur greatly. Mr. Niemi in interview no.4&5 specifically stated that the advice that he had gotten and conversations that he had with an influential member of his personal network caused the insecurities and stress regarding the new venture to diminish. This instance makes it very tangible, especially for Mr. Niemi, the effects that a strong and well-established network can have on both the start-up and its owners.

The newness of the start-up is something which can develop several types of liabilities. Since the new business is not established at all in the market which it resides in, it cannot know well were the real limitations lie in terms of what types and numbers of

(Guercini & Milanesi, 2016, p.304)
customers that the business can draw in, how intense the competition is, industry norms and informal regulations, and other types of knowledge that can only be gathered by directly operating within the industry. Especially the social and practical norms and regulations that are not managed explicitly, but is a knowledge that is obtained through practice, is something that draws the newness into outsiders; where just because the entrepreneur has entered the market does not mean that they are included in the social conformity and standards that are part of that network.

An analogy for this can be drawn to those who study, and those who practice. For instance: a student can learn everything about how to mountain climb, but the same student will not know for sure whether or not they are capable to climb to the top of a mountain, if they have not tried it, no matter how hard they study. The same goes for entrepreneurs and their new venture. The entrepreneur can estimate a vast number of variables within the industry, but will not know whether or not this applies to reality before they get there. By instead establishing networks with contact that are already knowledgeable or established within the field, the entrepreneur can experience a shortcut or time travel of sorts; without having to work through the full operative time to get to that point themselves, the entrepreneur can learn from other entrepreneurs’ experiences.

The smallness of the business is something which really brings both benefits and drawbacks. One of the greatest benefits of being a smaller business, such as the micro-enterprises with less than 10 employees, is that there is less to control. By having smaller operations, the owners has a better perspective of what is happening, and where things are lacking or improving. However, the smallness to the business also means that there are fewer individuals available to manage what needs to be done, and to develop where there is potential. It can be as demotivating to remain stagnant as it is to digress in development, which is why smaller enterprises need to thoroughly and carefully plan what there is to achieve, and where there is the most potential.

Also, because there are less people working for the business, sometimes even only the entrepreneur, there can be fewer essential external contacts since there are not as many people to manage relations. As was mentioned in Casson’s (2010, p.24) perspective, it is more likely for an entity or individual to be well-known in a network that they belong to. Therefore, the entrepreneur needs to plan not only the direct marketing to customers, but also the relationship network which enables the creation of contact nodes that can improve the business’ success as well as the strength of the position that the new business wishes to hold within the industry.

Initially, it seems as though the foreignness category will not concern micro-enterprises that operate only locally, and especially restaurant ventures, since the ready-made food is only distributed within the restaurant. However, within each small market or industry that the new micro-enterprise operates within, is an environment that is up until the point of start of the operations, completely new to the entrepreneur.

While the interviewees in both interview no.2, 3, and 4&5 were locals, starting up in an environment some of them had lived their whole lives, the learning experiences were not cost-free. Interviewees No.4&5 concluded that the increased spending was from wrongful estimations, however, interviewee no.2 and 3 experienced different types of growing pains. They both stated that business did not go as they wanted to during the
beginning, and that they, as a result of this, had to change the focus of the business, or change the type of offerings they had for customers. For interviewee no.2, reality became very severe as they almost had to close down the restaurant, and had to let several employees go. The cost for these restaurants became high, due to their “foreignness” to the market, and its needs. In this sense, the foreignness therefore does not have to relate to national borders, but can also be defined by the industry or market boundaries.

5.2.4 Gaps; Laari-Salmela et al.’s Perspective - Network Identity

The main gap that was found during the theory comparison was networking planning, however, exactly what this would entail for the new entrepreneur is not decided. Laari-Salmela et al. (2017) developed what the network structure as a whole actually comprises of. This in turn can be analyzed to see what components of networking strategy that already are present in the traditional business plan, and what need to be complemented or added to it. According to the authors, they explain in their article “Resolving the start-up identity crisis: Strategizing in a network context” from 2017, that there are three fundamental stages to building the network strategy, which is built by the use of the networking map. The three stages consist of:

1) Coming to the realization of the way in which boundaries are set between stakeholders, the industry setting and the individuals’ perceptions.

2) Then the entrepreneur accepts, changes or solidifies these boundaries.

3) The last step is to manage the instability that is caused from the changes in boundaries. (Laari-Salmela et al., 2017, p.4)

The analysis of these steps are partially covered by the business plan. The first step is under the industry and market analysis part, as well as the customer target segment. This is since both the other actors within the industry need to be understood, and not to forget the most important actor; the customer. The entrepreneur needs to largely understand the behavior, feelings and attitudes toward the offering that the new business venture wishes to provide. However, it is not an either-or scenario. While the entrepreneur needs to steer the offering in a way that fits the customers’ needs and desires, the entrepreneur also needs to make sure that the organization and its human capital will function in the environment that they will operate in.

This can be done in a variety of ways, but the method of planning that is present in the traditional business plan is focused on how the business will position itself compared to those other entities that are present in the market, including governmental regulatory bodies and other businesses. It also looks at which demographic of customers that is of the largest importance. However, the interrelation of these are not considered, neither are the limits and scope of the business’s identity discussed. At the very least is the boundaries of the other companies within the industry considered, something which could be the very deciding factor for how to relate to the competing businesses, and network choices. The authors have also presented a network model by which the networking can be understood, and then developed, evaluated and defined (Laari-Salmela et al., 2017, p.4)
The framework for networking consists of different stakeholders, factors, and their connection. The first stakeholder is the organization itself. It is the owner of the organization, in this case the micro-enterprise, who is responsible for strategically placing the business in relation to the other stakeholders. It is also the entrepreneur who is responsible for defining and finding the boundaries and the corresponding strategies for the defined boundaries (Laari-Salmela et al., 2017, p.3). It might seem for a new entrepreneur, or new business that they should “find their place” within their new market, and that the place that they should reside in is something that is currently only a market gap or that it is a place that is currently resided, with the only consequence that the business has to eliminate the competitor to take the market segment instead. However, it is the entrepreneur’s task to position themselves according to where they want to reside. Consequently, this might of course be in a market segment that is empty or that they need to eliminate the competitor before it can be inhabited.

The third alternative is even more intriguing, since is a market position that the entrepreneur creates, and therefore does not require searching for a part of the market to fill, but to innovatively create and market. This option does not come without its own challenges however.

The first thing that the entrepreneur needs to establish is exactly what the network identity within the network (or market, industry etc.) is. It is later this network identity that is projected to the other stakeholders (Laari-Salmela et al., 2017, p.3). This network identity is something that the entrepreneurs can shape themselves, by how they want to be portrayed in the network, and in relation to others. The effect that this will have is that it will then shape the perception that others will have of the business, and in effect how they relate to it. Initially, the first type of stakeholder that might come to mind are the customers, since their perception of the company often rules how they act in relation to the businesses offering. For instance, a customer who does not agree with a company’s ethical standpoints in clothes manufacturing will not feel confident or comfortable with purchasing garments from that company. On the contrasting side, customers who feel that they agree with the standpoints of a company, will feel much more inclined to purchase their offering in contrast to the previous.
On the other side of the networking model is the *industrial network*, which is made up of *partnering firms*. This does not necessarily mean that the firms exchange favors, but that they create symbiotic relationships or conditions that bring benefits; mutually or interchangeably. The boundaries then help define exactly where these relations start and end, and the limitations that are associated with them.

The interactive relationships between partnering firms are unlikely to span across several different types of business functions. As an example, two firms that partner up for product development or research intelligence, are unlikely to also partner with the distribution or marketing department. Neither is it very likely that all firms that partner with each other, partner in the same way. Also, having an understanding of the boundaries of the industry helps the entrepreneur to understand how it is perceived by stakeholders such as other firms and the customers. It is essential that the entrepreneur not only know how they want to portray themselves, but also how they are perceived, and whether the desired image coincides with the way that other stakeholders perceive the firm.

Laari-Salmela et al. (2017) lift the importance of matching projection with perception. They explain the harmful effects that perceived network identity dissonance can have on operations. This amplified the importance that networking has on success, and that it is not what should be a result of operations, but something that operations depend on (Laari-Salmela et al., 2017, p.9). Having a network identity dissonance make it seem to other stakeholders as if the entrepreneur is acting in a way that seems unpredictable, and can end up damaging the perceived reliability and the company’s reputation, which in turn can have really detrimental effects on business.

It can be very difficult for the entrepreneur to critically examine his or her own company. This might partially be because of the pride that the entrepreneur can feel for the business, and a reluctance to agree or accept that there is something which is not functioning to the degree which it could. It can also be difficult for the entrepreneur to accept that the way in which routines are set or how the business is operated is not in a manner which is the most optimal for its success, since all the entrepreneur want for the business is exactly that, they want it to succeed.

Also, overlooking the fondness and emotional bond that the entrepreneur might have to the business, it can be difficult for one to examine how to improve a routine where the entrepreneur or the business’s employees have grown accustomed to the way in which it is set up. While it might seem that businesses within the same industry function somewhat in the same way, minor details can make a big difference. Tweaking the routines, or the order in which routines or processes are set up can both cause increased efficiency, and lesser amount of resources used.

The effects of this can be that lesser resources have to be used, which is cheaper, both for the customer and the business owner. For the business owner, costs will decrease, and for the customer the prices could decrease as well. This can in turn cause more people to visit since it makes the offering that the business has more affordable. Both lower costs and an increased number of customers can have the effect on the business of an increased financial success, with the less number of sales necessary.
There are other ways that the operations of the business can be cheaper as well. One of those ways is by improving the operative efficiency, which will result in less personnel being needed to keep the same customer turnover. Having a need of less number of employees from increased efficiency will also cause employee satisfaction for existing employees since it means that there is less job-demand volatility. In other words: the business can manage a greater order demand variety with a lesser variety of employees. The number of customers can therefore fluctuate greatly, such as during peak times, while the employees do not need to vary at the same extent.

This does of course come with the condition that the efficiency does not come at the expense of the environment that the employees work in or the customers visit. Neither should it have a negative effect and unnecessarily stress the employees, causing them to deteriorate in health. But if the efficiency is set to function without being at the cost of the well-being of very important stakeholder, this will not only will this be cheaper for the business and create better job satisfaction for existing employees, it will also increase customers’ satisfaction. This will result from underlying factors such as from shorter waiting times, being catered by the same employee which builds customer relationships, among other benefits.

An external part can help the entrepreneur with all of these matters, by examining the current state of the environment that the entrepreneur will enter with his or her business, and help adapt the network identity strategizing by providing a critical and external view of this. Also will the external advisor or network-member help to scrutinize the planned routines in a way that constructively develop them to function in a more optimal manner. The entrepreneur can be very capable of doing this on his or her own, but due to their very strong connection to the start-up, the bias that will result from this strong connection is likely to sway the critical understanding of the matter. As a result, that will make the analysis ineffective, inaccurate and in worst case, strongly non-representative of reality’s state and requirements.

5.3 Filling the Gaps

This section will focus on defining what it is that is missing in the traditional business model, and how it could be completed.

5.3.1 Gaps; Theoretical Discussion

As the contemporary models of a business plan have already been compared to each other in section 3.2, it is clear to see that altogether there were seven categories that all models shared and agreed upon to be part of the business plan: summary of the business, business profile and overview, financial estimations and projections, product and/or service information, market related analysis, the entrepreneur’s knowledge and experience, and lastly organizational structures and operational planning. These seven categories are the pillars of the traditional way of constructing a business plan and, ultimately constructing a business. However, as discussed in section 4, due to the exceptionally high startup failure rate there is a desperate need both amongst scholars and entrepreneurs to find a way and make changes in the traditional business plan models in order to lessen financial failures of startups.
Meanwhile, the authors agree with previous researchers that those seven categories are all essential parts of a business plan, after conducting both primary- and secondary data collection and carefully reviewing the information the authors came to a conclusion that the traditional business plan lacks in certain areas. After assessing the market, the competitors, the resources and know-how available, the entrepreneur then judges the attractiveness of the industry and the opportunities and threats the newly-created company will face. It is, however, near impossible to foresee all possible problems a startup could encounter, and therefore in turn it is impossible to prepare strategies and plans of action for every single situation in advance. But even before that, during the process of creating a business plan, the entrepreneur faces the challenge of getting access to relevant, up-to-date information about the industry, the local demand patterns et cetera.

Such data and information is often not readily available at the entrepreneur's disposal. This in turn raises the question of how this problem could be solved. According to the interviewees, they have heavily relied on help from family members, friends and/or colleagues, not just during the construction of the business plan but also in the startup period.

Logically speaking, of course, it makes perfect sense for entrepreneurs to rely on their personal and professional connections, however according to Casson (2010, p.25) as discussed in section 5.2.1, it is not just some lucky coincidence to have specific connections and be able to utilize them. Casson (2010, p.25) says that social networks are something to be carefully managed and maintained, while Sahlman (1996, p.140) emphasizes the roles of key individuals outside the business that could be of assistance in such areas as legislation or finance. And meanwhile it is perfectly doable to work with standard estimations and information gathered from some databases, but it will carry the risk of not reflecting the reality and therefore building an idea on false numbers and assumptions.

This is why Guercini and Milanesi (2016, p.306) argued that an entrepreneur can bypass this problem by establishing networks with people who are knowledgeable within the industry/field and who can provide pointers and up-to-date information about the market circumstances. So, it is made clear, not just via the works of other scholars but also thanks to the experiences the interviewees shared with the authors, that networks and personal connections are a vital part of the business plan development as well as the startup operation and execution. However, the traditional business plan models do not have networking as a component.

Furthermore, the traditional business plan models pay attention to various parts of the future company, both internal and external factors, but it does not emphasize the importance of an overall vision-loyal strategy that could ensure the company and the entrepreneur to stay on track and stay focused on the planned vision and mission. It is easy to get lost in the details, the day-to-day operation and solving problems of the business while losing sight of the original goal as stated in the business plan.

Multiple interviewees have admitted that their companies have undergone a shift from the original vision in the startup period, and meanwhile shifts in vision could be a result of macroscopic factors, it could also be a result of unmaintained focus. There is a need
for a red-thread strategy, one that would help keep the business stay focused as of how to achieve their goals, and most importantly who, what and how to serve with their products and/or services. Red-thread strategy could involve defining and planning for foreseen trends within the industry and prepare for estimated future trends - including seasonal trends, market demand shifts, change in tastes and possible introduction of a brand-new technology.

The reasoning in this section has then led to these two missing gaps; networking and a red-thread strategy.

5.3.2 Networking

Several of the interviewees lifted the fact that they had help with their business plan, in different manners. Some were advised throughout the business planning phase, such as interviewee no.1. Some were advised to make the business plan to begin with, such as interviewees no. 4&5, and some were motivated outside of the business plan, bringing on the courage to start the business, including both interviewees no. 4&5 and 2. But not only social networks can help, a strategically planned or agreed upon fright network can help shipping, or a transportation network can help delivery of goods, which would especially have benefited interviewee no.1, who struggled to find firms willing to deliver resources so far from the city-center at a reasonable price.

The reasonings above only amplifies that the network that the entrepreneur builds or belongs to can have a vast variety of benefits for the business and the entrepreneur themselves. It is therefore important to find the right kind of help. The section concerning gaps reviewed the missing elements of the business plan from several perspectives, the first being Casson (2010). He explained exactly what are the benefits that could be experienced from networking. The first being efficiency in gathering information (Casson, 2010, p.24).

This gap will be apparent in several ways, but mainly that it will act as a short-cut. Other entrepreneurs or individuals within the network might already have researched topics that are of the entrepreneur’s interest, meaning that they could share this information which will mean a lesser amount of effort for the entrepreneur. Also, considering how new the entrepreneur is, he or she can gather useful market experience information from other actors that have been present within the industry longer, resulting in the new entrepreneur gathering vital information without having to experience the mistakes and pains of the other entrepreneurs had to go through while gathering it.

Some networks can also gather information that is not “officially available” which Casson (2010, p. 24) calls “elite social networks”. These are the network actors that the entrepreneur should strategically find, as they can be key individuals to information gathering and content.

Therefore, the entrepreneur needs to find someone, an actor, group or organization within the possible network which can provide the entrepreneur with the perspectives that they themselves will struggle to, or find impossible to gather. However, only networking does not work, one has to strategically gather the most helpful network, as some give better information than others. As an example, while two web pages might
provide information on the same topic, one will be more reliable since it comes from a source of peer-reviewed literature and one will be less since it comes from the opinion column of a blog; Casson (2010) therefore showed that it is not only important to reach out to create the network, but also to reach out to the right sources. Otherwise, the effort that is spent to gather a network might not give much, or in worst case result in a network with actors that provide help or information that is actually detrimental to the business (Casson, 2010, p.25).

Sahlman’s (1996, p. 138) perspective contributed from a perspective that looked past the network, and that instead focused on showing exactly what needs to be in the business plan. This also helped reinforce the gaps that was found in the theory comparison, showing that they were in fact of significant importance.

There were four factors that were of great significance here. Most of which were partly in the traditional business plan. The opportunity and the context were mostly covered. Risk and reward is a part of the business plan requirements that is very difficult to cover. The first reason is that the entrepreneur cannot possibly estimate all the ways that the future might pan out, and how other factors will change according to that. The second reason is that the entrepreneur in most instances lack experience within the industry, causing them to be completely clueless regarding what could happen.

However, for interviewee no.2, this was not the case. Both she and the owner of the new venture had worked in that same industry for several year, which certainly meant that they did not lack the operative knowledge of how to run a restaurant. However, they did not have the knowledge on how to build and position the business in the market. This in turn caused them a great deal of issues and difficulties that could have been eased, had they utilized the network and the knowledge that it contained.

This raises the importance of the last factor of Sahlman’s (1996, p. 140) model, which regards the people. It is now established that the entrepreneur needs in many circumstances help with their risk analysis and how they should manage the fluctuations that inevitably happen while a business is in operations, but it is not established exactly how and by which measures. It is also not very likely that the new entrepreneur know how to manage issues that might arise. While some might argue that part of the solution to the issues is something that the business will learn naturally as part of the learning curve, a mutually engaged relationship by two or more business can serve to be very beneficial. The entrepreneur therefore needs to plan and source the people necessary to manage the operations, as well as the internal and external risks.

The third perspective is by Guercini and Milanesi (2016). They emphasize not only the role that individual actors within the network might have, but also the dependence that the actors have on each other and themselves (Guercini & Milanesi, 2016, p.293). While there is a great focus on finding the right individuals for the entrepreneur to gather their own stylized strategic network, the entrepreneur does not come without its own history. The authors explain the role of heritage and its influence on the network. The heritage draws connections and binds the entrepreneur and the business to other actors, making them connected and interrelated without continuous effort. While some relations change, dissipate or are terminated, there are always remnants of what was once there (Guercini & Milanesi, 2016, p.301). The entrepreneur therefore needs to see not only
what the network can do for the business now, but also what effect or benefit it can have for the business in the future.

This established network can then be used to combat the liabilities that the authors also define, which are newness, smallness, foreignness, outsidership (Guercini & Milanesi, 2016, p.306). With the help of experienced individuals or already established businesses, the entrepreneur can get help with how to optimize the strategies and operations during the start-up phase, and diminish the effect that the liability factors has, or can have on the business.

To put the perspectives into context, the market and industry analysis in the traditional business plan usually consists of researching the state of the industry, the number and state of competitors, and how one is to guard and relate to the competitive power of the other organizations within the industry (Sörensen, 2012, p.167). This thesis instead suggests that there also should be a strategy section for networking, which addresses how to actively relate to competitors. By networking, the entrepreneur can learn how their other stakeholders within the industry have gained their experience while being in operation and how they have succeeded, failed, and what they have done, or not done, to have these results. This networking section is on the contrast of the market and industry section in the traditional business plan not mainly aimed toward the competitors and customers, but all other actors or stakeholders that can be of important influence.

Through the perspectives presented, it can be suggested that the additional section of the business plan which includes networking, should be analyzed by:

<table>
<thead>
<tr>
<th>Source</th>
<th>Analysis</th>
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<tbody>
<tr>
<td>Casson (2010)</td>
<td>Strategically find key individuals; who can hold key information due to their market position or experience</td>
</tr>
<tr>
<td>Shalman (1997)</td>
<td>Estimate risk and reward; by the help of the strategically allocated individuals</td>
</tr>
<tr>
<td>Guercini and Milanesi (2016)</td>
<td>Plan what they want from their network</td>
</tr>
<tr>
<td></td>
<td>Define who that currently is in the network of the entrepreneur's that can be of benefit, and how</td>
</tr>
<tr>
<td></td>
<td>long-term significance of the key individuals</td>
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However, for the entrepreneur to be able to plan, execute and maintain a network, one crucial thing has to happen: the network identity has to be defined. Without knowing who the business wants to be and where they are at the current point, it is very difficult for both the entrepreneur and any other actors to say what should be changed or done to get to the desired point. It was also shared by the interviewees that they experienced difficulties in establishing a business identity or image that worked with the market demand, something that both interviewee no. 2 and 3 had encountered.

This therefore suggests the importance of the following category; the red-thread strategy, which focuses on finding a direction that is operationally doable and functionable across the business and market, both for employees, the entrepreneur, its customers, and other stakeholders. It also concerns finding a focus that creates a direction or path for the business and the entrepreneur to have in the network that they will build, and be a part of.

5.3.3 Red-Thread Strategy

Focus was mentioned by one of the interviewees in connection with the restaurant’s target segment. This was interviewee no.1, who has built the restaurant on the idea to serve people who due to their occupation spend most of their days on the road. Therefore, it was mentioned that a strong focus was placed on the needs and wants of the target segment. None of the other interviewees have mentioned that they started with a specific focus, that they then pertained to throughout their operations. The authors suspect that this was because of multiple reasons.

Interviewee no. 3 did not have a clear definition of vision and mission, although he could identify the goals of the company after a short debriefing. Interviewee no.2 talked about how the restaurant’s vision changed due to the fact that the initial set-up was not desirable enough to attract enough customers and by changing the physical environment they targeted customers better. And meanwhile interviewee no.4&5 had a clear picture in mind of what their vision and mission statement entailed, they still have not mentioned what their exact focus is, instead they gave a general appreciation of what they wanted to do. All of the interviewees could without hesitation define what the business’ vision, aims and main goals were which is an undeniable part of the traditional business model. However, the importance of a stated focus to guide the construction of the business plan as well as the execution and operation of the plan was largely overlooked.

In the traditional business plan there is a component which connects focus with all the other parts; it has been grouped into the orange color code in section 3.2.1, the business overview and profile. In this section of the business plan, the entrepreneur describes the company’s vision and mission statement as well as introduces the overall purpose and direction the company will take. In essence, it explains the big picture, and gives specific focus points for the entrepreneur to focus on. Nevertheless the traditional business plan models are lacking in an explanation and logical plan of operative implementation of the overall focus - which leads the entrepreneurs to get lost in details and not being able to maintain the original direction of the firm.
This is clearly visible in interviewee no.2’s case, where the owner of the start-up failed to capture customers’ interest with an unsuitable atmosphere and focus. Despite establishing an aim to become a finer dining place for customers who are looking for a setting to celebrate special occasions, the entrepreneur lost focus - or more accurately, failed to grasp the importance of a red-thread strategy - and suffered from low rate of customer return which in turn affected the restaurant’s financial performance as well. An inability to accurately grasp the desires of customers, and inability to utilize the network which the entrepreneur already had, caused the entrepreneur to lose the opportunity to find a focus which were desirable by customers. At the same time, the entrepreneur failed to establish a red thread between the offerings and visions that would change, which almost caused the restaurant to having to close their doors, due to the large volatility of the offerings to the customers. The volatility can cause unsureness among the customers, who does after several re-organizations not know what to expect from the exact same business.

While interviewee no.3 focused very intensely on how to serve the customers best, it caused him to lose perspective, and at some moments in time he failed to take into consideration the effects that change of the macroscopic environment factor can have. This in turn created sudden problems that he had not anticipated at all. This caused him to change the offerings of the restaurant, and adding services so that he could satisfy the increasingly varied needs that customers had. While increasing the business offerings that the restaurant provides does not have to be something negative, it is clear in the interview that the entrepreneur started to struggle somewhat with exactly how the business should be defined. An insecurity in how to identify the company can mirror itself in confusion of customers who do not know what the business stands for, and consequently, not know what to expect, want or demand.

As a contrast, interviewee no.4&5 found themselves facing another side-effect of the lack of a consistent red-thread strategy; problems with time management. The couple confessed that they did not expect that managing a restaurant would take so much effort and time, and it overwhelmed them to the point of having troubles with keeping their private- and business life separate. Conclusively, in all of the above cases, the presence of a red-thread strategy that is explicitly built-in the operation planning could have proven helpful to the entrepreneurs to stay focused and guide in their management goals and measures.

Casson (2010) who was studying the role of networking, especially those of the social networks that the business and/or the entrepreneur possesses, and Laari-Salmela et al. (2017), who identified the steps of how to build a network, both point to the same thing; a strong focus strategy can enable the entrepreneur to better understand exactly what it is that they want from the network. Because once the entrepreneur identifies the stakeholders, factors and their connection in context to their business, they can realize their position within the market as well as learn to operate in a way that abides the rules of the regulatory bodies. Therefore, regardless of whether the business trades in products, services or in-between, understanding the way that focus will be adapted operatively will also define what the company needs functionally. This means that the network focus will not only be social networks for direct- and indirect marketing, but also functional networks for operations, delivery and transport.
Logic dictates that without knowing what is needed operationally, that is, everything from resources to human capital and equipment; the entrepreneur cannot fully utilize the operation network. They can, of course, work with a limited social network to gain more exposure, solve some staffing problem (as it was the case in interviewee no.3) and etcetera, but the entrepreneur cannot bring the best out of the entire operational network. That is why the first step towards establishing a red-thread strategy according to Laari-Salmela et al. (2017, p.3), is to establish who they are as a company and gain a network identity within the industrial network.

The network identity is essentially the reputation and perception of the company in the eyes of the other market actors, such as the competitors and the customers. It is essential to have a good network identity since it does not just shape the context of the business but also can be shaped by the said context. Sahlman (1996, p.140) emphasizes the need for entrepreneurs to be aware of the company’s context, and how it can help or hinder the company’s aim. Sahlman (1996, p.140) thinks that it should be explained in the business plan how the external environment, or, in its other name: context, can be managed in a way that helps the company forward. This also means that it should be made aware of how to take countermeasures against unfavorable contextual factors.

Therefore, the entrepreneur should plan the focus for all four factors Sahlman (1996, p.140) talks about: context, people, risk and reward, and opportunity. In essential, a red-thread strategy, that reaches across all aspects and factors of the business plan, and shows a clear, precise way on how to manage the business, solve problems and keeping the focus at the same time. An overall focus that shows how to pertain to one’s vision and mission statement, and how to apply this to daily operations to actualize the initial intentions and ideas of the business.

Summarizing the needs established for the red-thread strategy, the most important components from each of the theoretical perspectives is summarized below:

**Casson (2010)**
- Identify the role and influence that is expected of the network
- Identify the type of network

**Shalman (1997)**
- Find the main factors other than actors which affect the business
- Identify what the operational implications are to be able to enable the opportunity, and remain its focus

**Laari-Salmela (2017)**
- Establish the network identity
- Establish how the network identity should create a social and operational position that the business wants to project
6. Conclusion

In this section the authors conclude and define what the results of the research was. This chapter summarizes the most important and valuable findings and revisits the research question and purpose of the thesis to discuss how the research question has been answered and to what extent the purpose has been met. The authors also acknowledge the limitations that have been present and providerecommendations for future research.

In essence, the authors of this paper have found two gaps - networking and red-thread strategy - which they explicate as a suggested component for future business plan models in hopes to ensure that the future startups’ failure rates lessen and to facilitate easier management and operation control. In the preceding chapter, it was thoroughly introduced and discussed how these two gaps have been found and argued for, and how the presence of these gaps are affecting the operations of a startup firm. Using previous research to strengthen the reasoning, the authors are offering multiple logical reasons to justify the need to fill the gaps.

6.1. Summarizing and Main Findings

It was deemed crucial to include and develop networking into the business plan since based on both contemporary research results and the information gathered from the interviewees, networking is already an inseparable component of the business plan development process and the management of the startup company; it is just not explicitly discussed in the traditional models. However it allegedly could bring about significant changes in the startup’s performance, if the entrepreneur have already identified in advance the key individuals who can supply essential information such as estimations of risks and rewards and local market demands, and/or defining exactly what they want from the network and how could the different persons on the contact list help the venture forward.

While the red-thread strategy was highlighted due to the fact that all but one interviewees have struggled one way or another with the lack of consistent strong focus in the restaurants’ daily operations. Traditional business plan models secure the vision and mission statement of the startup but does not require the implementation of an overall red-thread strategy. However, the authors found it a logical necessity of the entrepreneur to understand how the vision will be incorporated into the operations of the restaurant, because that in turn defines what resources and networks will the company need to function properly. It encourages the entrepreneur to find the main factors that affect the business and identify how to manage these factors in a way that creates benefit for the startup. A red-thread strategy also highlights the need to establish a desirable network identity, that is, the perception of the business from customers’ and competitors’ point of view.
The purpose of the paper was to identify the necessary steps a startup company must follow in the business plan to better avoid financial failure. The authors were hoping to find gaps and limitations in the traditional business plan models by comparing real-life experiences of entrepreneurs to contemporary research papers. As explained in section 1.3, the authors worked by categorizing the elements of a traditional business plan and compared, reasoned and developed the said business plan model with the help of the information gathered via the interviews. The above two gaps were identified and studied in detail, as well as the authors have prepared suggestions as of why these gaps are relevant for an effective startup operation and business plan construction. In that sense the purpose of this paper was filled, although the authors are aware that there are other gaps and missing elements of the traditional business plan model to be found. However, due to the scope limitations of this paper the authors only focused on studying the two most significant gaps.

By revisiting the research question, the authors can now draw an answer from the research done:

“How can the components of the traditional business plan be adapted or complemented by contemporary research, and, entrepreneurs’ views and experiences in order to decrease the risk of financial failure of a micro-enterprise startup within the European Union’s restaurant industry?”

To summarize, the authors tried to locate relevant gaps in the traditional business plan; issues that can affect a startup enterprise’s financial performance. The purpose of the proposed research question was not to shape research or to contribute to models in a finalized way, but to study and attempt to identify the most pertinent limitations that could help lessen financial failures of startups in the European restaurant industry. The authors were also heavily reliant on the experiences of the interviewee’s that was shared with them since conclusions were only drawn from those data. The authors are aware that in case someone were to re-do the primary data collection with the same purpose and research question as basis, the possible gaps found could differ. With all these in mind, two gaps have been identified, and by being properly addressed and implemented into the business plan they allegedly help the startup and its entrepreneur to operate in a smoother manner. The first gap, networking, touches upon the importance of the roles networks - be it personal or professional - fill in the daily life of an organization, while the second gap, red-thread strategy emphasizes the need of a strong focus on the desired goals and visions of the organization in order for it to better operate and function.

The European restaurant industry, however, is broad in a sense, that depending on which region the startup is located in, Eastern Europe or Western Europe, the issues are varying. For example, interviewee no.3 who is located in Eastern Europe mentioned such issues his restaurant was facing that others who were residing in Western Europe never discussed. This gives rise to the suspicion that even though the authors could find two main gaps and reason how these gaps could affect the restaurant’s operations, it is still difficult to generalize which gaps are the most prominent. However, the authors attempted to look at the EU as whole and therefore did not take the regional differences into consideration.
Also, although the authors were ultimately hoping to find gaps in the business model, that by being filled, will decrease the startup financial failure ratio, it is very difficult to assess given the fact that micro-enterprises rarely - if ever - publish financial statements. And since the scope of this paper prevented the authors from testing whether by filling the found gaps would actually provide the desired effect, the hypothesis that states that by filling those two gaps the financial failure rate will drop is by no means a proven, tested fact. The authors can only hope that by filling these gaps it lessens the likelihood of a financial failure of a startup.

In part 3.2.1., a comparison of three versions of the traditional business plan was made by the help of color coding. To put the findings of this thesis into context, they are placed in a general business plan based on the color-coding factors that were found.

6.2. Limitations of paper and recommendations for further studies

Amongst others, the scope of this paper was limited by time, space, the authors’ previous knowledge, and personal connections that were used to find interviewees. The paper was also limited in the number of perspectives it could take, since a too broad...
perspective would have enlarged the scope into an undesirable size and the authors had to work with a confined number of pages.

Upon deciding to focus on the startup company and not the entrepreneur, the authors were further limited by the small-scale scholarly works available as most of the contemporary research that exists, focused on what qualities the entrepreneur has to possess and how to shape the entrepreneur’s way of doing business. It was even harder to find scholarly articles that were focusing on the restaurant industry, hence the authors did not have an abundant amount of material to gain insights from. It is why the authors had to stray from strictly researching only in the area of “startups” and gathered information from other areas of research too. This is clearly visible when the authors introduced the different perspectives in section 5.2.

Another thing that limited this paper was the focus on the European Union region. This research context could be broaden to other European countries and not just those that are part of the EU bloc, or respectively, the research could be made even more specific by focusing only on either Western- or Eastern Europe. The authors only gathered interviewees from Sweden, Finland and Hungary, which prevented them from drawing a conclusion that could be generalized to the whole of EU. However, it would be intriguing to see another researcher conducting statistical data analysis on a big enough sample to see how filling the two found gaps affects the startups’ financial performance - whether it would affect it at all and if yes in what way? It does not even necessarily have to be conducted focusing on the restaurant industry. A similar study made by investigating a different industry could also prove insightful.

Also, the authors thought it would be interesting to include coopetition when discussing networking, but due to the space limitation it was not possible. When dealing with competitors a situation is bound to happen where two competing companies join hands in a way (engaging in a joint-venture for example) that allows them to cooperate but also compete at the same time. In this paper the authors only placed emphasis on how to build a network and the different uses of a network, but looking into the coopetition that takes place between startup ventures and how could coopetition affect startup financial performance would be interesting to read.
7. References


62


8. Appendices

Appendix 1

# of enterprises in period t, started in t-5, who have not survived to year t divided bt the
# of births in t-5

Concerns: Business economy except activities of holding companies

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Failure % 100 54.85 56.34 53.78 54.94 55.53 55.74

Appendix 2

# of enterprises in year 5, newly born in t-5, who have not survived to year t, divided by the # of births in year t-5.

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## Appendix 4

**Births of enterprises in t - number**  
**From 1 to 9 employees**  
**Food and beverage service activities**

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Appendix 5

INTerview, NO.1

Translated: Swedish -> English

[...?] = Explanation of terminology or wording
[...:] = Explanation of behavior or sounds
[... ] = Completion of sentence structure and meaning by addition of explanatory words

Transcribed: April 22 2018

Interviewer: Perfect, let’s start. How or what would you describe your role in the company?
Interviewee: Well, I am the owner, and I started this food shack [?colloclial and dialectal word for food venture?] for about one decade ago.
Interviewer: Can I just ask which country you are from?
Interviewer: Thank you, to go back to the topic of the firm, did you have any experience of starting a business before you started this [business]?
Interviewee: Well, I kind of had an idea of what it was about. Both friends and family own different small firms and things like that.
Interviewer: But you have not yourself owned a business before?
Interviewee: No exactly, that is correct.
Interviewer: Do you have any previous experience within the industry?
Interviewee: What do you mean?
Interviewer: Have you worked with restaurants, cafés or similar before?
Interviewee: I worked when I was quite a lot years younger as a waiter at a restaurant.
Interviewer: Alright. Could you define what the business is about, and what you stand for?
Interviewee: What we stand for? Well, we are as I said previously a [?food venture?], or a restaurant you could call it. And what we do is that we cook non-fussy, homemade food and comfort. We have a lot of truck drivers that stop by since we are next to a high-way, and we can provide them something like a home on the road. It is cozier that going to any fast-food chain there is. We take care of the men, and the ladies of course [laughter: ] a little extra.
Interviewer: Would you say that they are the main customers you focus on?
Interviewee: Yes, definitely. We have a few regulars that live close by, it is quite far from the city center. But otherwise it is a lot of truck [longer pause:] well, and other professional driver as well, that come here to eat.
Interviewer: And how many employees do you have?
Interviewee: It is me of course, then we have one cook and two waiters present at all times. We also have an intermittent that we call in when it is needed.

Interviewer: Okey, I thought that we should move on to the topic of business plans.

Interviewee: That is completely fine.

Interviewer: Great. Did you have previous experience of what a business plan is?

Interviewee: Well, that depends on what you mean. I have heard the word being thrown around, so I guess I understood what it was good for.

Interviewer: Did you know how to construct a business plan yourself?

Interviewee: I found out before I started implementing everything, how to do things and what was necessary.

Interviewer: So you also made a business plan?

Interviewee: Yes, I did. But it was mainly for the bank, so we did a lot of calculations of what was necessary money-wise. And they helped me figure out how I should do [the planning] and things like that. I also have a brother in law that has worked as a consultant, so he helped me plan and summarize what was needed and what I should do to be as prepared as possible before we started.

Interviewer: Did the vision you had [for the company] in the business plan coincide with the one you have for the restaurant now?

Interviewee: Yes it does. I wanted to have something where I could decide on my own and where it was casual and cozy, and I think that we have succeeded well with that.

Interviewer: So the vision has remained the same throughout the whole time that you have been active?

Interviewee: Yes it has. It was before we started up that I went back and forward a little bit, but then everything was only ideas.

Interviewer: Yes, now I thought we would move to the last part in this interview.

Interviewee: Alright, let’s do that.

Interviewer: It concerns problems or issues that you have experienced when you started your company. Were there any main issues when the company started?

Interviewee: Yes, it was very difficult to find distributors that wanted to deliver to here since we are quite far out [from the town center], and it became a bit too expensive many time. It was also difficult to get that “okey-stamp” that is necessary to be able to sell food, and what we needed to do to get that. It was very fortunate then that my brother in law could help, even if he did not have helped exactly this type of company [before]. But he did have a better idea than me about who we should contact and what was needed.

Interviewer: Did you discuss these issues in the business plan?

Interviewee: Not really. We found out what permits we needed, but exactly how we should redo the kitchen and the rest of what we needed to redo was not in it.
**Interviewer:** How much influence did personal contacts with other companies and entrepreneurs have during the start-up period?

**Interviewee:** Both the bank and my brother in law helped a lot, they really supported [me]. The other business owners in the family help ideas and things like that, but when it actually came to creating the company it was the bank and brother in law that did the most.

**Interviewer:** Are there any other contacts that you wish that you had?

**Interviewee:** Yes, what would have helped the most would have been to talk with other that have a similar business. You can not really compare a restaurant in town to a [food venture] by the high way. I think that would have helped by the insecurity that come initially.

**Interviewer:** Is there anything else that you would like to discuss?

**Interviewee:** No, I’m fine.

**Interviewer:** Okey, then I want to that you for taking the time to do this interview.

**Interviewee:** Thank you.
INTERVIEW, NO.2

Translated: Swedish -> English

[?...?] = Explanation of terminology or wording
[...:...] = Explanation of behavior or sounds
[...:] = Completion of sentence structure and meaning by addition of explanatory words

Transcribed: April 19 2018

Interviewer: Then I am going to start by asking which country you come from?
Interviewee: I am from Sweden.
Interviewer: Thank you. To move on, how would you describe your role in the business?
Interviewee: I foremost work as the hostess, otherwise I help where it is needed, [which is] mostly administratively.
Interviewer: During what time period were you active within the business?
Interviewee: That is a little bit difficult to define. I knew the owner before she started the restaurant, so I was present as someone to bounce ideas back and forward with when it still was only ideas.
Interviewer: Do you have any experience of start-ups since previously?
Interviewee: Yes I do. I owned a clothing store in the city where I come from, but I sold it for about 15 years ago.
Interviewer: Do you have any previous experience within this industry?
Interviewee: Yes, me and the owner met when we worked at a restaurant on the other side of the town-center, and it was there were we realized that it would be fun to own our own restaurant [laughter]. Even if it only was her who took the matter into her own hands.
Interviewer: Could you define what it is that the restaurant is about?
Interviewee: Yes, we have a quite generic, nicer restaurant, if you are allowed to say so [laughter].
Interviewer: [laughter] Yes you can. But could you describe it a bit more specifically?
Interviewee: I mean, we started as any nicer restaurant. We served stakes, plaice, and so on. Now we are starting to transition to a Mediterranean theme since we think that there are way too many restaurants of the finer kind.
Interviewer: So you have shifter the direction of the business, if you could say that?
Interviewee: Exactly.
Interviewer: Was there a special reason as to why you wanted to change your vision?
Interviewee: Yes, I was mostly that we felt that we blended in too much with the other restaurants in the area. When we started we had quite a lot of customers, but it dissipated after a while. After that we tried a few things that did not work out. Then we came up with the Mediterranean theme, and it really has worked. We have had it the current year, and the customers keep coming, which really is great.

Interviewer: And what type of customers is it that you aim toward?

Interviewee: It is mostly those that want a space for finer dining. We aim towards special occasions and those that want more of an atmosphere when they eat.

Interviewer: How long have you been in business?

Interviewee: We are now on year five.

Interviewer: How many employees have you had during the start-up period?

Interviewee: And that was three [:longer pause:] and a half year, right?

Interviewer: Exactly.

Interviewee: When the restaurant opened there were two cooks and four waiters. After that I was hired, but about a years after [:pause:] so during the end of the second year, we had to let one cook and a waiter go. That is what happened when business started to slow down unfortunately.

Interviewer: Yes. Then we are going to move on to discussing the business plan a bit more. Do you have any previous experience of business plans?

Interviewee: Yes since I owned a clothing store previously I am quite used to it. I did one for the clothing store when I started that and helped now when she [the owner] started [the restaurant].

Interviewer: So you are quite confident in how to construct it?

Interviewee: Yes. I read up on the topic quite a lot when both of the businesses opened.

Interviewer: So you were aware about the content of the business plan?

Interviewee: Yes, I was a part of making it. I came with quite a lot of input and we, as I said, bounced the ideas back and forward with each other.

Interviewer: To go back to what we discussed previously, where you discussed that you had issues with maintaining the circulation of customers -

Interviewee: Yes.

Interviewer: - was that your main issue when the restaurant was started?

Interviewee: She [the owner] was really prepare, so yes, it really was. Everything else like employees, delivery, facilities there were no issues with. The most difficult part was to make the customers return.

Interviewer: Was this something that was discussed in the business plan?
Interviewee: Yes and no. We discussed how we should appeal to the customers, but we did not have a plan B on how we should do if a situation like this happened. We really had to work on that as we went.

Interviewer: Do you think that a strategy for managing this situation should have existed?

Interviewee: Definitely. The customers are the ones who make use stay in business, and we almost lost those who were the most important to us.

Interviewer: How much influence did personal networks with other businesses and entrepreneurs have during the start-up period?

Interviewee: That was what we had. Since me and her [the owner] worked in the restaurant business for several year we had had the time to form important connections that made sure that everything moved along.

Interviewer: Are there any relationships that you wish that you had?

Interviewee: It would have been good with someone else that could have been a bit more critical to how we planned the business plan, since it obviously did not work out with our previous plans.

Interviewer: Is there anything else that you think is worth mentioning, or that you want to add?

Interviewee: No, not that I can think of.

Interviewer: Okay. That was all that I had to ask, and then I want to thank you.

Interviewee: Thank you too.
Appendix 7

INTERVIEW, NO.3 (Antal Nagy)

Translated: Hungarian -> English

[?...?] = Explanation of terminology or wording
[...:] = Explanation of behavior or sounds
[... ] = Completion of sentence structure and meaning by addition of explanatory words

Transcribed: April 23 2018

Interviewer: Which country are you from?
Interviewee: I was born and raised in Hungary.
Interviewer: Can you define the company and its vision?
Interviewee: It’s an Ltd. [?Private limited company?] About its vision... what is a vision exactly?
Interviewer: The vision statement define why and how the company will achieve its goals.
Interviewee: This company specifically have been founded upon this restaurant. We got the chance to rent it. It is a tenement. Its vision is to sufficiently feed the employees of companies in the vicinity. This restaurant is in the first floor of an office building. There are lots of other companies around such as the Hungarian National Bank. It’s near South Train Station so we also focus on serving commuting people who use the train station as well as railway men who work there. Therefore the target segment is rather divided.

Interviewer: Let’s move on to the next question: What is your role in the company?
Interviewee: At the moment I’m the head manager of the Ltd and I manage the restaurant.
Interviewer: Okay. During what time-period were you active in the company? Were you there from the very beginning?
Interviewee: Truthfully, I’ve been working here since 11 years. It’s been 3 years since our Ltd operates the restaurant and I was the one managing it before that for 8 years. I’ve had a lot of experiences with managing the restaurant.

Interviewer: I see. What experience with start-ups did you have previous to this venture?
Interviewee: I’ve been working in this profession since 25 years. I was absolutely prepared to manage the restaurant, since I knew what to do from experience. Of course these experiences are place-bound because every situation is different. And truthfully, I’ve only been managing the business’ economic part [accounting etc] for 3 years. I had to learn that skill here.

Interviewer: I see. What is your previous experience within the industry?
Interviewee: Well, there’s this classic saying that “we have to eat” [laughter:] It’s really interesting because the profession is also changing. There are always seasonal stuff or things that are trending in the catering industry for example now it’s the vegan,
vegetarian or sushi. Our restaurant isn't an à la carte restaurant but a fast-food one. It's really important to be fast, so time is an important factor.

**Interviewer:** How many employees did the company have during the start-up period?

**Interviewee:** Well, in the beginning it was 8 people. Now we have 12 altogether.

**Interviewer:** How long has the company been in operation?

**Interviewee:** Since 3 years.

**Interviewer:** That's perfect since we're focusing on the start-up period anyways. [laughter] Going on, you already mentioned this but could you define your target segment?

**Interviewee:** We serve customers who come in, but we also do take-outs to companies in the vicinity and we also do party service. So we try to satisfy a lot of type of segments, but we cannot serve groups bigger than an average high-school class [around 25-30 people].

**Interviewer:** Do you have any previous knowledge of what a business plan is?

**Interviewee:** Yes, of course, I've learnt it in school what is a business plan. I can build one up, yes. But there are risks here too. For example if the office building gets emptied [referring to the companies leaving that are renting offices there now] or the South Station gets rebuilt, about which news are going around. Of course it could be a positive thing too. We've built the business plan on the idea that we give good quality food, for a relatively cheap price and fast. Buffets and other restaurants around the South Station don't provide such good quality as us.

**Interviewer:** Did you make a business plan for the company?

**Interviewee:** I didn't explicitly make one, since as I mentioned earlier I've been working here since 8 years. I've only prepared partial parts of the business plan and those were mainly focusing on how to serve our customers better. For example after a year of operation we've added the delivery service option and then after that half a year later we've established the party service option. And now around half a year ago, we've opened a hand-made hamburger stand too.

**Interviewer:** So basically as you came up with ideas you tried to implement them, there was no systematic planning in the process?

**Interviewee:** Exactly. As time went by we could see it clearly what was missing or where we could improve. You always have to be ready to react to different market demands.

**Interviewer:** What was the vision of the company in the business plan?

**Interviewee:** We have shifted away from the original vision of the business plan. Since originally we were only a fast-food restaurant. But then there was a smaller crisis on the market which affected the catering industry too; at least in Hungary. This is why we've extended the business plan, for example with the delivery option. And the hamburger stand was created to target the younger population with hand-made fresh hamburgers. [Interviewee made a joke here but asked it to be edited out]

**Interviewer:** How did this shift affect the company?
Interviewee: The most important thing you have to remember is that the company [and you as the manager] have to be ready for unexpected shifts. You must always have reserves. There was the economic crisis not too long ago, and this has affected the catering industry too. Another thing I want to mention is the labor market. A lot of people have left Hungary. I don’t know, do you focus on a specific region within the EU?

Interviewer: We don’t focus on Eastern or Western Europe, we focus on EU as whole.

Interviewee: I’m asking, because I don’t know whether restaurants in Western Europe are having problems with not having enough labor, both skilled and unskilled. Because here [in Hungary] we are suffering from the lack of labor. There’s a saying that “even the bad expert has left”. So we don’t know in advance who’ll come in to work in the mornings. We’re eagerly awaiting the robot technology in the kitchens instead [laughter] You see, because the dishwasher employees are just as important as managers. If either are missing we’re in big trouble.

Interviewer: What were the main issues starting up?

Interviewee: As I said, labor problems. We also had some problems with tax policies as they’re always changing. [longer pause]

Interviewer: What were your main difficulties during the start-up period?

Interviewee: I didn’t exactly have many problems personally. The only thing I had to pay special attention to was the economics part. I had to learn how to do correct accounting, as everything is done via online in a program nowadays. When I learnt accounting in school it was the old-fashioned way, with a paper and a pen [laughs] We had to employ an IT expert, since we’re on Facebook, and have a webpage too. You have to be flexible.

Interviewer: Were these problems discussed in the business plan?

Interviewee: Not really.

Interviewer: So you didn’t prepare a strategic plan of action in case of these problems? You dealt with them as they came?

Interviewee: We were heavily reliant on personal networks. After being in this profession for 25 years I’ve colleagues working with me since 15 years or so. So with their networks and mine combined, we’ve solved many problems such as the lack of labor for example. And we also posted advertisements. But yeah, from family alone, my elder sister and my brother-in-law are both working in the restaurant.

Interviewer: You mentioned personal networks. Did you have connections with other companies and entrepreneurs?

Interviewee: Yes a few. For example our supplier became our supplier via personal connections. Also the carpentry work in the restaurant was done by a family friend. But of course these kind of connections are always changing too, since many companies get shut down or sold. But we also have old, loyal contacts such as the company from whom we buy the napkins, I’ve been working together with them since 20 years. We don’t really do exchange benefits, but we had a one-time deal with this newspaper once
where we supplied dinner to the newspaper team and in exchange they put advertisements about us in the paper.

Interviewer: Are there any network-connections that you wish you had, or that you think would be helpful?

Interviewee: Well, this is a good question [laughter]. What sort of connections would I be happy to have? Governmental relationships? Of course I’d have been happy to have such connections. But of course we’re happy for all connections we have that are helping the Ltd forward.

Interviewer: Is there anything else you think is worth mentioning?

Interviewee: Is this in connection with the future?

Interviewer: Well that too. Or anything about the business plan and the start-up period you think we missed?

Interviewee: The most important is where you want to set up your business [as in the location, country, city etc.]. You’d need to be very critical about evaluation of the location. If you have a good location, is it in your own possession or is it rental? If its rental like ours, its really important to calculate the rent carefully into the financial planning as well as being careful what contract you sign. How will you get together a working team? A good kitchen manager? Is the place you’re renting empty or furnished? I think the most important, however, is your own set of skills. The things you are good at be it law, accounting, managing or something else. And if you don’t have those skills then it all depends on who do you employ to do these for you.

Interviewer: Thank you very much.

Interviewee: You’re welcome.
Appendix 8

Interview no. 4:  
Mrs & Mr. Mohammad - Niemi.

The following interview was conducted by e-mail due to a language-barrier that required a third-party translator. The translator then translated the answers to Swedish, which then were further translated by the authors to English.

Translated: Finnish -> Swedish, and Swedish -> English
Final translation: April 25th, 2018

Background:

Question: What was your role in the company?

M. & N.: We are both the owners. Mrs. M takes care of the facilities and customers, which includes the till. We are quite a small establishment. Mr. N does the accounting and helps the cooks.

Question: During what time-period were you active in the company?

M. & N.: Mr. N was the one to start everything. Then Mrs. M joined naturally as the plans progressed. We were both enthusiastic regarding the plans, but Mr. N is definitely responsible for putting things to work.

Question: Which country are you from?

M. & N.: Mrs. M is from Iran and Mr. N is from Finland

Question: What experience with start-ups did you have previous to this venture?

M. & N.: Neither of us has owned a company before, but we did some rigorous planning before starting the pizzeria.

Question: What is your previous experience within the industry?

M. & N. Mrs. M's father owns a shop back in their home country, and our dreams kind of grew from there. Mr. N told her father on one of our visits what we wanted to do, and he gave Mr. N hours and hours of advice. He thinks that is what made his confidence – “We can do this” – grow. When we talked he told Mr. N all about his friends that own restaurants, food-courts, buffets and such, and that is about all the knowledge we have previously of the industry.
**Question:** Can you define the company, and its vision?

**M. & N.:** We are a small pizzeria. There is nothing complicated about it. When someone thinks about what the typical pizzeria is like, that is what we are. We just want to make sure that we serve good food and that our customers are satisfied. Nothing more, nothing less.

**Question:** How many employees did the company have during the start-up period?

**M. & N.:** It has always been us two, plus two cooks.

**Question:** How long has the company been in operation?

**M. & N.:** Since 2010. So 8 years.

**Question:** What is your target segment?

**M. & N.:** It is everyone. All types of people eat fast food and those are the ones that we serve. We do get mainly young people, up toward their 30’s or 40’s.

**Start-up period**

**Question:** Do you have any previous knowledge of what a business plan is?

**M. & N.:** Well, we both researched it. But before starting the planning for the business we did not.

**Question:** If yes: do you know how to construct a business plan?

**M. & N.:** We know now. We both went to the library and sat there to discuss what we thought as we got a better understanding of what it was.

**Question:** The entrepreneur: Did you make a business plan for the company?

**M. & N.:** Mr. N’s nephew studies business, so he told us that that is what we should do. Plan it out and make sure it is something that we can do. We did not really go into depth in the plan. We mostly mapped everything out.

**Question:** What were the main issues starting up?

**M. & N.:** Definitely the money. All estimations we made got scrapped and everything was so expensive. Neither of us has done this before and we are aware that mistakes comes with learning, but we would had preferred if it did not leave such a big dent in our pockets. We also really struggled with leaving work at just work, since we are married and live together. Often times we keep working...
little by little, at the dining room table, in bed, at dinner with the in-laws. The
fact that work never leaves you when you are an entrepreneur is something
that neither of us never grasped before.

**Question:** Entrepreneur: Were these discussed in the business plan?

**M. & N.** No, they were not.

**Question:** If not: do you think that a previous strategy for managing this issue should exist?

**M. & N.** Yes. It would have saved us a lot of money.

**Question:** How much influence did personal networks with other companies or entrepreneurs have during the start-up period?

**M. & N.** As we said before Mrs. M’s father has a store himself in their home country. That is what mainly influenced us to start our business in the first place. After that we have done everything on our own pretty much. I (Mr. N), think that this is the way most small business-owners go about their business. And I (Mrs. M), think that even if this is the most common way, it might not necessarily is the best way. This is partly the reason we agreed to be part of the research. We are thinking of opening a new pizzeria, since this one is doing very well. We just do not want to have to go through the same things again. If there are as many issues when we open the other place both of us will lose the majority of our motivation.

**Question:** Are there any network-connections that you wish you had, or that you think would be helpful?

**M. & N.** Not that we can think of, no. But there sure could have been.

**Question:** Is there anything else you think is worth mentioning?

**M. & N.** No, not that we can think of.
Interview structure:

Our assumption and information for the interviewee

- The start-up period: 3.5 years
- Inform them that we’ll record and translate the interview. Anonymity and confidentiality is guaranteed.
- Upon request they can receive a copy of the thesis after its finished.
- The purpose of the paper is shortly explained beforehand
- Thank them for agreeing to do interview with us

Background:
1. What was your role in the company?
2. During what time-period were you active in the company?
3. Which country are you from?
4. What experience with start-ups did you have previous to this venture?
5. What is your previous experience within the industry?
6. Can you define the company, and its vision?
7. How many employees did the company have during the start-up period?
8. How long has the company been in operation?
9. What is your target segment?

10. Start-up period
11. Do you have any previous knowledge of what a business plan is?
12. If yes: do you know how to construct a business plan?
13. The entrepreneur: Did you make a business plan for the company?
14. Other employees: Were you presented, or made aware of the contents in the business plan?
15. Entrepreneur: What was the vision of the company in the business plan?
16. Other employees: Was the vision of the company communicated to you?
17. Did the focus/vision of the company shift or change during the start up period?
18. If yes: what was the reason for this?
19. If yes: how did this shift affect the company?

20. Entrepreneur: What were the main issues starting up?
21. Entrepreneur and other employees: What were your main difficulties during the start-up period?
22. Entrepreneur: Were these discussed in the business plan?
23. Other employees: Were you made aware of these possible issues by the manager?
24. If not: do you think that a previous strategy for managing this issue should exist?
25. How much influence did personal networks with other companies or entrepreneurs have during the start-up period?
26. Can you define the type of relationship you had with them? (distribution, idea support, legislation, exchange benefits such as services)
27. Are there any network-connections that you wish you had, or that you think would be helpful?
28. Is there anything else you think is worth mentioning?
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