

Saimaa University of Applied Sciences
Business Administration Lappeenranta
International Business

Daria Zyrina

Developing a business plan for a Family Logistics Company

Thesis 2013

Abstract

Daria Zyrina

Developing a business plan for a family logistics company, 71 pages, 8 appendices

Saimaa University of Applied Sciences

Business Administration Lappeenranta

Degree programme in International Business

Thesis 2013

Instructors: Lecturer Pekka Mytty, Saimaa University of Applied Sciences

The purpose of the study was to develop a business plan for a family logistics company in Finland. The work investigated the logistics business in Finland, and created the business plan according to the needs of the industry.

The information was gathered from literature, newspapers and Internet. The empirical study contains the business plan. The survey was made using the qualitative method. It discusses the opinion of other logistics companies on today's situation on the market.

The study provides in-depth analysis of the budget, marketing and strategic plan for family logistics company. This thesis also gives ideas on what to take into consideration when starting-up own company. Further study is required to research the way of decreasing risks in logistics business and examine how dangerous the family business can be for the household.

Keywords: Business plan, logistics, forwarding company, Finnish entrepreneurship

Table of contents

| | | |
|-------|--|----|
| 1 | Introduction | 5 |
| 1.1 | Aim of the thesis | 6 |
| 1.2 | Theoretical approach | 6 |
| 1.3 | Limitation | 6 |
| 1.4 | Structure of the study..... | 6 |
| 1.5 | Research method | 7 |
| 2 | Logistics sphere..... | 8 |
| 2.1 | Logistics as a concept..... | 8 |
| 2.2 | Forwarding agents | 11 |
| 2.3 | Export and re-export from Finland to Russia | 13 |
| 2.4 | Incoterms 2010 | 17 |
| 3 | Establishing a company in Finland. Business planning | 21 |
| 3.1 | The theory on business planning | 22 |
| 3.1.1 | The purpose of a business plan | 22 |
| 3.1.2 | Main parts of a business plan..... | 22 |
| 3.1.3 | Strategic planning..... | 28 |
| 3.1.4 | Financial planning | 29 |
| 3.2 | Starting-up a company in Finland | 33 |
| 3.2.1 | Why to become an entrepreneur | 33 |
| 3.2.2 | Company law | 34 |
| 3.2.3 | Income taxation..... | 35 |
| 3.2.4 | Finnish business culture..... | 35 |
| 4 | Loviisa..... | 36 |
| 4.1 | Loviisa in Figures:..... | 36 |
| 4.2 | The Port and Customs of Loviisa | 36 |
| 4.3 | The European road E18..... | 37 |
| 5 | Empirical study | 39 |
| 5.1 | Executive summary | 39 |
| 5.2 | Business purpose | 40 |
| 5.2.1 | Company overview..... | 41 |
| 5.2.2 | The service..... | 41 |
| 5.2.3 | The price | 41 |
| 5.3 | Industry overview | 42 |
| 5.4 | Customers and competitors analysis | 43 |
| 5.5 | Marketing analysis | 43 |
| 5.5.1 | Pest analysis | 44 |
| 5.5.2 | SWOT analysis..... | 46 |
| 5.6 | Management team..... | 47 |
| 5.7 | Strategic planning | 48 |
| 5.8 | Financial Plan | 50 |
| 5.8.1 | Income statement..... | 52 |
| 5.8.2 | Cash Flow Statement..... | 53 |
| 5.9 | The geographical area of the new company | 54 |
| 6 | The survey among logistics companies | 55 |
| 7 | Summary and Discussion | 57 |
| 8 | Recommendations for further research | 59 |
| | Figures..... | 60 |
| | Tables | 60 |

| | |
|-----------------|-----------------------------------|
| References..... | 61 |
| Appendices | |
| Appendix 1 | The questionnaire |
| Appendix 2 | The answers for the questionnaire |
| Appendix 3 | TIR Carnet example |
| Appendix 4 | TIR EL example |
| Appendix 5 | CMR example |
| Appendix 6 | EX example |
| Appendix 7 | Russian WEB declaration example |
| Appendix 8 | Brochure example for the FLC |

1 Introduction

During the studying time at Saimaa University of Applied Sciences the author of the thesis has had practice in three logistics companies. Two of them were family based and one was a subsidiary firm from one well-known first Russian logistics company Sovavto. During the internship period the author saw that more and more countries which export goods to Russia choose Finland as a transit spot.

If we look through the history, Russia had a strong influence on the Finnish economy. Finland has initially built its institutions under Russian rule. Then when the Soviet Union had to close its foreign trade after revolution, Finnish economy has suffered a lot. However, at the same time forest industry took opportunity and matured briskly. Moreover the trade regime with the Soviet Union had a strong effect on the Finnish welfare society, for example in 1985, because of bilateral trade the employment effect reached 150,000 places of work in Finland. (Ollus & Simola 2006.)

Finland's main export products are technologies, paper and metal products. The raw materials and energy required for manufacture of these products are imported from Russia. On the other hand, raw materials and energy are the vast part of Russian export, and the import products from Finland are machinery, equipment, and chemical and food products. Hence two countries don't compete but complement each other on the international market. (Ollus & Simola 2007.)

When goods are exported or re-exported from Finland to Russia, many logistics companies in both countries are involved. In this thesis the author will develop a business plan for a family logistics company in Loviisa. Mainly this company will act as a forwarding agent for the cargo going from or through Finland to Russia.

Finland is a perfect country for a family business. This statement can be proved by the following facts: over 80% of companies are family ones; the majority of them are small and medium-sized; around 100 of Finland's Top 500 companies are family businesses.

1.1 Aim of the thesis

The aim of the thesis is to develop a business plan for a family logistics company in Loviisa. Such business plan will also be valid for any other Finnish city with its own customs in the south of Finland. The thesis also describes the current situation on the Finnish export and re-exports to Russia, so it is easier to evaluate the future output of a company.

1.2 Theoretical approach

The theory part will include different theories from well-known writers regarding business plan, analysis, marketing planning and empirical studies. The author will also describe the logistics in which the company will be involved. Overall the work is in a shape of a project based thesis.

1.3 Limitation

The author writes only about the small family logistics company based near the customs of Loviisa. The company has a small office in the city and no warehouse. This fact also limits a service range the company can provide. The theory part will tell only about developing a business plan for the small start-up company (Sole trader form of enterprise). The theory on logistics art will stick to the relationship between Finland and Russia, and will examine the business of a forwarding company.

1.4 Structure of the study

The present study is divided into theoretical and empirical parts. The theoretical part consists of reviewed relevant literature about the logistics concept and business planning. The second part examines the created business plan for a family logistics company and form of the enterprise. The data for the empirical study has been collected by the questionnaire through the internet. The final part of the thesis highlights summary and discussions.

1.5 Research method

The qualitative research method is used for gathering needed theory data and making a deep analysis through the findings. Qualitative method is based on description and interpretation of the phenomena. Qualitative research emphasizes on the forwarding industry and sole trader enterprise form of the company. The current study examines the logistics business in Finland and proposing the best way of establishing a logistics company. Qualitative method includes deep analyses through different statistics which in current study described the trading relationships between Finland and Russia. The research on logistics companies has been conducted in a form of a survey. The research provided with reliable and valuable information, which helped to create the current study.

2 Logistics sphere

2.1 Logistics as a concept

Logistics is an organized flow of goods, services, people and information between seller and buyer. International logistics means that the movement will take place in more than one country including more complex structure of carriers, forwarders, bankers, traders and so on. (Wood 2002.)

Supply chain management (SCM) is another very important term that includes Logistics management. SCM is a very broad term that includes organizing and shaping all activities included in sourcing, procurement, adaptation and all other logistics management activities. Below there is a SCOR model (supply chain operations reference) explaining the basic activities of logistics in supply chain.

| SCOR Process | Definitions |
|---------------------|--|
| Plan | Processes that balance aggregate demand and supply to deliver a course of action which best meets sourcing, production, and delivery requirements |
| Source | Processes that procure goods and services to meet planned or actual demand |
| Make | Processes that transform product to a finished state to meet planned or actual demand |
| Deliver | Processes that provide finished goods and services to meet planned or actual demand, typically including order management, transportation ,management, and distribution management |
| Return | Processes associated with returning or receiving returned products for any reason. These processes extend into post delivery customer support |

Table 2.1: SCOR Process (Murphy 2011)

Here the author describes basic activities in the logistics channel starting from customer service and ending with warehousing management. These activities are described according to Paul R. Murphy, Contemporary Logistics.

Customer service in logistics makes sure that the right shipment has been delivered to the right person at a right time, condition and cost. Demand forecasting makes predictions about the future workflow. Since the increased interest in SCM all involved parts try to improve their demand forecasting activities. Facility location decisions play a very important role. Today incoterms put rights and obligations to the buyer/seller. As it will be discussed later on plays of destination and plays of delivery are significant for all parties involved. Inventory management deals with the cost of ordering product, the cost of holding product and the cost of being out of stock. Goods may be in hold for many purposes; hence managers should be able to deal with occurred costs. Order management should give a customer the ability to track his order from the moment of placing an order to the moment of receiving it. In logistics point of view packaging means preparing goods for transit and storage procedures. Most common packages are PK (simple package), PX (pallet) and CT (carton). Procurement is the other part of logistics management. Procurement occurs when the raw material from the outside organization needs to be obtained. If the product is damaged or customer is dissatisfied reverse logistics occur. Transportation management is the most expensive logistics activity. It occurs when goods or people have to be moved from one point to the other. Finally warehousing management deals with goods that have to be stored. Goods can be moved to customs warehouse if sorting or other changes are needed when goods are in the transit country. (Murphy 2011.)

Since the forwarding company is tied up with international logistics, it is important to describe the main obstacles. In international logistics there are some factors, which significantly influence the trade. The strongest of them are political, economic and cultural. Political factors play very important role in logistics. Various types of political restrictions affect tariffs, nontariff barriers, embargoes and so on. Tariffs can be also taxes that governments place on certain imported products. By tariffs and taxes governments can secure the national manufactures. One type of nontariff barrier is an import quota; its aim is to limit the quantity of products imported from one country to another at a certain period of time. Finally embargoes put a total restriction on trade between countries. (Murphy 2011.)

Here is one example of politics influencing the trade. In the beginning of September 2013 The Federal Russian customs claimed that Lithuanian cargo very often comes to the border with many infringements; because of that from 13.09.2013 till 30.09.2013 all Lithuanian trucks were put under deep customs inspection. Usually this kind of a procedure takes from a few hours to a few days. This decision caused huge queues on the Lithuanian-Russian borders, therefore many companies decided to deliver goods through Finland and Latvia. There were not enough vessels from Riga to Finland, so they added one more vessel. Because of the deep inspection Lithuanian transport companies lost around 10mln euro. This is a political factor since this sudden customs inspection was caused by the fact that Lithuania want Ukraine to join the EU, while Russia want Ukraine to be hers trading partner. (Business newspaper Vzgliad 2013.)

Economic factors represent currency fluctuations, income, the size of the market and infrastructure. The overall level of international logistics service depends on the economic situation in the country. For example, many companies prefer to deliver export to Russia through Finland because the infrastructure of Finnish ports, such as port of Kotka, is way better than the one in the port of Saint-Petersburg. Logistics Performance Index is a rate of countries according to efficiency of the clearance process, quality of transport-related infrastructure, ability to track and trace consignments and overall quality of logistics services (Murphy 2011). According to the LPI 2012 Finnish score was 4,05 and Russian score is 2.58, where 1 is lowest and 5 is highest score. (The World Bank.)

Cultural factors also influence international logistics a lot. By cultural factors the author means differences in religion, values, time management, time orientation, language and national holidays. For example, while being in Finland it is almost impossible to get in touch with clients in USA, hence delays can occur because of a time obstacle. Another good example can be the first month of the year, when Russians are on the holidays for good half of the month, while the rest of the world is working. Finally language differences can cause problems. According to the authors experience one needs as many language skills as possible to really work in a logistics company.

2.2 Forwarding agents

This thesis develops a business plan for a logistics company; in particular the company will operate as a forwarding agent. This subchapter explains who is a forwarding agent and what he does.

Forwarding agent can assist in making customs clearance for imported goods and make documents for exported ones. Hence forwarding agent should know import/export rules, regulations of countries within which he operates and all necessary import/export documents. An agent may also be responsible for finding a warehouse for storing goods and organizing transportation for the cargo. International freight forwarding agents have more complex responsibilities. They may be asked to reserve a place in the vessel or aircraft or train. They may look after the packaging method of the cargo. Freight forwarders may be asked to find a broker overseas for customs clearance and they usually assist with all freight costs. (Rai 2010.)

The heart of the international logistics consists of paperwork. No matter how, when and where cargo should be exported/imported lots of different documents should be written, checked and signed.

The documentary package is united documents needed for import/export procedure (Hinkelman 2008). In this chapter the author will describe the documentary package needed for exporting products located in Finland to Russia.

All documents have some value and purpose. Here is a description of what purpose documents have for different parties. Exporter needs documents to track the goods exported, deliver information to those parties involved in transporting, handling and inspecting the cargo. Importer needs documents mostly for the same reason as exporter. Freight forwarder uses documents as an instruction on how and where to deliver goods. Banks read the information about collecting and distributing payments from documents. Insurer needs documents for evaluating goods and risks. Finally for all of the parties involved in import/export transaction, documents proof an ownership of cargo at any time and place during the operation. (Hinkelman 2008.)

According to Hinkelman, here are the most common transport documents:

- Bill of Lading is the most important document. It recognizes the consignor, the consignee, the carrier and the mode of transport. The person who has all 3 original Bills of Lading is considered as an owner.
- Packing list describes container and goods according to its weight, quantity, marks and numbers, dimensions and so on.
- Invoice gives a short description of cargo plus the very important information on the price

Below the author describes logistics operation which future family logistics company will do. Operations are described briefly because the main purpose of the thesis is to describe the business plan, not the export/import transaction.

If cargo goes not from the EU zone by sea, forwarding agent first receives an arrival note. The arrival note says when shipment will be delivered and what should be done to get the shipment. In most cases bill of lading is sent to the buyer who then decides who will be his forwarding agent. When forwarding agent receives 3 original bills of lading, he sends them to the shipping line which sends release note in return. After that he can make forwarding documents for port authorities. Then when container is unloaded from the vessel, agent receives delivery note from the shipping line, after that forwarding agent can pick up the container. This container can be reloaded to the customs warehouse, than good can be unloaded to the truck. Forwarding agent has to make the CMR, TIR carnet and sometimes T1 in order to deliver cargo from Finland to Russia.

CMR is a standardize document for the cargo that crosses border by road. CMR is insurance of truck and cargo. (Business dictionary.)

TIR Carnet is a customs transit document; it proves that cargo is under the international guarantee for customs duties and taxes at risk up to 60000 EUR. Fifty-eight countries are under the TIR convention. If the client decides to use TIR Carnet, he should remember to make electron TIR, this is compulsory procedure, since the Finnish customs require electronic TIR number namely WP number. (International Road Transport Union)

EX – Export declaration is a document by which goods can travel within the EU customs zone. For example while exporting goods from Finland to Russia, the forward agent should make an EX for the goods. If cargo is coming from another EU countries, Finnish forward agent must have a written and signed permission from the selling company in order to make an EX document.

Examples of all documents discussed above may be found in Appendix part of this thesis.

2.3 Export and re-export from Finland to Russia

This subchapter gives graphs and figures telling how often export and re-export from Finland goes to Russia. As it was said in the introduction, Russia and Finland do not compete, but complete each other on the international market.

Finland exports a lot to Russia. The state Finnish news provider “Yle” claims that in the beginning of 2013 the Finnish export to Russia has been increased by 4%. If it continues to rise, it will be almost on the same level as the export to former Soviet Union in the late 1980s.

All the graphs in this subchapter are taken from the official website of Finnish customs statistics - Tulli.fi. They represent statistics for the 30.08.2013, except for the last two, which were done on 28.2.2013.

Figure 2.1 represents the foreign Finnish trade. The most important Finnish trade partners are Russia, Germany and Sweden. The majority of Finnish import comes from Russia while majority of Finnish export goes to Sweden.

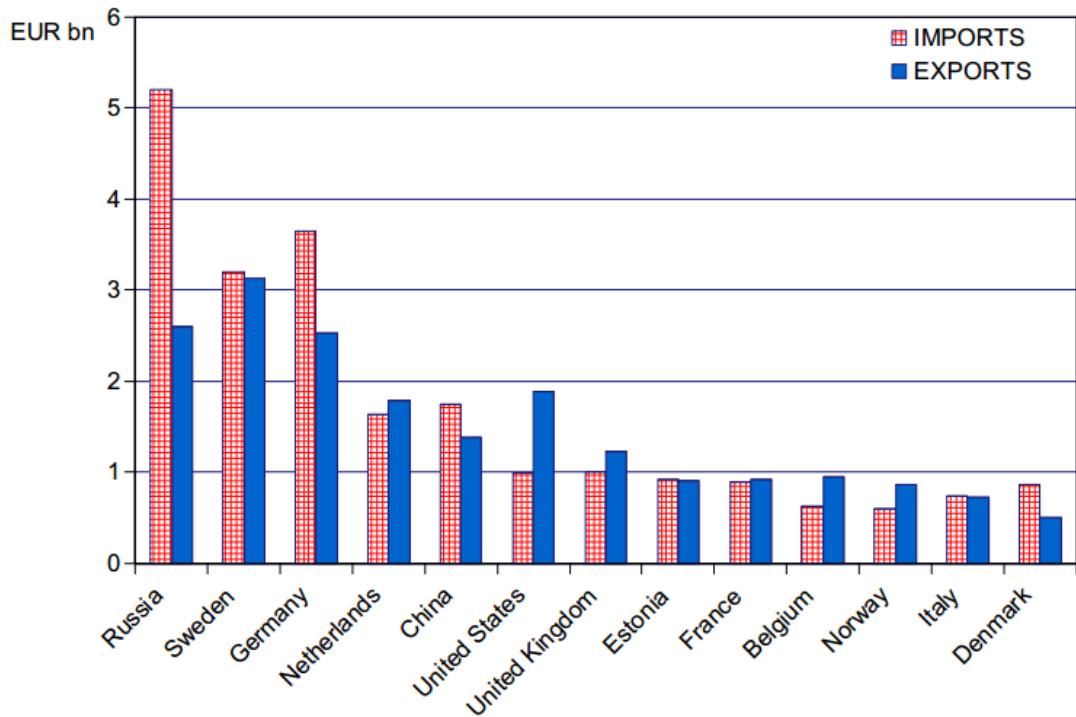


Figure 2.1 Finnish export and import 2013 (Tulli.fi)

The second graph represents Finnish export for its main trading partners. Here we can see that during 2012 for some month export to Russia was even bigger than export to Sweden. Export to Germany is the most stable; it always stays between 300 to 600 million euro.

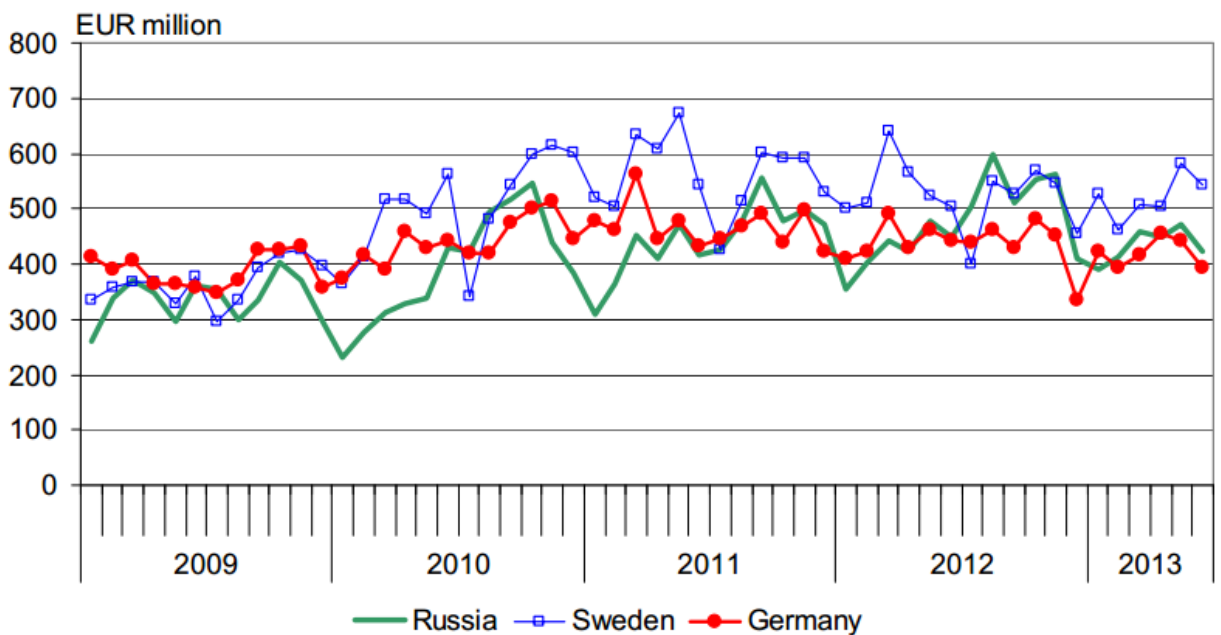
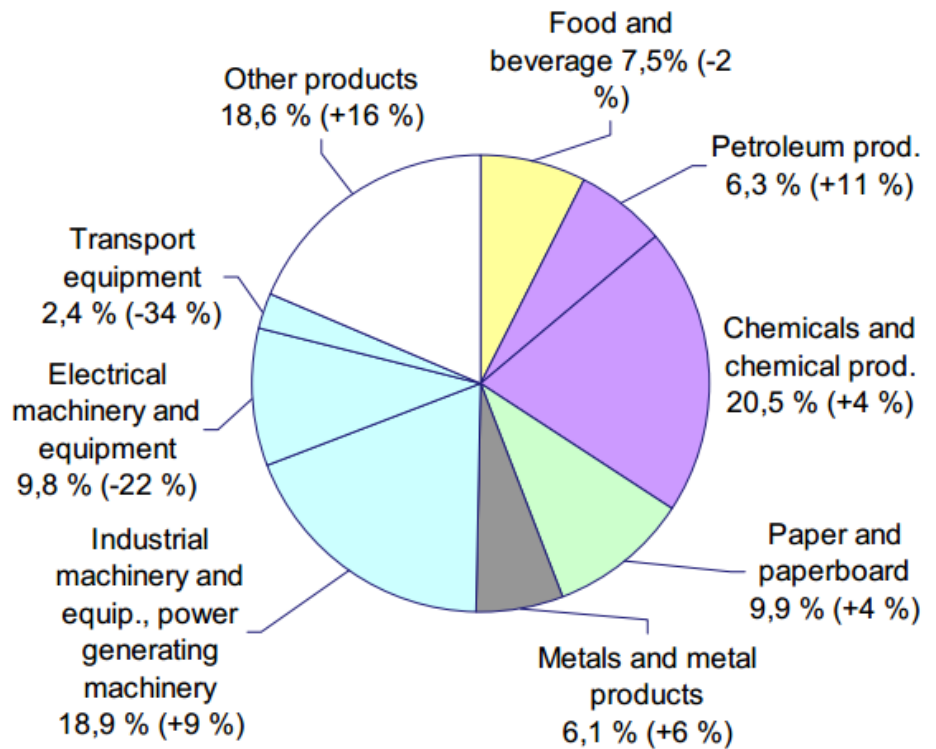


Figure 2.2 Monthly exports to Germany, Russia and Sweden 2009-2013 (tulli.fi)



Total value of exports to Russia in 2013(1-6) was EUR 2,6 billion (+ 2 %)

Figure 2.3 Exports to Russia by Products 2013 (tulli.fi)

Pie chart represents exports to Russia by products. The author assumes that at the moment the most popular Finnish export is chemicals and chemical products. However comparing to the share and change from the previous year, figures show that the export of petroleum products has been increased by 11%, while the export of transport equipment had declined heavily by 34%.

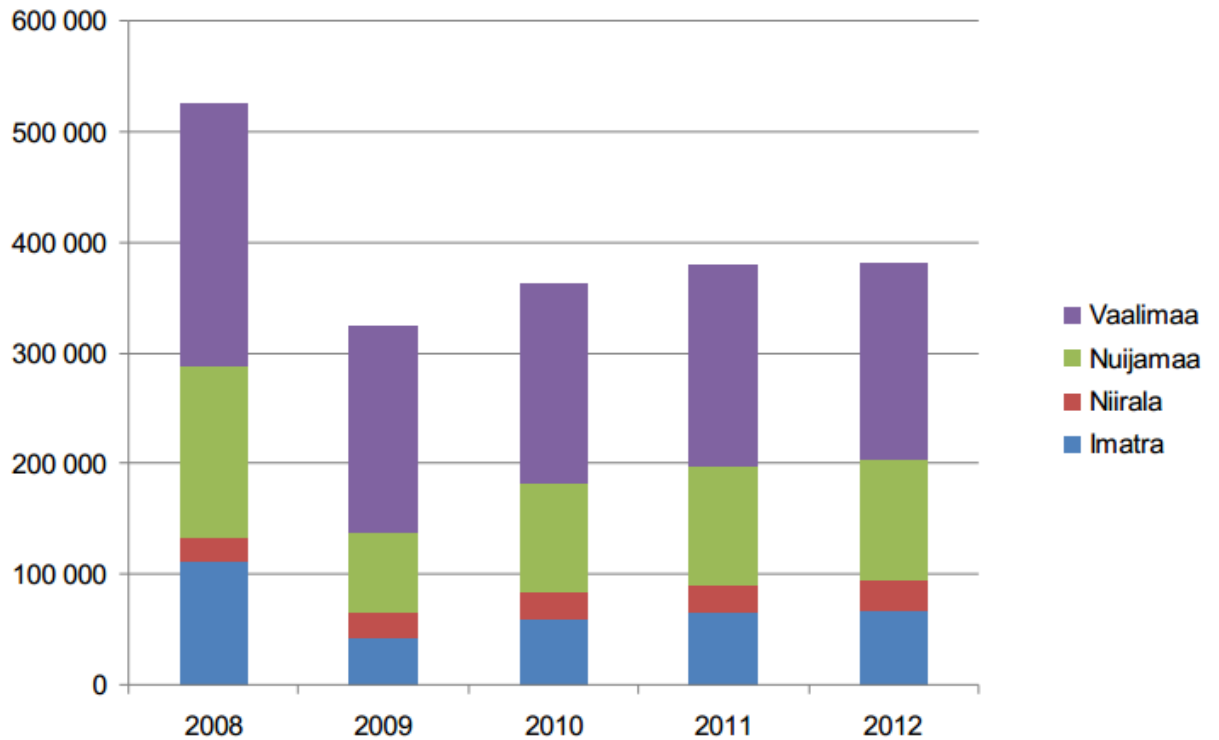


Figure 2.4 Border Traffic 2008-2013, number of loaded trucks by border crossing points

Figure 2.4 shows how many loaded trucks cross each Finnish-Russian border. The most popular border is Vaalimaa, mostly all trucks loaded in Helsinki area or in Kotka go to Vaalimaa border.

Re-export are goods exported from country B to country C in the same state as they were previously imported from the country A. Trading companies and global manufacturers are the main source of re-export. They are matching the global supply to the local demand.(BOFIT 2007) Re-export needs very high logistical efficiency. Hence parties involved in this kind of export prefer the most developed ports and transit hubs. In Finland the most of re-exports goes to “the biggest universal, export and transshipment port of Finland” – Port of Kotka. (HaminaKotka.fi)

The last graph represents the flow of re-export from Finland to Russia. From 2002 till 2008 there was significant increase of re-export. In 2008 all countries felt the impact of world crises, and the whole world logistics has stopped. How-

ever after the deepest fall there is always a silver lining, so from the beginning of 2009 re-export has been constantly growing.

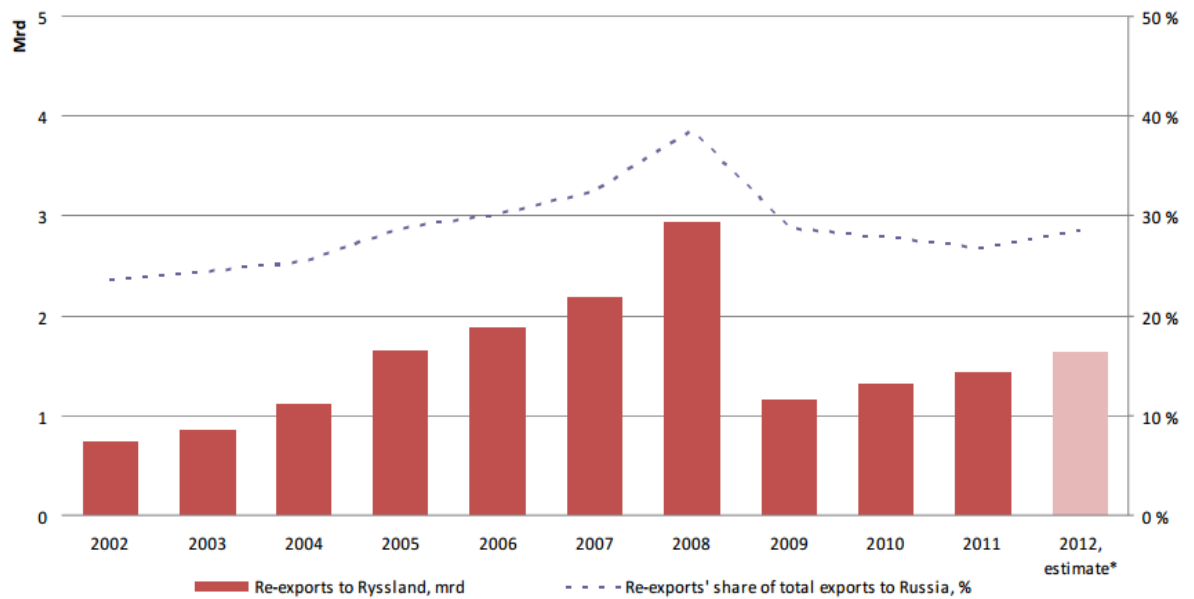


Figure 2.5 Re-export to Russia

The thorough analyses show that both countries are important trade partners for each other. This proves the idea of creating a logistics company next to the Russian border.

2.4 Incoterms 2010

Incoterms are very important in all transactions. They define responsibilities, tasks, costs and risks of buyers and sellers for the delivery of goods under sale contracts. Today incoterms are a part of the everyday language of trade. All in all there are 11 incoterms trading terms, each sales contract should refer to the Incoterms rules. Although Incoterms define who will pay for what, it doesn't define the method or amount of payment. (Incoterms 2010)

The first part represents 7 incoterms that can be applied to any transport mode. Mostly they are applied when no maritime is used or when maritime is used partly.

The second class represents cases when the good is delivered from one port to another port. In other words cargo should be delivered under the sea and inland waterways rules.

Incoterms are described according to the Incoterms 2010 by the International Chamber of Commerce. (ICC)

| | |
|-----|--------------------------------|
| EXW | EX WORKS |
| FCA | FREE CARRIER |
| CPT | CARRIAGE PAID TO |
| CIP | CARRIAGE AND INSURANCE PAID TO |
| DAT | DELIVERED AT TERMINAL |
| DAP | DELIVERED AT PLACE |
| DDP | DELIVERED DUTY PAID |

Table 2.2 Incoterms for any modes of transport:

| | |
|-----|----------------------------|
| FAS | FREE ALONGSIDE SHIP |
| FOB | FREE ON BOARD |
| CFR | COST AND FREIGHT |
| CIF | COST INSURANCE AND FREIGHT |

Table 2.3 Incoterms for sea and inland waterway transport

EXW is suitable for domestic trade. Buyer and seller should agree on the place where seller could deliver goods. The seller is responsible for risks and costs until the shipment is delivered to the agreed point. From that moment the buyer becomes responsible for risks and costs. The seller is not responsible for the customs clearance even if he can do it better than the buyer. If the shipment needs to be weighted, packed or sorted, the seller should do it at his own expenses. The buyer pays for any compulsory pre-shipment inspection like the inspection by the authorities of the state of export at his own expenses.

FCA is different from EXW at a point that the seller is responsible for clearing goods for export and any other costs associated with exporting the shipment. However he is not responsible for clearing goods for import. The buyer must make a contract for carriage from the agreed point of destination

CPT obliges the seller to pay all costs for carrying the shipment to the named place of destination. In other words the seller must procure the contract of carriage. The seller pays for packaging and marking at his own expenses.

CIP means that seller must arrange an export process for goods; to deliver goods at his own costs to the place of destination; to make insurance at least at a minimum cover to the place of delivery. Packaging and marking goods also stays at the seller's expenses.

DAT includes a terminal which could mean any covered or uncovered place such as warehouse, rail or air cargo terminal, container yard and so on. The seller must carry all costs and risks till delivering goods at the terminal. Moreover the seller must clear goods for export.

DAP requires the seller to bear all risks and costs while delivering goods to the place of destination. The seller must clear goods for export.

DDP means that the seller must deliver cleared for import/export goods at the disposal of the buyer at his own costs and risks. DDP gives the most obligations to the seller

FAS rule is used only with water transport. The seller bears all costs and risks till delivering the cargo alongside the vessel. From that moment the buyer bears all risks and costs. The seller must clear goods for export. This rule is optimal for containers. Where appropriate the buyer must pay all duties, taxes and other charges for the import of goods and costs related to transporting goods through any country.

FOB is different from the FAS at the point that the seller must deliver goods on board the vessel. From that point the buyer carries all costs and risks.

CFR requires the seller to bear costs till goods are delivered to the port of destination. However the risk passes to the buyer when goods are on the vessel. The seller also must clear goods for export.

CIF means that the seller must pay for the freight and cargo insurance at his own expenses; however the risk passes to the buyer when goods are on the vessel. Finally the seller must clear goods for the export.

3 Establishing a company in Finland. Business planning

There are plenty of special organizations helping new entrepreneurs. They belong to EnterpriseFinland services which are run by the Ministry of Employment and the Economy and its partners.

Figure 3.1 represents the main stages of setting up a business. It includes the whole process of establishing the business, although the current study is focused on the business plan.



Figure 3.1: Stages of setting up a business (<http://www.yrityssuomi.fi>)

3.1 The theory on business planning

The third chapter contains the theory on the business planning. Main parts of the business plan are discussed.

3.1.1 The purpose of a business plan

Business plan is a document explaining the business idea, the strategic way of realizing the idea, its financial strategy containing profit and loss statement. Business plan is like a basement for a new company. It looks like a pathway to profit. If the start-up company will need outside finance, business plan will provide all necessary documentation for investor or lender. Furthermore business plan focuses on objectives by using appropriate analyses; it puts problems under the loop according to their importance. (Prinson 2008.)

Although business plan is an essential tool for starting up a new company, it should be used as a working document constantly. It can be used as a trace map, where the management team can see which goals are achieved and which should be achieved by when. (Hormozi 2002.)

Business plan can be used as good for internal objectives as for external ones. However, most companies use it for obtaining an outside financing. Investors or banks need to know how much money the company needs, on what and how are they going to spend it and how much will the profit be. All this information including the background of the company investors will get through the business plan. (Hormozi 2002.)

Ideally there should be an expert checking out the business plan. But the entire business plan should be written by the management team of the company. The only way to success in the business is by learning everything about it. And this is another reason to write a business plan: it is a perfect preparation for working in a specific business environment.

3.1.2 Main parts of a business plan

Basically the business plan should consists of the several topics: an introduction that explains the purpose of the document; the business part that describes the

background of the company, its industry, the product or service that the company will introduce to the market, the pricing and customers aspects, the marketing plan including the future marketing strategies and analyses and finally the management team. The last part of the business plan is financial analyses containing an income statement, balance sheet and the statement of the cash flow. In the end the appendix part can be also included to the business plan. An additional material on the company can be added in the last part. (Hormozi, 2002.)

Introduction

The first part of the business plan should start with an executive summary, where the author tries to gain an interest from the reader. If the reader finds nothing special in the introduction part, he may leave the rest unattended. So the purpose of the executive summary is to make the reader read on. (Hormosi 2002.)

Industry

The business part starts with an industry description. In this part the author should define the industry at first. Here investors or other interested parties want to know if the industry is growing or is it matured, how attractive and stable the industry in total is. Mostly investors prefer the new market with high level of potential development. So if the industry is not going to progress, the reader should be convinced that the service or product will anyway gain stable profit. (Hormosi 2002.)

The company

The company information should include the vision and mission statements. The mission statement is a review of companies' values (Talbot 2003). The vision statement should make a picture of the desired future of the company in the readers mind. Or in other words it explains how the company will change the world. The management team should see a straight direction after reading the vision statement (Angelica 2008). This part should also contain the main objective of the company and the schedule of completing it. Finally the legal structure of the company should be described. It should be understandable if

the company will be based on a sole proprietorship, partnership, corporation or any hybrid combination. (Hormosi 2002.)

Product or service

The next part should tell the reader about the product or service of the company. Here the author should define the core competence and main characters of the product/service that will distinguish it from competitors. (Hormosi 2002.)

Price

Basically the author has to show that the pricing was thought through carefully. Writing unbelievable figures of low cost and huge revenues can just damage credibility. However showing the ability of rational thinking is quite wise. (Hormosi 2002.)

Customers and competitors

In this part potential customers and competitors should be attendant. It is important to learn potential customers' needs, wants, and behaviors before entering the market. Every market excluding monopoly market has competitors. The thorough comparison of the company with its future competitors is another fundamental phase of writing a business plan. Investors want companies to know their customers and be able to solve their problems and to know their competitors and solve problems better than them. (Hormosi 2002.)

Management team

It is common knowledge that people are the most valuable asset in the company. Hence the business plan should convince the reader that the company is operated by mindful, forward-thinking, motivated and credible people. Good management can make profit out of nothing, from the other had a bad management can damage even the best product. As Arthur Rock one venture capitalist once has said: "I invest in people, not ideas." So the management team should be described quite in detail including the basic information about the past, education, previous places of work, language and other skills. (Hormosi 2002)

Marketing strategy

All parts written above were a sort of preparation for the final part of the business section of the business plan. Now the author can easily prepare a clear logical marketing strategy. First of all marketing is a strategy of increasing customers' satisfaction. Secondly marketing is all tools and activities of implementing this strategy. Marketing plan will tell the readers about the way the company will attract satisfy and retain future customers. Also this part includes the advertisement of the company and its product/service. Marketing strategy should make customers choose the right company, so the easiest way may be to get straight where competitors are weak. The next step could be establishing a trustful and loyal relationship between the company and customers. Advertisement of the company should give to the customers as much information as they can possibly need. Finally satisfied customer always comes back, so the company's aim is to satisfy customers and make them want to return again and bring friends along. (Lamb 2010.)

PEST and SWOT analyses

These analyses help to make decisions. A SWOT analysis describes strength, weaknesses, opportunities and threats from internal and external side of the company. PEST analyses describes the external environment of the company, namely political, economic, social, and technological issues. Basically PEST indicates the market and SWOT indicates business, service and idea. (Johnsen 2007)

| PEST Analysis | | | |
|--------------------------|---|------------------------------|--|
| Political Factors | | Economic Factors | |
| | Ecological and environment regulation | | Economic growth overall and by industry sector |
| | Taxation legislation | | Overseas economics and trends |
| | Trade restriction and tariffs | | Taxation issues |
| | European and international trade regulation | | Market and trade cycles |
| | Consumer protection | | Customer and end-user drivers |
| | Employment organisation and attitude | | Inflation rates |
| | Competitive regulation | | Labor costs |
| | Funding, grants and initiatives | | Stage of business cycle |
| | Risk of military invasion | | Seasonality and weather issues |
| Social Factors | | Technological Factors | |
| | Lifestyle trends | | Industry technology development |
| | Demographic | | Research funding by the government/ industry |
| | Consumer attitudes and composition | | Energy use and costs |
| | Income distribution | | Replacement technology and solutions |
| | Media views | | Maturity of technology |
| | Education | | Manufacturing maturity and capacity |
| | Brand, company, technology image | | Information and communications |
| | Consumer buying patterns | | Consumer buying mechanisms and technology |
| | Fashion and role models | | Innovation potential |
| | Health and welfare | | Technology access, licensing, patents |
| | major events and influences | | Intellectual property issues |
| | Ethnic and religious factors | | |
| | Living conditions | | |
| | Advertising and publicity | | |
| | Population growing rate | | |

Table 3.1 PEST analysis (Johnsen 2007)

| SWOT Analysis | |
|---|--|
| Strengths | Weaknesses |
| Advantages of the company | Disadvantages of the company |
| Advantages of the product/service | Disadvantage of the product/service |
| Capabilities of the company | Gaps in capabilities of the company |
| Unique selling points | Lack of competitive advantages |
| Resources, assets, and employees | Reputation, presence, and research |
| Experience and knowledge of employees and company | Financial problems |
| Innovative aspects | Own known vulnerabilities |
| Location | Deadlines and pressures |
| Management | Reliability of data, pain predictability |
| Cultural, attitudinal, behavioral | Accreditations |
| Price, value, quality | Processes and systems |
| Opportunities | Threats |
| Market developments | Political effects |
| Competitors' vulnerabilities | Legislative effects |
| Industry or lifestyle trends | Environmental effects |
| Technology development and innovation | Competitor intentions |
| Global influences | Market demand |
| New markets, vertical, horizontal | New technologies, services, ideas |
| Niche target markets | Vital contracts and partners |
| Geographical, export, import | Sustaining internal capabilities |
| New unique selling propositions | Obstacles |
| Business and product development | Loss of key staff |
| Information and research | Sustainable financing backing |
| Partnerships, agencies, distribution | Seasonal weather effects |
| Seasonal, weather, fashion influences | Economy (home and abroad) |

Table 3.2 SWOT analysis (Johnsen 2007)

3.1.3 Strategic planning

In order to achieve success the new company has to create a strategy. However, at first the external environment has to be analyzed. One exceptional tool is a Porter's five forces analysis model that helps an entrepreneur to define attractiveness of the market and competitive concentration. (Bard 2008)

Porter's five forces determine the company's return on investment or potential for profit within the market. These forces are: threat of new entry, threat of substitution, buyer power, supplier power and competition among existing companies. By analyzing all these forces company can determine how competitive will it be within an industry. (Henry 2008)

The threat of entry means how likely other companies will enter the market. Depending on the nature of the industry it may be hard or easy to enter the market. The more easier it is to enter the market, the more intensive competition there will be and vice versa. Many industries have barriers to entry, for example: capital requirement, product differentiation and so on. (Henry 2008)

The buyer power (the bargaining power of buyers) means how big the buyers influence on the price is. Buyers can also bargain for the higher quality in some circumstances. If there are lots of buyers on one spot, or the product is standardized the buyer's power increases. If buyers can supply the product themselves, the threat is therefore aimed at supplier. If buyers are poor themselves there will be no room for increasing the price. Finally, the more information the buyer has, the less money he wants to spend. (Henry 2008)

Suppliers have power over prices and the quality of goods. The stronger supplier is, the more power he gets. So if the supplier is alone in the market, or if he is very significant for the manufacturer, the supplier has its power. (Henry 2008)

The threat of substitute means that product or service can be substituted with something else. If another product or service that satisfies the same needs and wants will occur on the market, the company will be threatened. (Henry 2008)

The last force examines the competition among existing companies. The more competitors there are on the market the less profit it gives. Competitive rivalry

can be influenced by high fixed costs, slow industry growth, high exit barriers and so on. By decreasing the quality and price, companies will decrease the industry's profit dramatically. However, by product innovations, good customer service and right advertising will expand the industry and its profit. (Henry 2008)

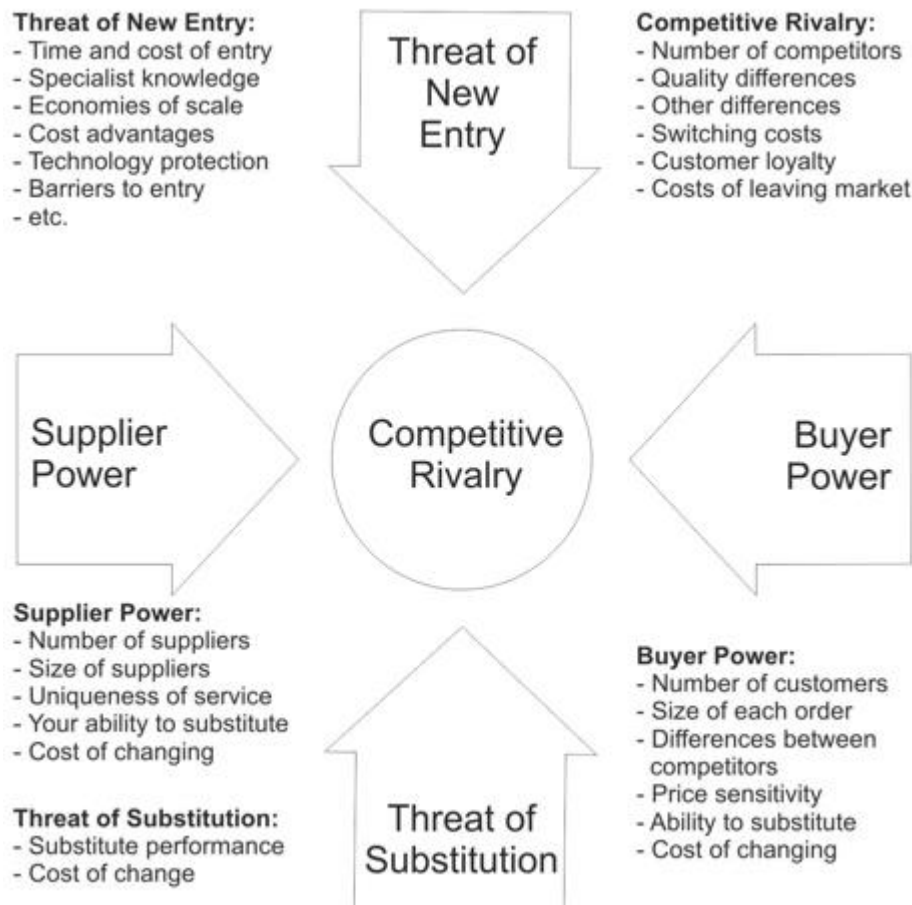


Figure 3.2: Porter's 5 Forces Analysis (Bard 2008)

3.1.4 Financial planning

The management of resources is a vital part of any enterprise. Even a start-up company without any transaction history should be able to provide financial information, estimated costs and profits. This part of the business plan should include income statement, balance sheet, statement of cash flows and break even analysis. Usually figures are estimated for 3 years, and then every year and monthly there should be checkups. Estimates should represent a logical flow of figures, so that investors could believe in what they see. (Hormozi 2002)

Income statement

Income statement gives a brief look on the company's estimated revenues and expenses for the next three years. It is a good tool to get the first impression of the business. By income statement reader can see if the company is making more profit from year to year. After the first year of operation, management team can see which months give the highest revenue, and they can make some changes to create more stable business. Another name for income statement is profit and loss statement, so it basically shows income and expenses accounts. (Pinson 2008)

Balance sheet

The next part is the balance sheet. Balance sheet provides information on assets, liability and capital. If income statement shows the development of the income and loses, balance sheet looks more like a fixed picture of business operations. It shows very detailed how much a company owns and owes at an exact moment. (Pinson 2008)

Assets= All valuable in cash tangible and intangible goods the business owns.

Liabilities= Debts of the company

Capital= Owner's equity

Assets=Liabilities+Capital

This relationship means that if company's assets are more than debts, the capital is positive. Otherwise if the debts are bigger than assets, the output is negative. Below the author explains the balance sheet terms in details.

Assets

In small company assets mean cash, notes receivable, accounts receivable, inventories, buildings, equipment, machinery, land and other investments. Typically they are divided under three categories: current assets, fixed assets and other assets. Current assets consists of notes receivable, accounts receivable and inventories which are converted into cash within a year. Current assets are

expected to be converted into cash within a year. Fixed assets represent land, buildings, plant, machinery, equipment and so on. Company uses these assets for producing its income and has no plans of converting them into cash sooner than at least one year's period. Other assets are mainly patents and trade investments. (Spurga 2004)

Liabilities

Liabilities are all debts of the company. There are long-term liabilities that are paid longer than one year. Controversially short term liabilities are paid within one year. (Spurga 2004)

Capital

Capital is the equity of the owner plus or minus the profit or loss. After completing the balance sheet, the author will see how profitable his business is at this moment. (Spurga 2004)

Cash flow statement

This statement tells how much liquid money the business must have in order to stay on the surface. This statement is the most critical one for appraising the business. Company's success is dependent on the working capital. (Fiore 2005)

After completing the business part of the business plan it might be a good idea to make a risk analyses as additional information for investors. All business are under the risk, the ability to predict the possible risks and getting the way to overcome them gives a very positive impression and increases the credibility of the writer. (Hormozi 2002)

When starting a new company the owner may include personal funds into the business. In some cases it might work, in others it would not bring any outcome. However so called "bootstrap financing" exists and consists of following methods:

1. Using second hand equipment if it won't damage the final product/service.

2. Exploring for the best supplier
3. Borrow equipment form other companies
4. Always make invoices in time
5. Withholding own salary

External financing can be obtained from the debt financing and equity financing. Debt financing represents money that should be paid back with the interest. That can be applied to banks and some business organizations. Equity financing is a permanent investment into the business with no payback of the money. Investor shares ownership, risk and profit with the company. (Hormozi 2002)

Business plan is the best tool for the internal and external operations. It shows the past, present and the future of the company. Its ultimate goal is to lead the company through the inclusive road to the right destination of success. (Hormozi 2002)

Finnish Enterprise Agencies (FEA) advises the following ten steps for a successful business enterprise entity:

1. Be familiar with the line of industry in which you intend to establish an enterprise.
2. Study entrepreneurship. The employment and Economic development Offices and ELY centers organize courses for entrepreneurs.
3. Business only works when it is supported by products for which market is big enough.
4. Pay attention to the image.
5. Know how to sell your products; try to address your customers' changing needs.
6. Constantly do you work as agreed with customer, or even better.
7. Pay taxes and official payments and submit returns to authorities on time.
8. Main customers should feel special attention
9. Business operation should be continuously developed, reduce costs and increase visibility

10. Take care of your own well being. Entrepreneur can arrange occupational healthcare for himself. The social Insurance Institution of Finland (Kela) will reimburse the entrepreneur for any necessary and reasonable costs for healthcare.

3.2 Starting-up a company in Finland

3.2.1 Why to become an entrepreneur

According to Baron (2012) entrepreneurs are more heterogeneous than homogenous group. Not all of them seek only for wealth and fame. Below there is a figure showing the main reasons of becoming self-employed.

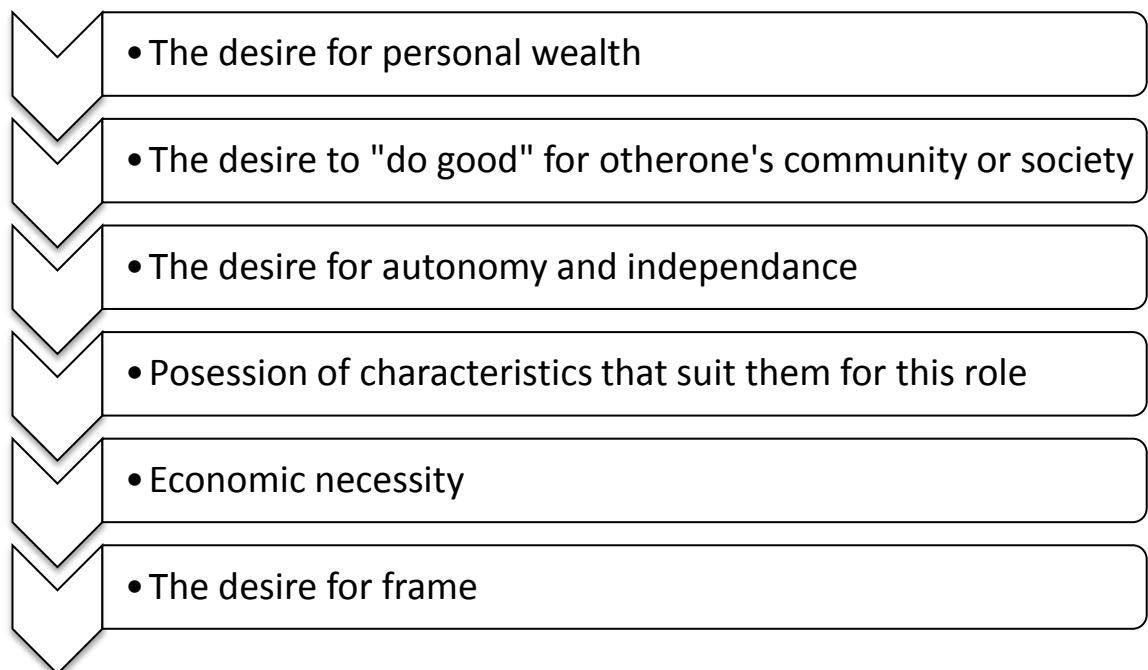


Figure 3.3 Main reasons to become entrepreneur (Baron 2012)

Self-entrepreneur should understand that he is responsible for his own success and profitability. So he should be strongly motivated towards creating own business. There are many obstacles on the way to success. Here are some of them: failure for arranging finance; lack of experience; insufficient knowledge of legislation, taxation and so on; bad time management. (FEA)

3.2.2 Company law

Below there is a scheme of main forms of an enterprise. However, the author describes the small logistics family company, therefore only the sole trader form will be explained.

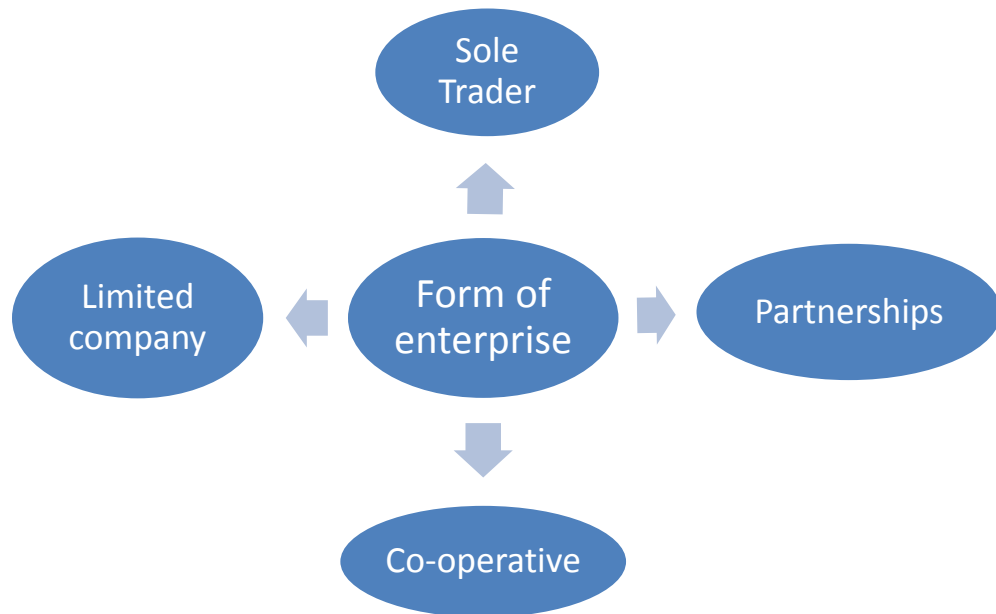


Figure 3.3 Main forms of enterprise (FEA)

In order to open up own company individual must have permanent domicile in the European Economic Area (EEA). Others must obtain a license from the National Board of Patents and Registration of Finland. The business must be registered in the name of the individual, although he can conduct the business with the spouse. Under the sole trader form, individual will care risks, loses as well as profits. Audits and board of directors are not required. Individual cannot pay salary for himself or for spouse, however personal drawings are acceptable. Double-entry bookkeeping is necessary for this form of enterprise. Sole trader can be professional and trader. Professional can take care of the financial part of the business himself, while trader needs an external help. Sole trader is the simplest form of the enterprise. In order to register the company one has to notify the Finnish Trade Register and the Finnish Central Tax Administration of commencement of his operations. This should be done by fulfilling the Y-3 form. A charge for registration a sole trader for 2013 is 105 EUR. (FEA)

3.2.3 Income taxation

After each month the income is divided into capital income and earned income according to the net assets of the business when net assets equal to total assets – total liabilities. Capital income is usually 20% of net assets for the previous year, the rest is considered as earned income. In the first year the capital income is planned due to the last day of the first accounting period. The earned income should be divided between spouses in proportion to their work contribution, while capital income is calculated due to their share of net assets. (FEA)

3.2.4 Finnish business culture

One of the key points in establishing successful organization is to develop the correct business culture in the company. All stories about successful sole traders start with buying a business suit. The next step will be a correct behavior with partners, customers and authorities.

Punctuality is very important in Finland. It is important to have the agenda for every meeting and conduct the meeting according to the timetable. Finns drink the most coffee in the world, so providing coffee for the meeting would be wise. Working days usually start at 8 a.m. and end around 4 p.m. Lunchtime is between 11 a.m. and 1 p.m. Equality between people regardless of age, gender, religion and education is also very valuable for Finnish people. Finland is on the bottom on the list of corrupted countries. Hence money or expensive goods must never be offered. Small gifts of minor value are acceptable at some state holidays. It is advisable to learn as much as possible about the typical behavior of company's future partners. (FEA)

4 Loviisa

This beautiful small city was founded in 1748 on the place where since 1662 the Degerby estate stood. In 1752 the Swedish King Adolf Fredrik fell in love with this city and named it after his wife Loviisa Ulrika av Preussen. In 1855 there was a huge fire that destroyed nearly the whole center of the city, but Loviisa was rebuilt in just a few years. Till the end of the 19th century the port of Loviisa stayed on the list of the main ports of Finland.

4.1 Loviisa in Figures:

| | |
|-----------------------------|-------------------------|
| Population | 15,595 |
| Population by mother tongue | |
| Finnish | 56 % |
| Swedish | 43 % |
| Others | 1 % |
| Municipal income tax | 19,50 % |
| Unemployment | 9,50 % |
| Area | |
| Land area | 819.19 km ² |
| Inland water area | 26.00 km ² |
| Seawater area | 906.39 km ² |
| Total | 1,751.58km ² |

Table 4.1 Loviisa in numbers (Loviisa.fi)

Loviisa is famous for its battlements, the Old Town with wooden houses and the traditional iron works in Strömfors. Both Swedish and Finnish languages are used in the city. In most shops the final price would be spoken in both languages. (Loviisa.fi)

4.2 The Port and Customs of Loviisa

The port specializes mainly in mechanical forest industry and bulk cargoes. It is not as busy as the port of Kotka; hence it provides the very efficient client-oriented service. (Loviisa.fi)

The customs of Loviisa is open from 08.00 till 21.30 during the week and from 08.00 till 16:00 during the weekend. The customs of Helsinki is open daily just till 16.00, after that time they advise to go to Loviisa. (Tulli.fi)



Distances

Helsinki 87 km
Porvoo 37 km
Kotka 46 km
Kouvola 64 km
Lahti 79 km
St Petersburg 296 km

Figure 4.1: Loviisa on the map (Loviisa.fi)

4.3 The European road E18

The E18 is the most important road in Finland. It connects the main cities with the capital and with each other, with airports, ports and so on. Most of the exports imports from and to Russia are passing by this road. Reconstruction of the road and changing it to a motorway is the most important project of the Nordic Triangle. The road should be upgraded by 2015. This significant improvement will increase safety for the road users and for thousands inhabitants living next to the road.



Figure 4.2: The international road E 18 (Centre for Economic Development, Transport and the Environment)

As other consequences the volume of heavy goods traffic through the E18 will also increase dramatically. Hence the volume of goods coming through the Vaalimaa border will change in the same way. Finally with more goods coming back and forth on the E18 the more work opportunities will have cities with own customs. So re-export and export coming from the main Finnish logistics artery Ring Road III will need a help from the logistics companies to provide them with customs documents. (Centre for Economic Development, Transport and the Environment)

5 Empirical study

Business plan for the Family Logistics Company

The author decided to create a business plan for a family company which will take a form of a sole trader enterprise. In this study the spouse that owns the company has Finnish European citizenship and is able to speak fluent Russian and Finnish languages.

Table of contents

1. Executive summary
2. Company overview
 - 2.1. Company overview
 - 2.2. The service
 - 2.3. The price
3. Industry analysis
4. Customers and competitors analysis
5. Marketing analysis
 - 5.1. PEST analysis
 - 5.2. SWOT analysis
6. Management team
7. Strategic plan
8. Financial plan
 - 8.1. Income statement
 - 8.2. Cash Flow Statement

5.1 Executive summary

The Family Logistics Company (FLC) is a personal forwarding agent for companies transporting goods from or through Finland to Russia. Depending on the individual characters of clients' projects, they will get preliminary individual recommendations about the best way of transporting your goods.

Forwarding goods is a complex package of services, which creates the most effective flow of goods through the border. Company's best values are punctual-

ity, accuracy and competence. FLC is located in Loviisa, the city between Helsinki and Finnish-Russian border, next to the customs. This location gives lots of opportunities and strength.

| | |
|--------------------------------------|---|
| Business idea | <i>What, how and to whom do you sell</i> |
| | <ul style="list-style-type: none"> • Sell the forwarding service to Russian customers. Direct selling or preparing documents and sending them through the internet |
| Form of the Business, License | <i>The form of the company, any needed license</i> |
| | <ul style="list-style-type: none"> • Private entrepreneur, one spouse working in the company, personal responsibility is taken. No license for the business is needed |
| Entrepreneur's strengths | <i>Knowledge of the line of business, networks of the entrepreneur</i> |
| | <ul style="list-style-type: none"> • Entrepreneur's have significant knowledge of the forwarding business line, and several years of experience, plus a network of Rus transport co. operating in Finland |
| Services/ Products | <i>Competitive environment, price level</i> |
| | <ul style="list-style-type: none"> • There are many competitors but a small number of expert forwarding companies. Mostly people who work there don't have high education |
| Customers, markets | <i>Target customers, consumer's behaviour, price dependency</i> |
| | <ul style="list-style-type: none"> • Group of target customers consists of Russian clients importing goods from or through Finland to Russia. Customers prefer working with one reliable forwarding company. Customers have small influence on the price level |
| Practical Arrangements | <i>Location, required equipment, advertising</i> |
| | <ul style="list-style-type: none"> • Company will be located in Loviisa, small customs city between Helsinki and Russian border. Required equipment consists of a computer, printer, scanner, a pan and copy paper. Advertisement consists of a brochure, and word of mouth marketing. |
| Financial Statements | <i>Financing plan, financial statements</i> |
| | <ul style="list-style-type: none"> • Financial Planning consists of Income statement and Cash and Flow statement. Since there will be no liabilities, balance sheet is not included. |

Figure 5.1 Key contents of Business Plan

5.2 Business purpose

The subchapter deals with the mission and vision statements, with the service and the price politics.

5.2.1 Company overview

The mission is to forward goods to the right place at the right time. The vision is to establish a great service for everyone starting with the main client and ending with the driver. The company is oriented on the Russian clients who has decided to import foreign products through or from Finland. The company's main goal is to make correct customs documents and assist goods with crossing the border. Many situations can occur at any time. The company will be ready to help at any time.

5.2.2 The service

The company assists with all activities concerning delivering cargo to Finland, preparing documents for the customs and forwarding re-export to Russia. FLC guarantees the personal involvement in all problems concerning the transfer of shipment. Below there is a list of services it offers:

- TIR Carnet, TIR electron
- CMR
- Export declaration
- Russian web declaration
- Assistance with overall dimensions shipment

5.2.3 The price

FLC is a family company; hence it offers adjustable prices with the best service. Below is the company's price list:

| | |
|-----------------------|-------------------------|
| Web Rus declaration | 30 € |
| TIR Carnet + TIR EL | 50 € (Market price:100) |
| CMR | 30 € |
| Export declaration EX | 50 € (Market price:100) |

Table 5.1 Price list of the FLC

The company offers to clients two ways of payment agreement:

1. Payment of invoices after the work is done and when there are bills from the shipping lines
2. Client pays to the company a deposit, from which it withdraws the needed amount of money. The company prefers this, firstly because this way we can pay for upcoming invoices immediately, therefore receive cargo without delays.

5.3 Industry overview

Figure 5.2 describes the quick look on the logistics industry in which the company will operate. This industry can be described as the flow of export and re-export from or through Finland to Russia.

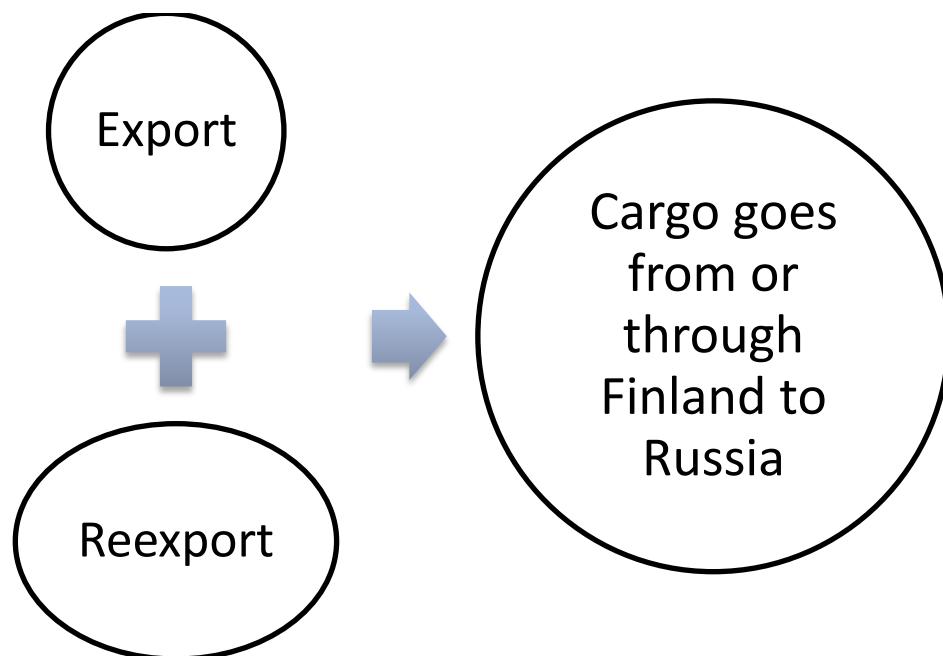


Figure 5.2 Basic idea of the industry

Finland is a famous transit spot. The port of Kotka is considered as the logistics center of Finland. The container terminal is the most efficient in the Baltic Sea. It is situated close to the Russian border which means a close access to CIS countries. (<http://www.haminakotka.fi/en> 19.10.13)

Logistics industry is developing from year to year finding solutions for even faster and smoother transactions. Today with the help of Internet, emails, electronic declarations and so on, the business is becoming more interesting. There is a

room for expressing yourself by creating a network of clients and transport companies, by learning the customs rules, and fulfilling the client's needs.

5.4 Customers and competitors analysis

FLC is oriented on Russian customers who seek any kind of assistance for the foreign cargo going to Russia. The company will also work with Ukrainian and Belorussian customers, but since there are not so many of them operating in Finland, they are not the target group of the customer. In many cases the forwarding agent is not even introduced to the original buyer. He may have connection to the transport company. Depending on the incoterms, different persons are responsible for delivering cargo in different situations.

There are many competitors in the logistics field. Most of the companies are oriented on the Russian clients. Previously it was quite easy to get clients to your company with knowledge of Russian and Finnish. However, today there are rather bilingual companies, so language skills won't surprise anyone.

In any case the most important asset is employees. If there are professionals in the company, it won't appear under the water. Even though competitors are strong, FLC will provide with the best service and attitude, which will bring more customers to the company.

The word of mouth plays very important role in logistics business. Drivers always choose the same forwarding company if they enjoy their service. Moreover when they are crossing the border they tell each other about their experience. Therefore it is important to establish relationship with all clients coming into the office and asking for assistance.

5.5 Marketing analysis

In order to create a constant client base FLC should form stable relationship with well-known transport companies. Mostly they receive an order from the main client to deliver goods from for example a warehouse in Finland to the warehouse in Russia. The transport company then decides to which forwarding agent to apply. Here it is important to have strong marketing skills. At first company should remember that the only client who comes directly to the office is

the driver. So basically he is the one who will later tell to his company about his impression of the service he has received. Therefore the company should provide a driver with the comfortable place where he can relax, drink tea or coffee, eat something get access to the Internet, and so on. Another good idea would be to get a crossbar to pull. After long hours of driving a truck, many drivers are dreaming of hanging on the crossbar to pull to stretch a back. This is relatively cheap equipment that might bring many positive attitudes.

Other conservative ways of marketing for a logistics company include the webpage and brochures. Brochures should be given to drivers and should be left in customs and different warehouses or manufactories where a Russian truck can possibly load cargo. Finally, as it was previously said, the word of mouth plays a very important role in the success of the logistics company. An example of a brochure for the FLC can be seen in appendix 8

5.5.1 PEST analysis

It is advisable to create the PEST analysis first

| PEST Analysis | |
|--|---|
| Political Factors | Economic Factors |
| Companies carry social responsibility and responsibility for nature. | Amount of export and re-export almost reached before crisis level. |
| Taxation system is progressive. | According to the Statistics Finland, wages and salaries sum has increased by 3,8% from June 2012 to August 2013. |
| Trade is regulated by EU laws. | CPI inflation in Finland for 2013 is 1,20%. Just to compare, CPI inflation in Germany for 2013 is 1,43%. (Inflation in EU.) |

| | |
|--|---|
| Consumers are protected by the law. | Finnish import is 51,1%, export is 48,9%. The main trading partners are Russia, Sweden and Germany. |
| Uusyrityskeskus Loviisa-Porvoo ry organization helps to establish new business entity correctly. | Moody's, Fitch and Standard & Poor's credit rating agencies Confirmed the best AAA rating for Finland (Ministry of Finance) |
| Financial possibilities: business angels, capital investors, bank loan, Finnavera loan, start-up funds, ELY center, Foundation for Finnish Inventions and so on. | Total employer sector in 2011 was 1410421. Monthly earnings of 3109 in total were divided in the following way: 3422 for men and 2807 for women. |
| Low risk of military invasion. | |
| Social Factors | Technological Factors |
| Creating own company is a trend. | Finnish rate of Logistics Performance Index is 4,05. |
| According to the index Mundi 5,262,930 ppl lives in Finland. 93,4% of them are Finns, 5,6% Swede,0,5% Russian, 0,3% Estonian, 0,1% Roma(Gypsy) and 0,1% Sami. 100% of people over 15 can read and write. | Energy consumption for 2012: oil consumption: 24,2%; wood fuels 23,3%; Nuclear energy 17,6%; Natural gas 8,5%, Wind power 0,1% Hydro power 4,4%. |
| Education expenses are 5,9% of the total GDP, health expenses take 11,7% of total GDP. | Utility models, patents, industrial rights, trade names, design rights and so on can be checked free of charge in the database of the National Registration in Finland. |
| Population growth rate 0,065%. | Finland is number one Internet user. |

| | |
|--|--|
| Finland is famous for its fresh air and pure nature, low rates of infant diseases and safety life. | There is no threat of natural disaster in Finland. |
|--|--|

Table 5.2 PEST analysis of the FLC

5.5.2 SWOT analysis

| SWOT Analysis | |
|--|--|
| Strength | Weaknesses |
| Staff is very experienced, has needed language skills. | There are a great number of forwarding agents in Finland who are aimed on the work with Russian clients. |
| Location suits needs of clients. | The work itself requires great amount of concentration. |
| High quality of service, including needs of the whole supply chain (from driver, to the main client.) | It won't be possible to obtain a start-up grant since spouse has previously worked in the same business field. |
| Logistics company can adjust its service and work according to the clients prerequisites. | If any client delays the payment, it is hard to make him pay. |
| The company is not dependent on loans and does not require any great investment. | Russian customs can make changes fast with late warnings. |
| Some innovations in this kind of service will include the place for driver to relax and a cross bar to pull. | It is hard to create a good fame but easy to break own reputation. |

| | |
|--|--|
| Company will sell high quality service for adjustable price. (Price will decrease with increase of the work volume from a client.) | Work requires many skills, however it is quite monotony. |
| Opportunities | Threats |
| Logistics industry always has its ups and downs. However because of the globalization and mutual dependence countries have to trade with each other. | If Russia or Finland will close its borders, there will be a very dramatic decrease of workflow. |
| It is wise to create a contract with buyers or transport companies to get more constant clients. | During the strong storm ports may be close which will affect the work of the company. |
| Today there are thousands of Russian transport companies transporting goods from Finland. They all need a reliable forwarding agent. | Any strikes of port workers or customs workers or drivers and so on, will also be an obstacle for a stable workflow. |
| There are many logistics events in Finland and Russia, which may help to find a client and learn competitors better. | If a spouse that owns a company decides to divorce, the company will probably be reorganized in some other than sole trader way. |

Table 5.3 SWOT analysis of the FLC

SWOT and PEST give an overall view on the strong and weak sides of the company. The weakest point is that there are lots of competitors and the strongest side is the entrepreneur's experience and working network.

5.6 Management team

FLC is organized as a sole trader company. One spouse organizes the work. Both of them have experience of working in logistics companies oriented in Fin-

land. They both have Finnish, Russian and English language skills. From their previous workplaces they got networks with Russian transport companies operating in Finland and big companies importing goods from different parts of the world through Finland. They have deep understanding of all kinds of problems which can occur during the transaction.

The first accountancy will be in responsibility of one worker. Then external accounting company will help with more deep accountancy. One very important thing in the forwarding business is that this service must include no VAT.

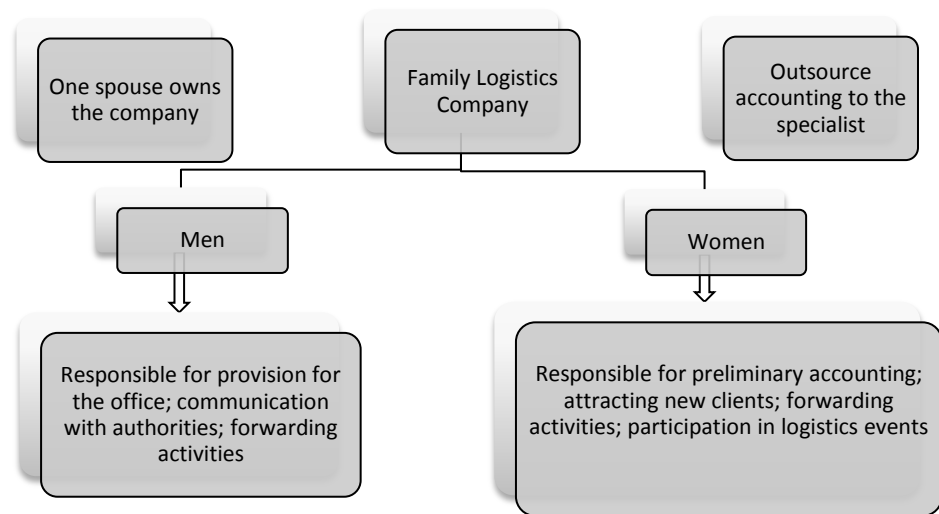


Figure 5.3 Organizational tree

5.7 Strategic planning

Table 5.4 shows the most important aspects of the Porter's five forces analyses.

| | | |
|---|---|---|
| <p>1. Threats of New Entry</p> <p>Special knowledge required; No legislation required; Easy to enter the market; no barriers of entering logistics business</p> | | <p>3. Competitive Rivalry</p> <p>No serious competitors in Loviisa; Ease to get and lose customer's loyalty; Different quality of services in different companies. Not so many competitors with the full range of forwarding service.</p> |
| | <p>2. Supply power</p> <p>no suppliers act in this business</p> | |
| <p>4. Threat of substitution</p> <p>The total substitution is not a threat at least in the near future. However with progress in technologies some changes might occur (if driver will someday be able to organise customs documents himself)</p> | | <p>5. Buyer power</p> <p>Lots of customers; Customers are mostly price flexible, they have medium power over cost but quite big power over the quality of service. It is important to satisfy needs of customers, otherwise he can always turn up to the competitor</p> |

Table 5.4 Porter's five forces for FLC

1. Threats of New Entry

- It is quite easy to enter the logistics business as a forwarding company
- Special knowledge over the business, the theory and practice as well as experience is required
- No legislation for operating as a forwarding agent is needed
- There are no barriers to entry

2. Competitive Rivalry

- There is just one competitor in Loviisa, but lots of competitors in Kotka and Helsinki
- Different companies perform different quality of the service
- It is easy to get and to lose customer's loyalty

3. Supplier power

- There are not so many suppliers in this business. The company can reduce expenses by making a contract with only one supplier of coffee, tea and plastic cups. Or choose one supplier for the office equipment.

- In some parts of the city there is only one Internet supplier in Loviisa. The quality of the service is quite bad, the costs are high. However, he's the only Internet supplier in the customs area of Loviisa.
4. Threat of substitution
- There is a very low possibility at least in the near future that the service provided by a forwarding company will get a substitution. There is a threat that forwarding companies will appear more and more in Russia. With their appearance the level customers can decrease. Although right now not so many Russian companies can provide this service due to the lack of language and knowledge.
5. Buyer Power
- There is increasing number of Russian clients importing goods from or through Finland
 - Some clients provide stable constant job, others require one time service
 - Clients from Moscow don't really care about the price, the quality of service is more important for them.
 - Clients from other cities are still price flexible.
 - Buyers don't have that much power to influence the cost and quality

By analyzing the forces in the given industry the author made conclusion that it's easy to enter the industry. The prices are stable and don't fluctuate. There are many competitors. However, with right advertising and right customer approach it is possible to obtain constant clients and accumulate profit.

5.8 Financial Plan

The company will visit special logistics events in Russia and Finland in order to get constant clients. Financial statements are calculated pretending that FLC has three constant clients. Average number of cars per week is 6, in total there will be 18 forwarding.

Comparably cheap TIR and EX will attract clients with high volume of transactions. This workload will be enough for the company of two people. Financial statements are made in a way that each month has four weeks.

For forwarding transit cargo, the company has to make T1 or TIR+TIR el, CMR and EPD. For forwarding export cargo, company has to make EX, TIR+TIR el, CMR and EPD. Let's say that six cars will carry export cargo and other six cars will carry transit cargo that, for example, came from China or USA to Kotka in container. Mostly clients prefer to carry cargo using TIR Carnet because it goes faster through the border and the forwarding is cheaper.

Amount of transactions and consequently the workflow is influenced by seasonal fluctuation. From January till March and from July till August the workflow usually decreases by 1/3. However, from October till December it usually increases by 1/3.

| | 9 EX packages | 9 Transit packages | Price of EU package | Price of Transit package | In a week | In a month |
|------------------|----------------------|---------------------------|----------------------------|---------------------------------|------------------|-------------------|
| January | 6 | 6 | 160 | 110 | 1620 | 6480 |
| February | 6 | 6 | 160 | 110 | 1620 | 6480 |
| March | 9 | 9 | 160 | 110 | 2430 | 9720 |
| April | 9 | 9 | 160 | 110 | 2430 | 9720 |
| May | 9 | 9 | 160 | 110 | 2430 | 9720 |
| June | 6 | 6 | 160 | 110 | 1620 | 6480 |
| July | 6 | 6 | 160 | 110 | 1620 | 6480 |
| August | 6 | 6 | 160 | 110 | 1620 | 6480 |
| September | 9 | 9 | 160 | 110 | 2430 | 9720 |
| October | 12 | 12 | 160 | 110 | 3240 | 12960 |
| November | 12 | 12 | 160 | 110 | 3240 | 12960 |

| | | | | | | |
|-----------------|------------|------------|--------------|--------------|--------------|---------------|
| December | 12 | 12 | 160 | 110 | 3240 | 12960 |
| In total | 372 | 372 | 59520 | 40920 | 27540 | 110160 |

Table 5.5 Income flow in a year

5.8.1 Income statement

| Income statement | | 2014 |
|--|---|-----------------|
| Sales | | 110160 |
| Vat % | | 0 |
| Net sales | | 110160 |
| Variable costs | | 4240 |
| | Paper | 2000 |
| | Coffee, milk sugar, cookies, plastic cups | 2000 |
| | Variable office expenses | 240 |
| Sales margin | | 105920 |
| Fixed costs | | 27217 |
| | Maintenance | 1000 |
| | Travel and car expenses | 8000 |
| | Rent, parking place | 5000 |
| | Bookkeeping | 1200 |
| | TAX Insurance (18% first 4 years, then 23%= | 10517 |
| | Leasing (printer, scanner) | 500 |
| | Communication costs | 1000 |
| Operating Margin | | 78703 |
| Personal drawings 80% | | 62962,4 |
| For each person | | 31481,2 |
| TAX 20% | | 6296,24 |
| Net personal drawings for each person | | 25184,96 |
| Companies profit before tax 20% | | 15740,6 |
| | Tax 30% | 4722,6 |
| Net profit | | 11018 |

Table 5.6 Income statement of the FLC

5.8.2 Cash Flow Statement

| Cash Flow Statement | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | YEAR |
|--------------------------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|---------------|
| BEGINNING OF THE MOUNTH/ START | 2000 | 1253 | 891 | 1080 | 3603 | 6611 | 3760 | 2593 | 2421 | 2799 | 8622 | 14820 | |
| FORWARDING EX+ TIR SET 160 EUR | 3840 | 3840 | 5760 | 5760 | 5760 | 3840 | 3840 | 3840 | 5760 | 7680 | 7680 | 7680 | 65280 |
| FORWARDING TIR SET 110 EUR | 2640 | 2640 | 3960 | 3960 | 3960 | 2640 | 2640 | 2640 | 3960 | 5280 | 5280 | 5280 | 44880 |
| TOTAL INFLOW | 8480 | 7733 | 10611 | 10800 | 13323 | 13091 | 10240 | 9073 | 12141 | 15759 | 21582 | 27780 | 110160 |
| RENT | 415 | 415 | 415 | 415 | 415 | 415 | 415 | 415 | 415 | 415 | 415 | 435 | 5000 |
| MILK, SUGAR, COFFEE | 170 | 160 | 170 | 170 | 170 | 160 | 160 | 160 | 170 | 170 | 170 | 170 | 2000 |
| TRAVEL AND CAR | 800 | 800 | 800 | 720 | 610 | 610 | 610 | 610 | 610 | 610 | 610 | 610 | 8000 |
| PAPER | 120 | 120 | 170 | 170 | 170 | 170 | 120 | 120 | 170 | 220 | 220 | 230 | 2000 |
| LEASING MACHINES | 125 | 0 | 0 | 125 | 0 | 0 | 125 | 0 | 0 | 125 | 0 | 0 | 500 |
| COMMUNICATION COSTS | 250 | 0 | 0 | 250 | 0 | 0 | 250 | 0 | 0 | 250 | 0 | 0 | 1000 |
| PERSONAL DROWINGS | 5247 | 5247 | 5247 | 5247 | 5247 | 5247 | 5247 | 5247 | 5247 | 5247 | 5247 | 5245 | 62962 |
| BOOKKEPING | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 1200 |
| YEL - TAX | | | 2629 | | | 2629 | | | 2629 | | | 2629 | 10517 |
| OFFICE EXPENSES | | | | | | | 120 | | | | | 120 | 240 |
| MAINTENANCE COSTS | | | | | | | 500 | | | | | 500 | 1000 |
| TOTAL OUTFLOW | 7227 | 6842 | 9531 | 7197 | 6712 | 9331 | 7647 | 6652 | 9341 | 7137 | 6762 | 10040 | 94419 |
| MONEY RECOLLECTING | | | | | | | | | | | | 2000 | |
| END OF THE MOUNTH | 1253 | 891 | 1080 | 3603 | 6611 | 3760 | 2593 | 2421 | 2799 | 8622 | 14820 | 15741 | 15741 |
| CORPORATE TAX | | | | | | | | | | | | 4722 | 4722 |
| | | | | | | | | | | | | 11018 | 11018 |

Table 5.7 Cash Flow Statement of the FLC

The company will pay corporate taxes in the end of the financial year. The inflow and outflow change throughout the financial year. In some months inflow is bigger than in others; hence outflow increases accordingly and vice versa. Since the company will not be established as a professional sole trader, the bookkeeping expenses occur. YEL tax (social tax) will be paid quarterly, as well as communication costs and costs for leasing. Travel costs decrease by the end of the year due to the fact that in the beginning of the work the owners will have to participate in many logistics events to get clients and establish useful working connections. Maintenance costs can occur twice per year when computers, printers and other machines will need it; however, they might not occur at all.

The author has decided not to make a balance sheet statement since there are no liabilities. All other inflows and outflows are clearly described in the cash flow statement.

5.9 The geographical area of the new company

The best location for the company is near the customs of Loviisa. There are all important facilities like big parking place for trucks. It is quite close to the main road E18. Moreover Loviisa is situated between Helsinki and Russian customs. Since the customs in Helsinki works only till 16:00, trucks can still pass through customs procedure in the customs of Loviisa, which is open till 22:00.

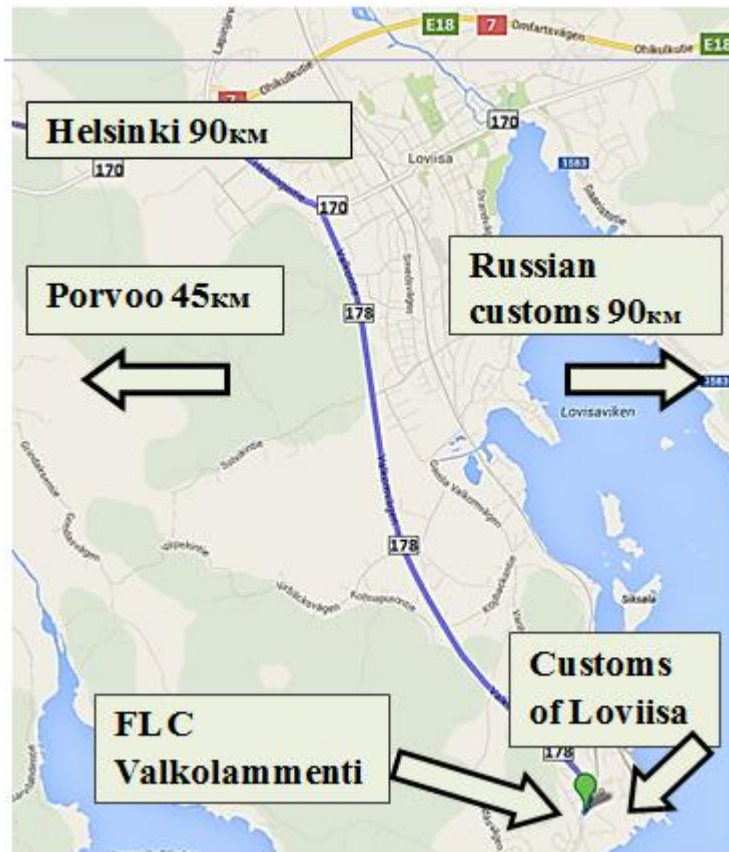


Figure 5.4 FLC company on the map

There are enough manufacturers in Uusimaa area like Borealis Polymers OY in Porvoo which exports goods to Russia. Hence they would be interested in a forwarding company next to the Russian border.

6 The survey among logistics companies

The purpose of the research was to find out what real family logistics companies think about their business and its future. The author decided to use the qualitative method in order to gather valuable answers for needed questions.

Qualitative research means gathering detailed high quality data about the topic of study. Qualitative research examines every detail in the researched field and tells how to behave, and how to get even more inside knowledge about the research topic. (Tracy 2012)

To make a good qualitative research, the great amount of time should be spent on identifying the main problem and deciding on the best solution of solving it. Qualitative research method is very helping since it is rational; it goes inside every corner of the participant's head in the research and reveals the light on the problem. The research should be complex enough to keep participation's attention but simple enough so no one will get frustrated. (Tracy 2012.)

In this thesis the author decided to make a questionnaire containing only seven questions. According to the author's experience this amount is perfect for the Internet questionnaire since people usually have no time or are just lazy to answer many questions. But if they see only seven questions, they feel room for spreading their thoughts which helps to drive to a complete conclusion. The survey was done through the Internet with the Google Docs application. Participants were asked whether they had some time for collaborating in the research by the telephone. After they have agreed the author sent them a questionnaire. All in all five logistics companies have participated. Three of them are situated in Kotka, one in Kouvola and one in Loviisa. Below there is a list of the questions used in the survey:

1. Please, write the name of the company
2. Date of establishment
3. Evaluate the level of difficulty of opening own company
4. Did you get support from the government
5. Do you consider logistics business in Finland as profitable one?
6. Please, evaluate the volume of the workflow for the last few years

7. Which advice would you give to new entrepreneurs in logistics business?

The oldest company was the one from Loviisa 1999 and the youngest one from Kouvola 2012. All of the participants gave quite different answers.

Here is the main conclusion from the research. It is quite easy to open-up an own business because of the clear law system in Finland, however high taxes, insurance, social and pension funds take a great amount of the income, most of the companies fail because of that. Logistics business in Finland is profitable if the management team is experienced and motivated. However there are risks conjugated with the unstable economic situation because of the ongoing crisis. During the last few years the workflow has increased, but prices have not change much. Finally, participants advised to open-up company only if entrepreneurs are experienced enough and already have reliable clients. The full answers can be found in the appendix.

7 Summary and Discussion

The present study examined the situation on the Finnish logistics market and created a business plan for a new company accordingly. The author has achieved the main objective of thesis.

Russia and Finland have a long history. There were many ups and downs, but today both countries are very important to each other. Russia is the main Finnish trading partner and Finland is one of the most important transit spots for Russia. Logistics in Finland has significantly developed over last 20 years. The quality of Finnish infrastructure is very high. It is relatively easy to track and trace consignments, arrange shipments and be almost sure that it will arrive in time. These benefits of Finland are visible; many companies prefer to export goods to Russia through Finland and this situation gives mutual benefits for countries involved.

The author created a project based thesis. The idea of the project was to create a business plan for a family logistics company, namely a forwarding company. This plan would promote the company's success. Hence it should be well thought through and created with care and great attention. Usually business plan is created for investors or banks to confirm them that the business is going to be profitable. However, in this case when company owners do not need external investment, the business plan was made for internal use.

During the creation of the business plan the author studied the advantages and disadvantages of the business environment in Finland and the logistic industry. While the business plan is in creation process, the company learns about its strong and weak sides, about competitors and clients, it develops marketing and financial strategy and predicts possible risks. Different analyzing tools have been implemented in the current study. SWOT, PEST and Porter's five forces completed the empirical part of the thesis with valuable figures and conclusions.

The qualitative survey has been conducted. The purpose of the survey was to find out what existing logistics companies think about this business and how easy it was to open such a company. The outcome of the survey was helpful for

creation a business plan, namely when SWOT and other analyses have been conducted.

The author believes that establishing a company is a very good experience, it teaches many useful things. Only responsible and reliable entrepreneurs reach success. Establishing a family based company is almost risk free since no big primarily investment is needed. After some years of work, the management team will become experts in their field. Even if the owners decided to transform the company into a limited liability company, it would be already easier for them to operate.

Finland itself is very friendly country for entrepreneurs. Taxes are high; therefore the quality of life is also high. There are many advantages for start-up companies including grants and special interest for loans.

Conclusively the present study gives significant information about opening an own logistics company in Finland. The created business plan gives a deep analysis of the current situation on logistics industry and explains the best form of enterprise in this environment. This study can be useful for entrepreneurs thinking about establishing an own forwarding company in Finland.

8 Recommendations for further research

The current study has several delimitations. It examines only on the organization of the forwarding company making business for Russian clients in Finland. Moreover it focuses on a family business. Further research could investigate other parts of logistics and logistics companies. A good idea for the research could be a research on family businesses. For instance, how dangerous the family business is for the family itself. Many divorces occur because of the hard times in the own business. These questions require further investigation.

Figures

- Figure 2.1: Finnish export and import 2013, p.14
- Figure 2.2: Monthly exports to Germany, Russia and Sweden 2009-2013, p.14
- Figure 2.3: Exports to Russia by Products 2013, p.15
- Figure 2.4: Border Traffic 2008-2013, number of loaded trucks by border crossing points, p.16
- Figure 2.5: Re-export to Russia, p.17
- Figure 3.1: Stages of setting up a business, p.21
- Figure 3.1: Porter's 5 Forces Analysis p.29
- Figure 3.2: Main reasons to become entrepreneur, p.34
- Figure 3.3: Main forms of enterprise, p.35
- Figure 4.1: Loviisa on the map, p.38
- Figure 4.2: The international road E 18, p.39
- Figure 5.1 Key contents of Business Plan, p. 41
- Figure 5.2: Basic idea of the industry, p.43
- Figure 5.3: Organizational tree p.49
- Figure 5.4 FLC company on the map p.55

Tables

- Table 2.1: SCOR Process, p.8
- Table 2.2: Incoterms for any modes of transport, p.18
- Table 2.3: Incoterms for sea and inland waterway transport, p.18
- Table 3.1: PEST analysis, p.26
- Table 3.2: SWOT analysis, p.27
- Table 4.1: Loviisa in numbers, p.37
- Table 5.1: Price list of the FLC, p.42
- Table 5.2: PEST analysis of the FLC, p.45
- Table 5.3: SWOT analysis of the FLC, p.47
- Table 5.4 Porter's five forces for FLC, p.50
- Table 5.5: Income flow in a year, p.52
- Table 5.6: Income statement of the FLC, p.53
- Table 5.7: Cash Flow Statement of the FLC, p.54

References

Articles and books

Angelica, E. 2008. Crafting effective mission and vision statements. Saint Paul, p.10.

Bard, T. 2008. Opportunity recognition. Implementing step by step for successful entrepreneurship. Tim Bard Multimedia, p. 50.

Baron, R. 2012. Entrepreneurship an evidence-based guide. Edward Elgar Publishing Limited, pp.10-13

Finnish Enterprise Agencies 2013. Guide Becoming an Entrepreneur in Finland. Suomen Uusyrityskeksukser ry, pp. 1-43.

Fiore, F. 2005 Write a business plan in no time. Que publishing, pp. 14-19.

Henry, A. 2008. Understanding strategic management. Oxford, pp. 69-75.

Hinkelman, G. 2008. A short course in International Trade Documentation. Tribun EU, pp.56-58

Hormozi, A., Sutton, G, McMinn, R., Lucio, W., 2002. Business plans for new or small businesses: paving the path to success. Management Decision 40/8, pp.755-753.

Incoterms 2010, 2011. ICC, pp.120-233.

Johnsen, A. 2007. Cases in Advertising & Marketing. Rowman & Littlefield publishers, INC, pp. 28-31

Lamb, Hair, McDaniel 2010. Marketing 10e. South-Western Cengage Learning, p 3.

Ollus, S., Simola, H. 2006. Russia in the Finnish Economy. SITRA, p 24.

Ollus, S., Simola, H. 2007. Finnish re-exports to Russia. BOFIT, pp. 4-5.

Paul, R. Murphy, Donald, F. Wood 2011. Contemporary Logistics. Pearson, pp. 12-24,

Prinson, L., Anatomy of a business plan 2008. Out of your mind...and into the marketplace tm, pp100-105.

Rai U. 2010.Export-Import and Logistics. ICC, pp.204-205

Spurga, R. 2004. Balance sheet basics, Financial management for non-financial managers. Portfolio chapter 2.

Talbot, M. 2003. Make your mission statement work. United Kingdom, pp. 8-10.

Tracy, S. 2012. Qualitative Research Methods: Collecting Evidence, Crafting Analysis, Communicating Impact. Wiley-Blackwell, pp. 3-6.

Wood, P., Donald F. Barone, Murphy A. 2002. International Logistics. Amacom, pp. 246-251.

Internet sources

Business Dictionary <http://www.businessdictionary.com/definition/CMR.html> (Accessed on 8 October 13)

Business newspaper Vzgliad <http://vz.ru/news/2013/10/1/652888.html> (Accessed on 07 October 13)

Finnish Customs Foreign Trade Statistics http://www.tulli.fi/en/finnish_customs/statistics/graphics/index.jsp (Accessed on 8 October 13)

Finnish Broadcasting company YLE http://yle.fi/uutiset/rising_finnish_exports_to_russia/6781891 (Accessed on 9 October 13)

Port of Hamina Kotka <http://www.haminakotka.fi/> (Accessed on 19 October 13)

Inflation in EU <http://www.inflation.eu/inflation-rates/finland/inflation-finland.aspx> (Accessed on 16 October 13)

International Road Transport Union http://www.iru.org/en_tir_benefit (Accessed on 8 October 13)

The official web site of the city of Loviisa. Loviisa.fi (Accessed on 12 October 13)

Ministry of Finance http://www.vm.fi/vm/en/03_press_releases_and_speeches/01_press_releases/20130529Moody's/name.jsp (Accessed on 16 October 13)

Statistics Finland http://www.stat.fi/til/kan_en.html (Accessed on 16 October 2013)

The world bank <http://data.worldbank.org/indicator/LP.LPI.OVRL.XQ> (Accessed on 7 October 2013)

Appendices

Appendix 1: The questionnaire

Appendix 2: The answers for the questionnaire

Appendix 3: TIR Carnet example

Appendix 4: TIR EL example

Appendix 5: CMR example

Appendix 6: EX example

Appendix 7: Russian WEB declaration example

Appendix 8: A brochure example for the FLC

Appendix 1: The questionnaire

Evaluation of the Family Logistics Business in Finland

Please answer the following questions, it would take just few minuets of your time.
* Required

Please, write the name of your company *

Date of establishing the company

Was it hard to open your own business? *

1 2 3 4 5

Yes, very hard Very easy

Did you feel support from the government? *
If yes, which support you had

Do you consider logistics business in Finland as profitable one? *

Please evaluate the volume of the workflow for the last few years *

Which advice would you give to new entrepreneurs in logistics business? *

Never submit passwords through Google Forms. 100%: You made it.

Powered by  This content is neither created nor endorsed by Google.
[Report Abuse](#) - [Terms of Service](#) - [Additional Terms](#)

Appendix 2: The answers for the questionnaire


| Name of your company | Date of establishment | Was it hard to open own business | Did you feel support from the government? | Do you consider logistics business in Finland as profitable one? | Please evaluate the volume of the workflow for the last few years | Which advice would you give to new entrepreneurs in logistics business? |
|----------------------|-----------------------|----------------------------------|---|--|--|---|
| Vektor Nova Oy | 11.26.1999 | 4 | No support was needed | Logistics business is profitable, if professionals are involved. However, success is conjoined with many risks. | The workflow has decreased, prices stayd unchanged. | Before opening own business its necessary to get an experience and learn languages. |
| ATC Logistics OY | 6.1.2006 | 4 | We bought this company from the German entrepreeurs, therefore we didn't need any government support. | It depends from the situation in Russia and other circomstances. Only strong companies survived the crisis, most of logistics companies closed due to bankruptcy | Better than in 209, but we are hoping for better situatin. | Finland has very strict rules for paying taxes, social and pension payments. For young company it is very hard to stay in business. However, after 4 years it gets easier. The best way out would be to open a family company. |
| SV-TRANS OY | 3.6.2007 | 5 | We were not interested in government support | Yes, it really is! | We have enough work, we didn't really feel the crisis' consequenses. But it always depends on the cargo character. We are doing very good! | It is worth it! But better to get clients first. Anyway I see more pluses than minuses. Besides life in Finland is good and stable. |
| Inkerika Cargo Oy | 11.2.2012 | 5 | We didn't need it. | Yes! Because Finland is a country with european document system and clear lay system. | We had no crisis in the company. For me the most important asset are people with whom I work. People should be capable of working in the international field. | Don't open any logistics company. We don't need competitors!) Taxes are really high. But this is how it should be. In legal business everyone should pay taxes. Don't compare it to Russia. If everyone would honestly pay taxes the country would have looked differently. |
| Nordic Forwarder OY | 4.2.2001 | 3 | There was no need of external support | Yes, profitable enough | The workflow volume has increased, now it's almost on the before crisis level. Especially increased the transit flow from China to Moscow. Some job came from Baltic countries to Finland. | Clear and exact law system, law bureaucracy level, stability, ecology are greatest Finnish benefits. Finland is very suitable for life and work. Minuses are big competition between companies today and lots of taxes. |

Appendix 3: TIR Carnet example

NE PAS DETACHER! A remplir et à conserver dans le carnet
 NOT TO BE DETACHED! This form is to be filled in and has to remain in the carnet
 НЕ ОТРЫВАТЬ! Следует заполнить и оставить в книжке
 NON DISTACCARE! Questo foglio è da compilare e da conservare nel Carnet
 NICHT ABTRENEN! Dieses Blatt muss ausgefüllt werden und im Carnet verbleiben

ОТРЫВНОЙ ЛИСТОК №1 / № 2 1. **КНИЖКА МДП** AX74742988

2. Таможня(и) места отправления
 1. LOUVISA 2. _____
 3. _____

3. Наименование международной организации
IRU Union Internationale des Transports Routiers 

4. Держатель книжки (идентификационный номер, наименование, адрес и страна)
 Magistral, OOO
 pr.Kulturny 44, lit.A
 194292, Sankt-Petersburg, Russia
 FIRU0909101042116 INN 7802300864
 RUS05322598

5. Страна(ы) отправления FINLAND 6. Страна(ы) назначения RUSSIA

7. Регистрационный(ые) номер(а) дорожного(ых) транспортного(ых) средств(а)
B268KA / BB 0735-78

8. Прилагаемые к манифесту документы


ГРУЗОВОЙ МАНИФЕСТ


| | | | |
|---|---|---|--|
| 9. а) Грузовое (ые) отделение(ия) или контейнер(ы) б) Опознавательные знаки и номера грузовых мест или предметов | 10. Число и род грузовых мест или предметов; описание грузов <u>BOWLS, FOAM DUST BLANKETS, 3926909709</u> <u>GASOLINE HOSES, 4009110000</u> <u>TRAPEZIODAL BELTS, 4010310000</u> <u>TRAPEZIODAL BELTS, 4010310000</u> <u>TRAPEZIODAL BELTS, POLY, 4010390000</u> <u>SPRING FRAME, 73220000</u> <u>MOUNTING BRACKET, 71091000</u> <u>OIL, FUEL, ELEMENTS, 8421290008</u> <u>HYDRAULIC FILTER ELEMENTS, 8421290008</u> <u>HEATERS, 8516802009</u> <u>REED SWITCH, 8536411000</u> <u>TOTAL 36 PX</u> | 11. Вес брутто в кг. <u>4,180</u> <u>1,760</u> <u>31,680</u> <u>10,824</u> <u>40,656</u> <u>0,165</u> <u>3,784</u> <u>3021,275</u> <u>519,365</u> <u>206,294</u> <u>53,944</u> <u>3123,375</u> <u>3,300</u> <u>0,077</u> <u>7020,680</u> | 16. Наложённые гломбы или опознавательные знаки (число, идентификация) |
|---|---|---|--|

12. Общее число грузовых мест, записанных в манифесте
 Место назначения: MOSCOW Число: 36

13. Я заявляю, что сведения, приведенные выше в рубриках 1-12, точны и полны

14. Место и дата

15. Подпись держателя или его представителя

 Magistral, OOO
 pr.Kulturny 44, lit.A
 194292, Sankt-Petersburg, Russia
 FIRU0909101042116 INN 7802300864
 RUS05322598

17. Таможня места отправления. Подпись должностного лица таможни и штампель таможни с датой
XXXXXXXX 


18. Свидетельство о принятии груза к таможенному оформлению (таможня места отправления или промежуточная таможня при въезде)

19. Наложённые печати и гломбы или опознавательные знаки признаны неповрежденными

20. Продолжительность транзитной перевозки

21. Зарегистрировано таможней (какой) за №

22. Разное (установленный маршрут, таможня, где должен быть представлен груз, и т.д.)


23. Подпись должностного лица таможни и штампель таможни с датой
XXXXXXXX 

24. Свидетельство о прекращении операции МДП (промежуточная таможня при въезде или таможня места назначения)

25. Наложённые печати и гломбы или опознавательные знаки признаны неповрежденными

26. Число грузовых мест, в отношении которых удостоверено прекращение операции МДП

27. Оговорки при оформлении

28. Подпись должностного лица таможни и штампель таможни с датой
XXXXXXXX 

листок при таможенном оформлении не отрывается

1. Emission: Le carnet TIR sera émis dans le pays de départ ou dans le pays ou le territoire des états ou destinés.

Appendix 4: TIR EL example

Passitusilmoituksen tiedot

Viitenumero: **WP131021581**

Päivämäärä: **21.10.2013 10:03**

1. Perustiedot

1.1. Passituksesta vastaava

| | |
|---------------------------------|-------------------------------|
| Toimijan luonne | R |
| Yrityksen nimi / Nimi | ZAO FPK Transagentstvo |
| Y-tunnus / Henkilötunnus | FIRU0907160902498 |
| TIR Haltijan tunnus | RUS/053/07612 |
| Lähiosoite | 1/7 Sportaivskaya sg. |
| Postinumero ja postitoimipaikka | 105122 Moscow, Russia |
| Maa | RU - Venäjän federaatio |
| Ilmoittajan nimi / Yhteystiedot | Konstantin Siimes, 0407048773 |
| Ilmoittajan viite | VN 6073 |
| Sähköpostiosoite | VektorNova@gmail.com |

1.2. Vakuudet


Vakuus 1

| | |
|-------------------------|----------------|
| Vakuustyyppi | B - TIR Carnet |
| Viitenumero | UX74618510 |
| PIN koodi | |
| Yleisvakuus ei voimassa | |

1.3. Kuljetusväline

| | |
|--|-------------------------|
| Kuljetusmuoto lähdettäessä | 3 - Maantiekuljetus |
| Kuljetusvälineen tunnus lähdettäessä | A994TB-199/BO833-177 |
| Kuljetusvälineen kansallisuus lähdettäessä | RU - Venäjän federaatio |


Appendix 5: CMR example

| | | INTERNATIONAL WAYBILL KANSAINVÄLINEN RAHTIKIRJA | | CMR | | |
|---|---|---|--|--|--|--|
| Consignor Lähettäjä KENTEK OY RIIHIKUJA 5, PL 18 01721 VANTAA FINLAND | | Date Päivämäärä 18.10.2013 | Reference No. Viite 136055 | | | |
| Consignee Vastaanottaja ZAO KENTEK 3RD KHOROSHEVSKAYA STREET 18, BLD. 2 123298 MOSCOW INN 7723570189 | | Carrier: Rahdinkuljettaja OOO MAGISTRAL | | | | |
| Delivery address Toimitusosoite 123298, MOSCOW ST.3RD KHOROSHEVSKAYA, 18, BLD.2 | | | | | | |
| Truck number Kuljetusvälineen nro B 268 KA BB 0735-78 | Place of loading Lastauspaikka VANTAA, FINLAND | Terms of delivery Toimitusehdot FCA STOCKHOLM VANTAA | | | | |
| | Border crossing Rajanylityspaikka | | | | | |
| Place of discharge Purkupaikka MOSCOW | Final destination Määräpaikka MOSCOW | | | | | |
| Marks and numbers Merkit ja numerot | Number and kind of packages, description of goods Kolioiden määrä ja kuvaus | Quantity Määrä | Customs code Tullikoodi | Gross weight, kg Kokonaispaino, kg | Volume, m ³ Tilavuus, m ³ | |
| | 36 PX CARBON FILS, FUEL FILTER ELEMENTS GASOLIN FUEL FILTER ELEMENTS TRAP DOOR BELTS TRAP DOOR BELTS TRAP MODAL BELTS, POLY BELTS SPRING FRAME MOUNTING BRACKETS OIL-, FUEL-FILTERS HYDRAULIC-, COOLANT FILTERS AIR FILTERS AIR FILTERS FOR COMPRESSORS AIR-, OIL-, FUEL-, HYDRAULIC FILTER ELEMENTS HEATERS REED SWITCH | | 3926909709 4009110000 4010310000 4010330000 4010390000 7320208108 7616999008 8421230009 8421290008 8421310009 8421392008 8421990008 8516802009 8536411000 | 4,180 kg 1,760 kg 31,680 kg 10,824 kg 40,656 kg 0,165 kg 3,784 kg 3021,275 kg 519,365 kg 206,294 kg 53,944 kg 3123,375 kg 3,300 kg 0,077 kg | | |
| | 36 PX TOTAL | | | 7020,680 kg | | |
| Special instruction Eritysohjeet TIR: AX74742988 INVOICE: 88259 dtd. 16.10.2013 | | | | | | |
|  | | Carrier's instruction and remarks Rahdinkuljettajan ohjeet ja huomautukset CUSTOMS POINT "ISTRINSKIY" MOSCOW REGIONAL CUSTOMS CODE 10130020 SVH "ISTRA-TERMINAL", LICENSE 10130/200111/10089/2 DATA 31.07.12 143550 MOSK.OBL. ISTRINSKY REG. PERVOMAYSKY TOWNSHIP 35 | | | | |
| This consignment will be carried in accordance with the carrier's General Transport and Liability Conditions. The carrier is liable to CMR. The transport liability is covered by carrier's insurance company | | | | | | |
| Date Päivämäärä | Date Päivämäärä 18.10.2013 | Issued at Paikka LOVIISA | | | | |
| Receiver's signature Vastaanottajan allekirjoitus | Driver/terminal signature | Sender's signature | | | | |
| GOODS RECEIVED IN GOOD CONDITION TAVARAT VASTAANOTETTU HYVÄSSÄ KUNNOSSA | | as forwarding agent only | | | | |

Appendix 6: EX example

| EUROOPAN YHTEISÖ | | | ILMOITUSTYYPPI(1) | | MRN | |
|---------------------------|--|--|---|---|--|----------------------------|
| VIENTÄ KOSKEVA SAATEKIRJA | Lähetäjä/Viejä (2) ECCOLAB EUROPE GMBH RICHTSTRASSE 7, 8304 CH SWITZERLAND | | Nro GB923016264000 | | MRN 13FI000000832487E5 | |
| | Vastaanottaja (8) LLC PLC POLIFUS SOCIALISTICHSKAYA STR.4, LITERA, RU 191002 ST.PETERSBURG | | Nro --- | | | |
| | Ilmoittaja/Asiamies (14) Vektor Nova Oy PL 71 FI 07901 Loviisa | | Nro FI1567129-6 | | Annettu (pvm): 20131014 Tuottoipaikka: FIO02002 | |
| | Kuljetusvälineen tunnus ja kansallisuus ehdotuksessa (18) B60GH-9B/PZX275 | | Kuljetuksen maksutavan koodi (S29) --- | | Lähetys-Vientimaan k. (15) FI | Määrämaan koodi (17) RU |
| | Kuljetusmuoto 3 rajalla (25) Tavaran sijaintipaikka (30) Loviisa, Tesjoki | | Sietin numero (S28) --- | | Kautakulkumaiden koodit (S13) | |
| | Postituspaikka (29) FI499300 | | Yleisim. antavan henkilön asiamies (14b) Nro | | | |
| | Koliit ja tavaran kuvaus (31) Merkki ja numerot - Konttien numerot - Lukumäärä ja laji | | | | | |
| | T. jär.nro(22) Lähetäjä/Viejä (2) Kuljetusvälineen tunnus ja kansallisuus ehdotuksessa (18) Lähetysvälineen ainutkertainen viitenumero (7) Esillelyt asiakirjat / todistukset (44/1) Erityismerkinnät (44/2) UNDG (44/4) 1 18 WA IBC-pekkaus 1-18 GB923016264000 | | Kotien lukumäärä ja laji Kotien merkki ja numerot (31/1) Vastanottaja (8) Tavaran koodi (33) Yleisilmoitus / Edellyttävä asiakirja (40) Konttien numerot (31/3) Menebely (37) Ilmoitustyyppi (1) PENSURF 74418 --- | | Tavaran kuvaus (31/2) Sietin numero (S28) Bruttopaino (kg) (35) Nettopaino (kg) (36) 19134 34021300 00 0000 0000 --- | |
| | N880 Kauppalaisku FIX00 Muu lisätieto 30400 RET.EXP. Postituksen vahvistus FIX00 Muu lisätieto FIXFE Vientirän arvo yli 3000 eur ja lähtee vient FIXFP Kauppalaiskon valuutta EUR FIXAN Taric-koodiin liittyvä ehtokoodi | | 120635994 2 5555 12287 0159 00 NALCO FINLAND OY, Kivikumuntie 1, Y916 --- | | 11.10.2013 1000 999 19134 18551 18000 | |
| | E LÄHETYS-VIENTITOIMIPAIKAN TARKASTUS Tarkastuksen tulos: Kinnitetyt sinit: lukumäärä: tunnus: Määräaika (päivämäärä): 20140112 | | | POSTIMISTOIMIPAIKAN TARKASTUS (K) Saapumispäivä: Siettien tarkastus: Huomautukset: | | |

Appendix 7: Russian WEB declaration example

| | | | | |
|--|----------------------------|------------------------------|-----------------------------|---|
| ПРЕДВАРИТЕЛЬНОЕ УВЕДОМЛЕНИЕ о транзите товаров с использованием книжки МДП | | | |  |
|  | | | | |
|  | | | | |
| 10206040-30-181013-1561-8 | | | | |
| Серия книжки МДП: RX | Номер книжки МДП: 74631918 | Номер белого листа: 3 | ID держателя: RUS/053/20397 | |
| Общее число товаров по книжке МДП: | | 1 | | |
| Страна отправления: | ФИНЛЯНДИЯ | Страна назначения: | РОССИЯ | |
| ПЕРЕ | | | | |
| OOO PARTNER | | | РОССИЯ RU | |
| Chudovo, Molodogvardeiskaya 3 of 33 | | | | |
| Транспортное средство № 1 (из 2) | | | | |
| Идентификатор ТС | C550HE-53 | Номер шасси (VIN) | | |
| Идентификатор активного ТС | | Код страны принадлежности ТС | RU | |
| Транспортное средство № 2 (из 2) | | | | |
| Идентификатор ТС | HC5706-53 | Номер шасси (VIN) | | |
| Идентификатор активного ТС | | Код страны принадлежности ТС | RU | |

Appendix 8: A brochure example for the FLC



Family Logistics Company
 Tel.: +358 40 511 8653
 FLC@gmail.com

Адрес:
 Valkolammentie 2
 07901 Loviisa, Finland
 1 floor, Right Wing

From the Road №7 to an Office 6 km

Working hours:
 8:00-17:00

Customs working hours
 Mon-Fr 8:00-22:00
 Sa-Su 8:00-15:00

Forwarding Company FLC creates the smooth flow of the cargo through Finland to Russia

- **TIR, TIR electronic**
- **CMR**
- **Russian WEB Declaration**
- **Export declaration EX-A**

