Abstract: - A solid business plan is an important tool for managing any business. It forms up the foundation of the business as well as discusses how important challenges should be solved. Rather often also third parties like financing institutions are interested in of the business plans as they inform them about the future targets of the companies applying for funding.

This paper defines a business plan model for the bio-energy companies. It discusses about the important issues and topics needed in preparing any business plan. It motivates us to see the importance of business planning activities and ties them together with the everyday management of the bio-energy company.

After building a business plan model for the bio-energy companies this paper presents the results of an industrial bio-energy seminar where the developed model was discussed in practice and in an industrial context. The industrial discussion has been seen important because all business plans are practical tools for managing businesses rather than theoretical tools without practical relevance. The discussion comments show clearly that the proposed business plan model is usable for the bio-energy companies. It serves bio-energy entrepreneurs and financing institutions as action plan, road map and sales tool and also informs customers about the bio-energy company’s ways of working.

The theoretical discussion in this paper is constructive in nature. Therefore the theoretical part of this paper constructs new reality by using results which in part have been presented before and have proven to be usable. However, as all businesses are different and understanding of them is vital for making any business plans offers this paper also a solid basis for planning bio-energy businesses by analyzing their nature as well. The industrial experience part of this paper is a case study in nature. The case study method has been chosen because it offers a natural and practical tool for presenting the chronological discussion kept in the industrial experiences seminar.

Key-Words: - Business plan, planning, bio-energy, industrial experiences

1 Introduction
In general, business plan guides us step by step in the path of business planning. It discusses about the circumstances where we are running our business and outlines our way to the future where circumstances might differ. Business plan also describes, analyzes and gives a detailed projection about its future development. Potentially it offers benefits to entrepreneurs, financiers and third parties (for example tax authorities) interested in of a company. It outlines the business idea including risks and opportunities and monitors out the remaining placed money.

The cornerstones of the business plan are the financial documents. These documents should include all revenues and expenses that can be obtained, the implementation costs of the project, benefits, the economic viability analysis, investment calculations and other important aspects.

The problem of this paper is to find out a working business plan structure for bio-energy companies. Firstly, this paper discusses about several different topics which can be considered to be independent areas of a business plan. Secondly, this paper summarizes the discussion of business plan content and thirdly introduces industrial experiences of using it in a bio-energy company in practice.

The theoretical part of this paper is constructive in nature. Constructive research constructs new reality by using research results which have in part been presented before and sees that typically the developed new utilities are sooner or later evaluated. In nature it is interested in of trying to answer to the following questions: [3]

- Can we build a certain innovation and how useful it is?
- What kind a certain innovation should be?
- How ought we build a particular innovation?

Typically, constructive research is applied research, but instead of developing “a final product” it sees that it is possible to accept the prototype or even a plan. In comparison to action research it is missing the idea of cyclic development process (identify problem, plan actions, take action, evaluate and specify learning) and bases on non cyclic development of innovation (Järvinen 2001, 88-117).
The experimental part of this paper is a case study. Typically, a case study is an empirical inquiry that meets the following criteria: [6]

- It investigates a contemporary phenomenon within its real-life context, especially when
- The boundaries between phenomenon and context are not clearly evident.

In this study, presented case bases on experiences collected from a real-life company. In addition the experimental part of this study can be considered as case because the inquiry: [6]

- Copes with the technically distinctive situation in which there will be many more variables of interest than data points, and as a result
- Relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another result
- Benefits from the prior development of theoretical propositions to guide data collection and analysis.

2 Business as Concept

For understanding challenges related to business plan preparation it is necessary to understand enough about business and its content. Reo [5] has stated that: “business is a much broader concept than, for example, engineering or production. It refers to a holistic, process-driven, cross-functional, and multi-disciplinary view of companies. According to this view, all functional areas of a business such as product planning and management, engineering, customer support, and information and knowledge, human resource, marketing, legal, and financial management need to be addressed in a balanced way.”

Product planning needs to be in balance so that we fulfill most of our customers’ expectations. Engineering needs to provide solutions for the production of the products as well as marketing needs to provide ways to sell them. We also need to organize customer support functions so that we can support users using the products.

Furthermore, we should also recognize that the customer is interested mostly in our products, not necessarily in other functions or in our processes. If the product works and all customer requirements are fulfilled, the customer will be satisfied.

Since the business offers several points of view to us, it also offers several research challenges. According to Kääkölä [4], business research offers: “Challenges in topics including leadership, managerial, organizational, contractual, and product creation and delivery practices as well as in competitive strategies and knowledge management systems of companies.” Kääkölä [4] sees this kind of broad, multidisciplinary view as necessary to understand companies holistically. Without such an understanding it is difficult to suggest relatively detailed but generic solutions for a specific strategy, process, product or service [4].

3 Bio-Energy as Business

The business benefit of bio-energy bases heavily on the biomass energetic utilization. Therefore the understanding of bio-energy utility factors is vital. From business planning point of view these factors include, the supply of biomass, structure and localization of involved business, centre of storage and transformation and the related sources of supply and consumptions for important basis for evaluating the benefits of bio-energy in business context.

The recent development of high efficiency biomass heating systems has opened new prospective for the energetic utilization of wood with systems situated near the user in woody areas. Generally, the plant location is optimized through the searching of the best site inside wood high productive areas with a convenient network of forests paths, satisfactory presence of woody business and an easy linking with the grid.

The economical success of building bio-energy power plants is often realized through the environmental impact, social and economic consequences and the influence of public facilities. Therefore, biomass heating offers a number of compelling advantages, both for the system owner and, in the case of district heating systems, for the local community.

Generally, bio-energy can supplant expensive conventional energy sources such as fossil fuels and electricity with local biomass resources, which is often available at little or no cost as waste or low-value by-products from various industries (e.g. forestry and agriculture) [1]. Bio-energy can also cut the overall levels of pollution and greenhouse gases and protect consumers from fossil fuel price increases.

Regionally bio-energy production creates several local jobs in the collection, preparation, and delivery of the feedstock. It enables several other businesses possibilities to grow and shortens transportation distances.

Bio-energy business has also several challenges. Nowadays biomass heating systems tend to have higher initial costs than conventional fossil fuel burning systems. If their prices are not getting lower it can perhaps slow down the growth of bio-energy consumption. It should also be notified that the quality of biomass feedstock is highly variable in comparison with the relatively standardized commercially available fossil fuels.[2] Bio-energy production also claims often more physical space for delivery, storage, and handling.
of biomaterial. Naturally when bio-energy production seems to offer more logistical challenges it requires more operator involvement and diligence, which cost more money.

Economically, biomass-heating systems seem to offer best business possibilities in areas where conventional energy costs are high and biomass feedstock costs are low. In practice this means areas where normally for example electricity or some other costly form of energy are used for warming real estates and water and biomass residues are at the same time available onsite or nearby at zero or even at no cost basis. [2]

The communitarian benefits of bio-energy can be increased if several bio-energy systems are linked to each other regionally. Technologically there are no obstacles for combining biomass heating, wind and solar power and water power into same energy network. Such communities which have multiple energy providers in a same network are not suffering so much of volatile energy prices and climate changes.

Financially, bio-energy production should be considered as a normal business. In a long run all investments done to it should pay back themselves and entrepreneurs or communities should even get business benefits and profits of their investments. The cost of invested money can form a challenge for bio-energy business. This is due to the reason that to grow up bio-energy business may need public financial support in the beginning. However, even this would be situation the importance of building a proper business plan for bio-energy providers should not be neglected. It can offer a good basis and tool for improving the profitability of business and also offer a working communication tool to discussing about the business premises with other stakeholders.

4 Business Plan for Bio-Energy

There are several definitions and defined contents for a business plan. Most of them seem to see that business plan has three primary functions:

1. To serve as an Action Plan
2. To serve as a Road Map
3. To serve as a Sales Tool

Action Plan. A business plan can help to move entrepreneur to action. Entrepreneur may have been thinking for years about starting a business or engaging in some venture, but the process may seem too daunting, too large and too complicated. A business plan will help him to pull apart the pieces of starting a business and examine each piece by itself. So instead of one large problem, he has a sequence of smaller problems. And by solving the small problems, the large problem is automatically solved. So writing a business plan can help to move him to action by breaking down a seemingly insurmountable task (starting a business) into many smaller, less intimidating tasks.

Road Map. Once entrepreneur has started his business, a business plan can be an invaluable tool to help keep him on track and moving in the direction he wants to go. In the daily business, it is very easy to lose sight of his objectives and goals -- a business plan can help to keep him focused. A business plan can also serve to help others to understand his vision, including suppliers, customers, employees, friends, and family.

Sales Tool. Perhaps most importantly, a business plan can serve as a sales tool. Entrepreneur will probably need outside financing to start his business, and a business plan is the tool you need to convince investors to come on board. Entrepreneur may also want and need concessions from suppliers or customers -- a business plan can help him get them. Finally he may need to convince family members, or even yourself, that his ideas will bear fruit. A well-written business plan can serve to sell people close to you on the benefits of proceeding with your concept.

From business plan point of view bio-energy business represents a typical industrial activity. Bio-energy companies market and offer products and services to their customers. For doing so they need to have complete understanding of marketplace, competitor behavior, and they also need to organize their management, financing and operations in a way that their business is in a solid basis.

For the purposes of this study it has been seen appropriate to use following structure as a basis for developing a business plan for bio-energy companies. This is because it offers a wide structure for discussion purposes and seems to offer several aspects which should be solved when forming up a bio-energy business.

The Executive Summary of a Business Plan is a short outline to entire plan, and often is the last section to be written. It’s objective is to capture the reader’s interest, so that they want to read the entire plan. It is not a summary of the plan; rather it should be considered a chance to “sell” the reader on the business opportunity. A first-time reader should be able to read the Summary by itself, and know what plan is all about. The Summary should stand-alone and should not refer to other parts of business plan. Executive summary should contain discussions of following topics: Opportunity, Solution, Competitive Advantage, Process, Positioning, Financials and Management.

The Company Overview part of a business plan is a brief description of the company founded or wanted to found. It should explain: How company will be organized? Will it be a sole proprietorship, partnership, or corporation? What are entrepreneurs’ ambitions for the company? Will it always be a small company, or is
the purpose to grow significantly? By reading this section, the reader should have a good idea of where entrepreneur is and is going with the company. Therefore needed discussion topics in overview include:

- Mission Statement
- History and Current Status
- Market and Products
- Objectives

The Product and Services section of a business plan is a detailed description of the products and/or services entrepreneur will be selling. It should not assume that the reader is familiar with product/service beforehand. Therefore entrepreneur should start to sell his idea here by generating some excitement about his product/service. To be able to achieve its purpose Product or Service Description should contain following topics:

- Description
- Market Comparison
- Proprietary Rights
- Stage of Development

The Industry and Marketplace Analysis section describes and outlines the industry and marketplace in which entrepreneur is competing. The focus in this section is on the industry and marketplace as it currently exists – entrepreneur may not even mention his business here, unless it already is a part of the industry. When finished with this section, entrepreneur and his readers should understand the dynamics, problems, and opportunities driving the industry and marketplace. Industry and Marketplace Analysis section should contain for example following sub analyses:

- Industry Analysis
- Marketplace Analysis
- Customer Analysis
- Competitor Analysis

The Marketing and Sales section of business plan will make or break the prospects for entrepreneurs’ venture. A great idea is meaningless if entrepreneur cannot find customers. Carefully drafted and logical financial projections are irrelevant if nobody buys the product. In this Marketing Strategy section entrepreneur must convince first himself, and then the reader, that there is indeed an eager market for the product. The Marketing Strategy section is where entrepreneur will show how he is going to fit into the market structure he just finished describing. Successful Marketing Plan contains solutions for following topics:

- Target Market Strategy
- Product/Service Strategy
- Pricing Strategy
- Distribution Strategy
- Advertising and Promotion Strategy
- Sales Strategy

- Marketing and Sales Forecasts

The Operations section outlines how entrepreneur will run his business and deliver value to his customers. Operations is defined as the processes used to deliver products and services to the marketplace and can include manufacturing, transportation, logistics, travel, printing, consulting, after-sales service, and so on. Operation form a significant portion of business costs (even 80%) as personnel will be working in operations. Entrepreneur should be sure that he carefully links the design of his operations to his marketing plan. When writing the operations part of the business plan entrepreneur should be careful on solving following topics so that he can deliver products to the market in accordance with his marketing plan:

- Operations Strategy
- Scope of Operations
- Ongoing Operations
- Operations Costs

In the Development Plan entrepreneur will outline how he intends to ramp-up his business. The Development Plan is a road map of how entrepreneur is going to get from where he is now to where he wants to be in the future. Typically, starting businesses explain here: what are all of the steps that they need to accomplish to get the business up and running. Older businesses explain what do they need to do to make it grow. Development Plan often contains following parts;

- Development Strategy
- Development Timeline
- Development Expenses

Financing institutions often see that there are three important attributes in any business: management, management, and management. If management is not seen to good enough to solve practical business problems with enough experience any business plan is worthless. Therefore in business plan the description of management and their skills is extremely important. In general management plan should contain information on:

- Company Organization
- Management Team
- Administrative Expenses

The Financial Plan should be the umbrella of the business plan. In other areas of business plan entrepreneur should have outlined a great business concept, demonstrated a real need in the marketplace, shown how he will execute his ideas, proven that his team is just right to manage the venture, and in financial plan he will show how much money everyone is going to make. If described business concept is weak, or there is not a market, or if execution is poor, or if management team is incompetent, then financial plans are doomed to failure. So generally if entrepreneur can't show that his great concept is going to make money, his readers will
quickly lose their interest for business. Financial Plan should contain business solutions for following topics

- Financial Statements, Financial Comparables,
- Financial Summary and Financial Assumptions,
- Funding Requirements,
- Sources and Uses of Funds,
- Business Risks.

The Funding Request is where entrepreneur will make his pitch for money. If he has decided to seek equity capital, then he needs to describe the type of security being offered (common, preferred, warrants, etc) to the investor and what share of his company they will receive for a specified investment. If entrepreneur is seeking a loan, then he needs to indicate to potential lender how the loan will be repaid and what is the interest rate. In either case, it is important that entrepreneur clearly spells out the key terms of the proposal and sells the advantages to the investor/lender, and makes it clear how they can get a satisfactory return. Rather often Funding Request includes information on following areas:

- Investment Requirements
- Valuation of Business
- Offer
- Exit Strategy

5 Industrial Experiences
The usefulness of the developed business plan was discussed in an industrial experiences on bio-energy seminar. All discussion participants were selected carefully for the purpose that they would represent normal stakeholders of the bio-energy business. Seven persons represented entrepreneurs either already having or just ramping up the bio-energy business. Four persons represented financing sector including banks and venture capital institutions and five persons were already using bio-energy products as bio-energy customers.

In the beginning of the seminar the bio-energy business plan was given to the participants. It was explained in every detail and participants were given time to form up their own opinion about it. After this all participants were given time to write down their opinions and discussion was held based on written comments.

In this paper the presented case study bases mostly on the comments written by seminar participants. As researcher also collected findings during the discussion some comments have been collected by researcher.

Firstly discussed topic in the seminar included the executive summary. All persons saw that it is a useful part in any business plan. It was seen extremely important that entrepreneurs are able to shortly summarize all important aspects of their business.

Entrepreneurs told that this part of the business plan helps to see the big picture of their business. Representatives from the financial institutions told that business plan helps them to memorize the most important aspects of discussed business as they work with several different entrepreneurs daily. For the customers who do not normally see any business plans, the summary gave a good starting point for understanding the business discussed.

Secondly discussed part of the business plan was the company overview. All persons saw that a reasonable amount of history with present information gave a good understanding of the company. Especially, entrepreneurs and financing institutions saw that the mission of the company is extremely important as well. They justified their statements by saying that their capital is tied for longer times in the company and therefore the mission of the company should be understandable for them. Customers did not see the mission of the company as very important. They highlighted that they are not tying themselves for such a long time to the company that the company’s mission would be meaningful for them.

Thirdly discussed topic seemed to be very interesting for all participants. Entrepreneurs saw that the product and service descriptions define for both entrepreneurs and customers what are the products what company is offering to the markets. Therefore these descriptions are combining the interests of entrepreneurs and customers. The entrepreneurs told that they saw it important that this part of the business plan would also include a comparison of products competing in the same markets. The financing institutions understood the interests what entrepreneurs and customer had for the product and service descriptions. They told that for them these descriptions are also important. In their opinion if the products and services are not combining entrepreneurs and customers it is a big problem for financing institutions as well. This is because it raises the risks of their investments to the company significantly.

Fourthly discussed topic included the industry and marketplace analysis. Both the entrepreneurs and financing institutions saw this part as very important. They both highlighted that any entrepreneur needs to understand enough about the industry and marketplace to be able to run a profitable business. The customers did not see the industry and marketplace analysis very interesting.

Fifthly discussed area of business plan was the marketing and sales part. All three groups participating to the discussion saw this part as very interesting and important. Entrepreneurs saw that for them it is very important to find customers and customers saw that marketing and sales representatives of any company are the ones with whom they are discussing the most. Therefore both the entrepreneurs and customers saw that
this part of the business plan combines them together. Financing institutions added that without successful marketing and sales activities customers can not know what kind of products there are and how they could help customer in their everyday life. As well financing institutions added that the basis of product pricing is usually defined in the marketing plan (pricing) which is important for both entrepreneurs and customers.

Sixthly discussed topic included the operations of the business plan. Operations seemed to be important for all three participating groups. This was because the business plan was seen to provide continuity for the marketing plan. It provided a solution how the promised products (marketing plan) are delivered to the customer.

Seventhly discussed area of the business plan was interesting for the entrepreneurs and financing institutions. They saw that the development plan provided for them a path and direction from ramping up the business into the future where company is running in the markets. As they had invested a lot of money for the business it would be natural that they both should share the idea of how the company is either growing in the markets or keeping its market position.

Eighthly discussed topic of the business plan was the management. The financing institutions saw this part of business plan as very important. This was because in their opinion management was the one who was taking care of the invested money in the company. All entrepreneurs understood this natural interest what the financing institutions were having for their skills. The discussion of this topic was lively and contained several aspects from high motivation into technical and business skills as well as human management skills. For customers this topic was not very important. They only highlighted that they would like to purchase products from companies where customers and their interests are very well taking care of which was one the management tasks.

Ninthly and tenthly discussed topics included the financial plan and funding request. Based on the earlier discussions it was natural to understand that they both were interesting for entrepreneurs and financing institutions because they showed how much money they both are making, when it will be realizing and what kind of ownership structure the company will be having.

6 Conclusion
The problem of this paper was to find out a working business plan model for the bio-energy companies. To do so, firstly, this paper discussed about the nature of business and bio-energy business. This was done because bio-energy business is rather new business area and all aspects of it are not necessarily known. In addition a business plan development requires always a reasonable amount of understanding of the business in question. Secondly, using the results of the theoretical discussion this paper formulated a bio-energy business plan model. As all business plans are mentioned to be used in industry, thirdly this paper discussed about the developed business plan model in an industrial context.

The theoretical discussion and the creation of the business plan were constructive in nature. Therefore, in practice, the new business plan structure was constructed by using research results which had in part been presented before. To highlight the importance of the industrial discussion, this paper presented the results of industrial discussion as a chronologically proceeding practical case study.

The results of creating a business plan for bio-energy companies were encouraging. The developed and discussed business plan structure seemed to combine the communication needs of the most important bio-energy stakeholders. It provided a useful help for entrepreneurs for planning their business and offered enough information for the financing institutions for making their funding decisions. The industrial discussion showed that the proposed business plan serves as an action plan, road map and sales tool for the bio-energy companies.

The most significant weaknesses of this study are related to the small amount of industrial experiences. Therefore the usefulness of the proposed business plan should always be discussed with relevant stakeholders whenever taking it into use in any industrial situation.

References: