

Realistic Business Idea example By Heikki Immonen, Karelia University of Applied Sciences, Daniel Bageberg, Karelia University of Applied Sciences, 20.12.2025

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Realistic Business Idea course – conceptual framework with success criteria

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Business vision

- Business name: What is the name of your business and/or product?
 - Criteria: Name is recognizable from competition
 - Criteria: Name is linked to the product and/or customer need
- Slogan: What sentence captures the essence of what business offers to its customers?
 - Criteria: Slogan communicates what the product is.
 - Criteria: Slogan communicates what problem product solves/need for the customer OR slogan communicates how customers life is after the problem or need is solved

Founders

- Team members: Who are the founding team members (the entrepreneurs)?
 - a. Criteria: Founding team members are listed

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- Experience: What relevant experience, skills or resources the team has? (including financial resources)
 - a. Criteria: Relevant experience, skills and resources are listed for each founding team member.
- Motivation: Why is this business idea important for the team members? (needs employment, doesn't want to work for somebody else, loves the product/service, wants to become wealthy, wants to solve the customer need/problem etc.)
 - a. Criteria: Personal motivation for each team member is listed for each team member.

Business model

- Product (the solution): What kind of product(s) or service(s) will the business offer?
 - a. Criteria: A generally understandable category for the product is provided. For example: It is a mobile application that..., It is a restaurant that...
 - b. Criteria: The details of the way the product/service works is described.
- Revenue streams (pricing): What is the pricing of the product?
 - a. Criteria: A specific price for the product/service is defined
- Customers: Who will be buying the product? (individuals, organizations)
 - o Criteria: Customers are detailed specifically enough. For example: Our customers are low-income single mothers with children aged between 1 and 4 years.
- Customer problem/need: What do the customers want – what is their need or problem they need to solve?
 - a. Criteria: Customer problem/need is defined independently of the product/service.
 - b. Criteria: Customer problem/need is defined as something that customer wants and/or as the problem that prevents customer from getting what he/she wants.
- Target area: What geographical area are you targeting with your business? (local neighborhood, the city, nation, continent, global)
 - a. Criteria: Target area is defined as a clear geographical area.
- Competition (competing alternatives): What other solutions the customer can use to solve their problem on the area you are targeting? (including do-it-yourself solutions)

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- a. Criteria: Competing alternatives match the customer need/problem
 - b. Criteria: Competing alternatives are defined independently of the product/service.
 - c. Criteria: Several specific competing alternatives have been recognized (including their brand names).

- Competitive advantage: Why will the customer want to buy your product over competing solutions? (lower price, higher quality, faster delivery, closer distance)
 - a. Criteria: Criteria that customers use to compare different options are defined.
 - b. Criteria: Competing alternatives are evaluated using the criteria.
 - c. Criteria: Product/service is evaluated using the criteria.
 - d. Criteria: Competitive advantage is defined as at least one criteria where product/service is evaluated as better than competing alternatives.

- Marketing and sales methods: How will the business attract customers (awareness stage) and convince them to buy the product (evaluation and buying stage)?
 - a. Criteria: Way to make customers aware of the product and spark customer interest in the awareness stage is described.
 - b. Criteria: Way to convince customers to trust and to order the product/service in the evaluation and buying stage is described.

- Marketing resources: What specific resources are needed in the marketing and sales process? (social media profiles, website, sales people)
 - a. Criteria: What channels and resources are used in the awareness stage are described.
 - b. Criteria: What channels and resources are used in the evaluation and buying stage are described.

- Marketing partners: What external partners, if any, will be involved in the marketing and sales process? (ad agencies, retailers)
 - a. Criteria: What partners are used in the awareness stage are described.
 - b. Criteria: What partners are used in the evaluation and buying stage are described.

- Production: How is the product or service produced?
 - a. Criteria: Production process is described.

- Delivery: How is the product or service delivered to the customers?
 - a. Criteria: Delivery process is described.

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- Production and delivery resources: What resources are needed in the production and delivery process? (machines, facilities, people)
 - a. Criteria: Defined production resources match the process described.
 - b. Criteria: Defined delivery resources match the process described.
- Production and delivery partners: What partners, if any, are needed in the production and delivery process? (sub-contractors, components manufacturers)
 - a. Criteria: Defined production partners match the production process described.
 - b. Criteria: Defined delivery partners match the production process described.
- Cost structure: What are the major costs linked to the business? (employee salaries, raw materials, advertisement)
 - a. Criteria: All major costs are listed.
 - b. Criteria: Number of hired employees is mentioned

Business model evaluation

Profitability

- Required number of units sold: How many units or packages you need to sell annually to reach your profit goal and desired income level?
 - Criteria: Required number of units are calculated correctly by dividing the sum of profit goal and fixed costs with the unit margin.
 - Criteria: Unit margin is calculated by subtracting variable costs from the price of a single typical unit (package) of the product/service.
 - Criteria: Variable costs include marketing costs per unit.
- Break-even point: How many units or packages you need to sell annually to reach break-even point?
 - Criteria: Break-even point is calculated correctly by dividing the fixed costs with the unit margin.
 - Criteria: Unit margin is calculated by subtracting variable costs from the price of a single typical package of the product/service.

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- Criteria: Variable costs include marketing costs per unit.
 - Realism of costs: Are your costs realistic?
 - Criteria: All important main fixed costs are included.
 - Criteria: All important main variable costs are included.
 - Criteria: Cost levels such as salaries and rents are realistic.
1. Profit goal: How much profit the business should make every year? (1k€, 10k €, 100k€, 1M€, 1B€?)
 2. Entrepreneurs' salary costs [CALCULATE]: Entrepreneurs' monthly salary * N * 1,4. (N is the number of total months all entrepreneurs work in a year. For example one entrepreneur working 50 % of the time equals $N = 12 * 0,5 = 6$. Multiplier 1,4 includes social security payments, insurances and such a company must pay)
 3. Employees' salary costs [CALCULATE]: Employees' monthly salary * N * 1,4. (N is the number of total months all employees months in a year. For example one employee working 4 days a week (80%) equals $N = 12 * 0,8 = 9,6$. Multiplier 1,4 includes social security payments, insurances and such a company must pay)
 4. Other fixed costs: How much the business must spend on rent, accounting, electricity, internet and phone connections every year? (without VAT)
 5. Depreciation costs: How much on average the business must spend on new equipment, tools and other such investments? (divide big investments to several years, without VAT)
 6. Total fixed costs [CALCULATE]: Entrepreneurs' salary costs + Employees' salary costs + Other fixed costs + Depreciation costs
 7. Pricing: What is the price of a typical unit (package) of your product or service without VAT?
 8. Variable costs: How much do the materials, components, packaging and delivery cost for a typical unit of your product? (without VAT)
 9. Marketing costs per unit: How much the business has to spend on paid marketing to get a single typical package of the product sold? (advertisement, without VAT)

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10. Total variable costs per unit [CALCULATE]: Variable costs + Marketing costs per unit
11. Unit margin [CALCULATE]: Pricing – Total variable costs per unit. (How much money is left from each unit of product sold after reducing the total variable costs per unit from it)
12. Required number of units sold [CALCULATE]: (Profit goal + Total fixed costs) / Unit margin. (How many units needs to be sold in a year to cover the profit goal and the fixed costs)
13. Break-even point [CALCULATE]: Total fixed costs / Unit margin. (How many units needs to be sold in a year to cover all the costs)

Product-Market Fit analysis

- Required number of customers: How many regular customers you need?
 - Criteria: Required number of customers is calculated correctly by dividing Required number of units sold with Purchase frequency
 - Criteria: Purchase frequency is estimated realistically
- 1. Purchase frequency: How many times a year a typical customer will buy the product? (If it is once a year the purchase frequency is 1. If a customer buys the product every day, the frequency is 365. If a customer buys once a week the frequency is 52).
- 2. Required number of customers [CALCULATE]: Required number of units solds / Purchase frequency. (How many regular customers you need to sell the required number of units in a year)
- Required market share: Does your target area have enough customers? (Is your required market share low enough?)
 - Criteria: Required market share is calculated correctly by dividing Required number of customers with Number of potential customers
 - Criteria: Number of potential customers is estimated realistically based on how Customers and Customer need/problem are defined
 - Criteria: Required market share is low enough. For example less than 10 %.

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1. Number of potential customers in the target area: How many potential customers (those who have the need and experience the problem) in the target area?
 2. Required market share [CALCULATE]: Required number of customers / Number of potential customers * 100 %. (Required market share must be under 100 %. It should be as low as possible. It can be lowered by expanding the target area and thus increasing the number of potential customers)
- Evidence of demand: What evidence you have that there is demand for your product/service? (MVP sales? pre-orders? mailing list? social media popularity? meetings with potential customers? similar business successful in another city?)
 - Criteria: Concrete evidence supporting demand in presented or lack of it noted.
 - Future market development: What trends will affect the development of the market in the future and how? (Will the number of Customers who have the Customer Need/Problem grow or diminish? Any new emerging technologies that will affect the market?)
 - a. Criteria: Development of the market is presented.
 - Sustainable competitive advantage: What kind of long-term sustainable competitive advantage you have? (Unique hard to get competences, patent, resources, first mover advantage)
 - a. Criteria: Sustainable competitive advantage is presented or lack of it is noted.

Feasibility analysis

- Workforce sufficiency: Can you produce the required number of units sold with the planned number of entrepreneurs and employees working in the business?
 - Criteria: Total man-years needed is calculated correctly dividing Total working hours with 1600.
 - Criteria: Total working hours is calculated correctly by multiplying Required number of units sold with working hours per unit sold.
 - Criteria: Working hours per unit sold is estimated realistically.

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- Criteria: Total man-years needed is less than the number entrepreneurs/employee working in the business.
- 1. Working-hours per unit sold: How many hours does it take to produce and deliver one unit of the product? (one minute = $1 / 60$ hours = 0,0167. two and half hours = 2,5)
- 2. Total working-hours [CALCULATE]: Required number of units sold * Working hours per unit sold.
- 3. Full-time workers needed [CALCULATE]: Total working-hours / 1600. (This number tells you how many full-time people you need in the production and delivery. 1600 is the number of hours one full-time employee typical spends in a year).
- Resource sufficiency: Do the other planned resources, such as machinery, have enough capacity to match the required number of units sold?
 - Criteria: The capacity of planned production resources is sufficient for producing the Required number of units sold.
- Marketing budget sufficiency: Can you get enough customers with your marketing budget?
 - Criteria: Total paid marketing budget is calculated correctly by multiplying Marketing costs per unit with Required number of units sold.
 - Criteria: Sufficiency of planned marketing and sales process and the marketing budget is evaluated relative to the Required number of units sold.
- 1. Total paid marketing budget [CALCULATE]: Marketing costs per unit * Required number of units sold.
- Evidence of product working: What evidence you have that your product/service really works? (similar product used elsewhere?, full prototype tested successfully?, separate components or elements of the product tested successfully?)
 - Criteria: Concrete evidence supporting that the product/service really works is presented or lack of it noted.
- Regulations and permits: What regulations you need to follow? What permits you need?
 - Criteria: Relevant regulations and permits noted.
- Intellectual property rights (IPR): Do you need a patent or trademark? Are you violating someone else's patent or trademark?

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- Criteria: If and how intellectual property rights (IPR) are to be handled by the company is discussed.

Development plan

Current status of the idea

- Current status: Current status of the business? Idea, prototype, first customer already?
 - a. Criteria: Current status of the business is described.
- Missing resources: What resources the team is missing needed to launch and operate the business?
 - a. Criteria: Missing resources are described relative to the resources needed in the planned production and marketing processes and in the development phase of the business.
- Key uncertainties and risks: What important assumptions about the business idea are most uncertain and least reliable? (will the product work, do customers want to buy it, can we get enough funding)
 - a. Criteria: Key uncertainties and risks are described.
 - b. Criteria: Uncertainties and risks described are related to the business model and business model evaluations

Starting up plan

- Resource acquisition: How will the missing resources, including funding and people, be acquired?
 - Criteria: Acquisition plan for missing resources is described (startup funding, bank loan etc..)
 - Criteria: Funding sources mentioned are specific.
 - Criteria: Acquisition plan is realistic and smart (use existing resources cleverly, borrow or rent rather than buy with full price)
- Uncertainty clearance: How will each of the key uncertainties and risks be cleared or minimized? (market research, prototyping, meetings with customers, meeting experts)
 - Criteria: Actions for each key uncertainty and risk are described

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- Business planning and starting up help: What help you are planning to get to finalize business plan and register and setting up the business? (for example business advisors, business course, networks)
 - Criteria: Plan for getting help in business planning and starting up is described

Talent Hub Eastern Finland -hanke

Talent Hub Eastern Finland, vuosina 2023–2027 toteutettava ESR+ rahoitettu ryhmähanke pohjautuu kuuden oppilaitoksen yhteistyöhön eri koulutusasteilta Pohjois-Karjalan ja Pohjois-Savon alueella. Hankkeeseen osallistuvat Itä-Suomen yliopisto, Karelia-ammattikorkeakoulu, Savonia-ammattikorkeakoulu, Pohjois-Karjalan koulutuskuntayhtymä Riveria, Savon ammattiopisto ja Ylä-Savon ammattiopisto. Karelia-amk koordinoi oppilaitosten yhteisiä kehittämistoimenpiteitä yrittäjyyden edistämiseksi Itä-Suomessa.

Lisätietoja: <https://www.karelia.fi/projektit/talent-hub-eastern-finland>, Daniel Bågeberg, daniel.bageberg@karelia.fi, 013 260 6757