



Project title: Ready for Business

Project number:LLI-143

Report
accumulating business cases from
the Latvia-Lithuania cross-border cooperation region

2017, September

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1. Introduction

The collection of business cases from cross-border cooperation region will become the input for the development of Business Simulation Games, "Be involved" seminars and ICT Business Simulator.

The activity included aggregation of real-life business cases obtained from a variety of entrepreneurs from the Programme area:

- *Zemgale* – responsible partner Latvia University of Agriculture / LP,
- *Klaipeda county* – responsible partner Klaipeda Science and Technology Park / PP2,
- *Latgale* – responsible partner Daugavpils University / PP3,
- *Utena county* – responsible partner Visaginas House of Creativity / PP4,
- *Kurzeme* – responsible partner Ventspils Youth Council / PP5,
- *Panevezys county* – responsible partner Public Institution Panevėžys Labour Market Training Centre / PP6.

The survey involved founders of newly-established enterprises, representatives of the major businesses and founders of successful long-standing companies operating on a smaller scale (SMEs) in the region.

The following methodology on Report accumulating business cases from the Latvia-Lithuania cross-border cooperation region preparation was defined:

- Development of the questionnaire;
- Interviewing;
- Analysis and processing of received materials;
- Preparation of the report and conclusions.

2. Summary

All project partners took part in collecting business cases from the Program area.

To conduct a survey among entrepreneurs of Zemgale, Latgale and Kurzeme (Latvia), as well as of Klaipeda, Utena and Panevezys counties (Lithuania), a 3-part questionnaire was developed that combines the Company profile, the main part of Questionnaire (1 closed question and 16 open questions) and the part of the Recommendation and advice (6 open questions).

As a result, in total 60 business cases were collected, equally 30 cases from Latvia and 30 cases from Lithuania.

30 questionnaires were filled by respondents from newly-established enterprises and 30 representatives of major business and successful long-standing SME.

The results of the survey in a classified and structured manner are presented in this report. The company profile is analyzed separately for each group of entrepreneurs. The answers to the questions of the main part of the questionnaire are considered separately for representatives of newly-established enterprises and representatives of major business plus

SME, and for all respondents together, depending on their influence on the sustainable development of entrepreneurship in cross-border areas. Answers to the questions of Part 3 *Recommendations and advices* were considered in the entire sample of the respondents.

The report also contains conclusions and suggestions on the dissemination of received information to educational institutions, training centers, regional development centers, business incubators, business support organizations, youth centers, state agencies, that have access to the target groups and can disseminate the information further. It is expected that the survey data will lead to the creation of new businesses and workplaces in the region.

The final part of the report contains quotes from individual questionnaires of respondents that complement the presented general picture of the entrepreneurial environment in the region.

3. Development of the questionnaire.

The project partners (responsible partner LP) developed a universal survey questionnaire's template to be used and filled in by all partners when gathering business cases. A template allows presenting information in a structured and consistent way. Some questions were closed, but mostly open and the respondents could express their views. Questionnaire consists of 3 parts and the following questions:

Part 1. Company Profiles

In line with the project goals and the goals of interviewing the stakeholders' profile has been defined.

- Company name/Anonymously
- Year of company foundation
- Place of company's registration: City/Region/Country
- Number of founders
 - ✓ in the beginning
 - ✓ now
- Number of employers
- Type of activities:
 - ✓ Manufacturing
 - ✓ Wholesale
 - ✓ Retail
 - ✓ Services
 - ✓ Other
- Branch (Economic sector)
- Activity's area: Cities/Regions/Countries
- How is the company positioned?
 - ✓ Major business
 - ✓ Successful long-standing SME
 - ✓ Newly-established enterprise

Part 2. Questionnaire

Question 1. What gave an impulse to establish a company?

- ✓ Business idea
- ✓ Spare money to invest
- ✓ Absence of any alternative job
- ✓ Other

Question 2. How did you come up with the business idea?

Question 3. If the business idea was not primary, at what stage of the company creation or work was it formed?

Question 4. Was the business plan developed before the company was established or later? How detailed was it and did it cover all aspects of the company's operations? Did anyone help to prepare it? Who? How successfully?

Question 5. To what extent was the original business idea implemented in the company's operations?

Question 6. What basic or special knowledge was lacking at the initial stage of the company's operations? How did you solve the issue of acquiring of the necessary knowledge?

Question 7. What problems/difficulties did the company face in the initial stage of its operations? How did the company overcome these difficulties or why didn't it overcome them?

Question 8. Did these problems/difficulties become a landmark in the company development? Was this landmark positive or negative?

Question 9. Were there any profound changes in the company's operations (change of the main partners, customers, direction of business development)? What caused them? How were they worked through?

Question 10. Were there any changes of the company owners? What caused them? What changes in the company's operations did they result in?

Question 11. What did you plan to get from your business? What are you getting?

Question 12. Give some examples of typical situations you faced at the early stages of business activities and further on How did you act in these situations? How would you act now? (Anticipated, unexpected, critical situations; external and internal situations). As many situations as possible!!

Question 13. What are the main achievements of your company? (success story) How can you explain them?

Question 14. What failures did you face in your operations? (non-success story) How can you explain them?

Question 15. What main factors (external and internal) contribute/will contribute to the development of your company?

Question 16. What main factors (external and internal) hinder/restrain the development of your company?

Question 17. Is it your first business? Had you a previous experience? Why have you closed your previous business?

Part 3. Recommendation and Advices

Question 18. What could you advise to the people willing to start their own business or at the initial stage of its development?

Question 19. What situations or mistakes in the business development would you like to caution young entrepreneurs against?

Question 20. What situations would you recommend to create/provoke?

Question 21. How would you define challenges for young entrepreneurs?

Question 22. What personality traits are important to start business and ensure its successful development?

Question 23. Additional information.

The questionnaire was translated into Latvian and Lithuanian languages to build more effective communications with target group representatives.

4. Interviewing

The survey was conducted in Latvia and Lithuania in July and August, 2017.

To prepare the list of respondents, the responsible persons of the partners used information from business incubators, universities (students and former students), trainings centers, regional development centers, municipalities' business support organizations, youth centers, state agencies, etc.).

All interviewees were initially contacted by phone. They were told about Interreg V-A Latvia – Lithuania cross-border cooperation Programme, the project “Ready for Business”, its main outputs and activities, as well as the scheme and methodology of collecting business cases.

Then questionnaires were sent to the interview participants by email, as well as partner's representative had a personal meeting with them, during which the questionnaire was filled.

The survey participants showed an active interest in the project and participation in the collection of business cases. The average response rate was high – 77%. Response rates separately for project partners are shown in the Diagram 1.

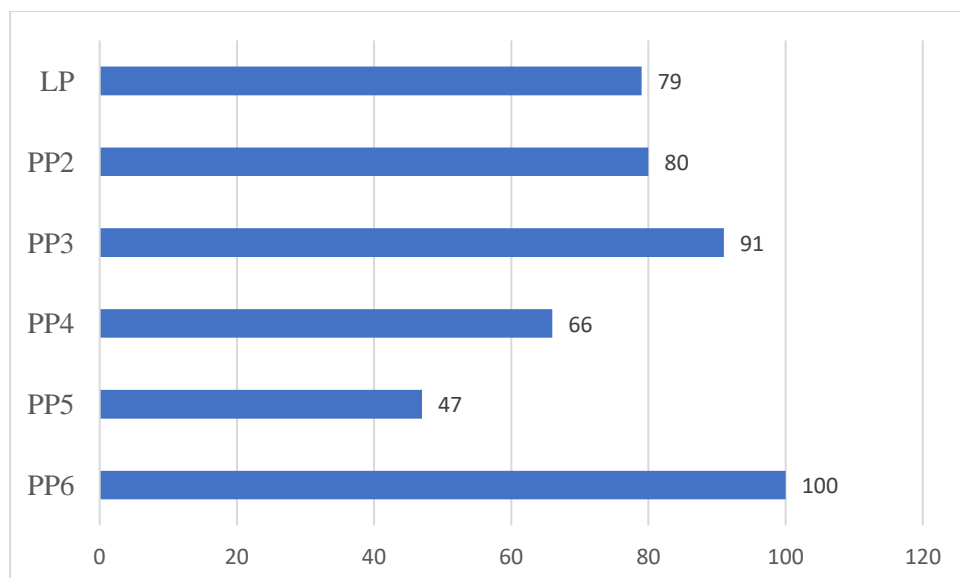


Diagram 1. Response rates for project partners/ percentages.

A total of 60 completed questionnaires were collected, 30 from Latvia and 30 from Lithuania.

Survey data is reflected in Table 1.

Table 1. Survey data: Latvia and Lithuania/ number of collected business cases.

Position of the company	Target (project AF), number	Responses, number	Difference, %	Response rate, %
Newly established enterprise	25	30	+ 20	81
Successful long-standing SME	15	19	+ 27	76
Major business	10	11	+ 10	70
Total	50	60	+ 20	77

5. Analysis and processing of received materials

Part 1. Companies' Profiles

- (1) According to information from *Companies' profiles*, the average number of founders in newly-established enterprises (*NEE*) for Latvia-Lithuania cross-border cooperation region is 1.6. For Latvia this figure is 1.9 people, in Lithuania it is slightly lower - 1.3 people.

The total average number of employees in the NEE is 5.1 people, including 6.6 in Latvia and 3.5 in Lithuania. The largest number of employees in Latvia is employed in a company that provides catering services (26 people), as well as in a company engaged in the production of foodstuffs (17). In Lithuania, the largest number of employees is observed in the company, which also produces food products, and sells them through shop and coffee bar (15).

Beginning entrepreneurs are involved in various types of activities.

Leadership positions took the following types, each of which were noted by 4 respondents out of 30:

- ✓ Manufacture of food / drinks. 2 survey participants also have cafes / bars, where they additionally sell their products.
- ✓ Sewing / textile and sale of products through various channels (own shop / atelier, wholesale).

3 NEE representatives are engaged in retail trade (cosmetics, tea and coffee, kid clothers, spare parts for cars). The same number of respondents provides services in the IT sector (programming, IT design, computer repairs and suppliers), wholesale (timber export to China, foodstuffs and beverages, electronics) and the economy sector, which is associated with a healthy lifestyle (recreating activity, sport goods rent and healthy living).

By 2 companies are employed in the following sectors of the economy: catering + cafe service, design, marketing. In addition, by 1 NEE offers transportation and venereal services, sheep breeding, wood processing and clocks from wood details production.

- (2) The situation with the successful long-standing *SME profiles*' data is as follows.

The average number of founders in *SME* for Latvia-Lithuania cross-border cooperation region is 1.9. For Latvia this figure is higher - 2.1 people, for Lithuania - 1.7 people.

The total average number of employees in the SME is 27.7 people, including 28.7 in Latvia and 26.7 in Lithuania. The largest number of employees in Latvia works in SME, which produces and sells candles (190), and in Lithuania - in a company that operates with retail furniture sales (145).

4 SMEs out of 18 respondents are engaged in the tourism business. In the production sphere, 5 companies operate on the following sectors:

- ✓ food production;

- ✓ manufacture of textiles;
- ✓ production of boats, pontoons, rafts, as well as leasing equipment and organizing events as an additional business line;
- ✓ manufacture of candles;
- ✓ metal manufacturing.

In addition, 2 SME activities are related to the IT sector, retail (furniture and stationery), catering. Also 2 companies operate in the construction industry (construction contractor and construction management, maintenance and monitoring). Sphere of activity of 1 company - renting and leasing of agricultural equipment.

- (3) 5 **Major business** representatives, who participated in the survey (56% of the total number), work in the production of food products (canned food and semi-finished products). biodiesel, metal (2 companies).

2 companies offer their services in the transport sector, 2 are engaged in the sale of equipment (beverages production and the energy industry), one company is represented by IT sector and catering.

Part 2. Questionnaire

The data in this section of the accumulated report focuses mainly on the opinion of the **NEE** respondents.

- (1) On the **first three questions** of the questionnaire: what gave the respondents the impulse to establish the company, how respondents came up with the business idea, at which stage of the company's creation it was formed, the following answers were received.

The answers of **all** the interviewees about what was the impulse for the establishment of the company are shown in the diagram 2.

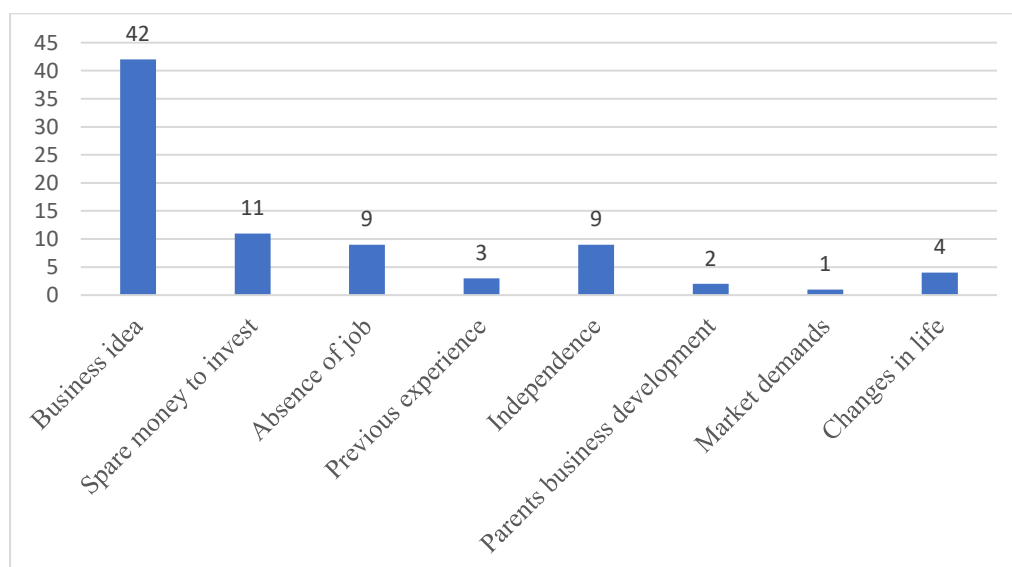


Diagram 2. Impulse to establish a company/ number of responses.

Completing the questionnaire, survey participants could use several answers. In addition, they had the opportunity to provide additional responses.

9 respondents (15% of respondents) indicated independence as an additional answer, the opportunity to work for themselves, to be responsible for developing their own business, to plan their working hours and self-realization.

3 people (5%) have been noted as the main factor for starting their own business the desire to realize their ideas in a field where a lot of experience has already been accumulated. The percentage of those who decided to start their own business due to job loss and the absence of any alternative work is quite high - 15%. In Utena county (PP4, Visaginas), 50% of respondents indicated this factor as an impulse for starting their own business.

The answers of interviewees from *newly-established enterprises* about the impulse for the establishment of the company are shown in the diagram 3.

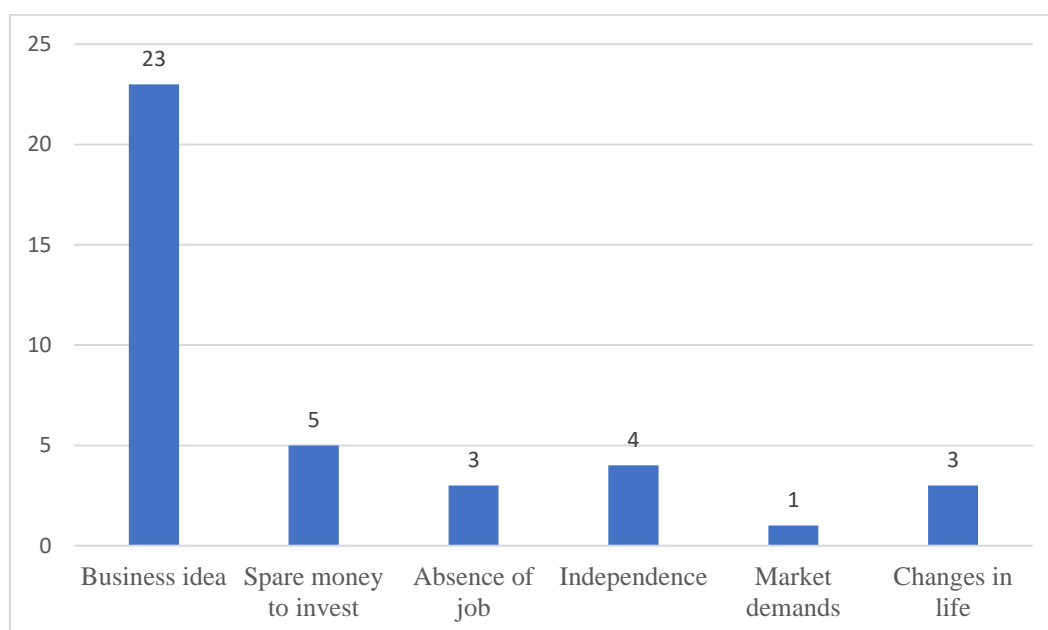


Diagram 3. Impulse to establish a company /NEE / number of responses.

8 respondents from NEE noted in the questionnaire that the idea of business came to them from a hobby or they realized the dream of childhood.

According to the main variants of answers proposed in the questionnaire, their percentage ratio is close in both groups (all are interrogated and representatives of NEE):

- ✓ Business idea: 70% and 76% respectively;
- ✓ Spare money to invest: 18% and 17% respectively;
- ✓ Absence of any alternative job: 15% and 10% respectively.

(2) To **question 4** of the questionnaire on the development of a business plan, the survey participants expressed the following opinion.

Of the 30 interviewed representatives NEE, only 12 (40%) noted that the business plan was developed before the company was established. 7 of them indicated that the plan was detailed and covered all aspects of the company's operation. NEE representatives prepared plans based on knowledge they received at school or university, with the help of friends and professional consultants.

4 survey participants mentioned that they prepared the plans themselves in a year or two after the establishment of their company for a better understanding of operational activities.

2 companies developed short plans (only ideas without calculations) for obtaining a loan from the financial institution Altum, at the same time, 2 newly-established enterprises prepared detailed plans for obtaining loans from the bank. One company developed a plan for due to EU funding with the help of consultants from the local advisory centre. The business plan was approved and EU funding was received.

9 companies (30%) did not develop plans, they have only separate calculations and brief risk assessments.

(3) Entrepreneurs responded to **the question 5** "To what extent was the original business idea implemented in the company's operations?" as described below.

The opinion of beginning entrepreneurs is reflected in Diagram 4.

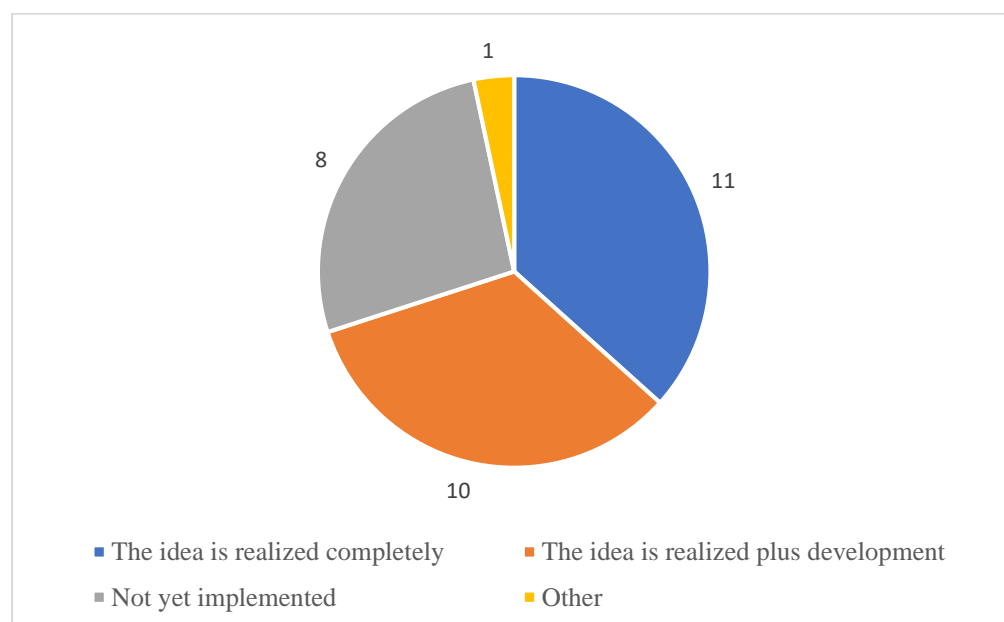


Diagram 4. Implementation of the initial business idea/ the number of answers.

8 NEE representatives who recently started their business (a year or two ago) have not yet fully implemented their initial business idea (their answers are “almost”, 80%, 95%), but they are optimistic.

1 entrepreneur has realized his idea by 25%, but then rebuilt his business taking into account the changed situation with competitors and is developing a different business direction.

Among representatives of SME and major business, only 2 respondents answered that they were not able to fully implement their idea due to financial problems.

The idea of another representative of this group of interviewees was intercepted by competitors, which built their business with a more favourable price offer. At the same time, the businessman managed to restructure his activities in the related industry.

The rest of the respondents were confident in their answers: they fully realized their initial business ideas, developed them taking into account the changing circumstances of doing business (including the financial crisis), made it more efficient and profitable,

- (4) Answers to **question 6** were devoted to basic or special knowledge that was lacking at the initial stage of the company's operations.

According to the answers of the NEE representatives at the initial stage at of the companies' operations, they lacked the following knowledge:

- ✓ Accounting and finance;
- ✓ Foundation of the company, entrepreneurship;
- ✓ Legislation as a general plan (drawing up contracts), as well as industry legislation (construction, transportation);
- ✓ Professional knowledge in the industry (organization and technology of food production, sewing technology, design, sports and dietetics);
- ✓ Bureaucratic issues of organizing the production process in a particular industry (food production);
- ✓ Personnel management skills;
- ✓ PR and marketing / search and attraction of clients;
- ✓ Communications (negotiations with customers);
- ✓ Company branding;
- ✓ IT solutions;
- ✓ Knowledge of languages.

Young entrepreneurs used a variety of channels to obtain the necessary knowledge:

- ✓ Attended courses, seminars, business trainings, including those organized by business incubators and Investment and Development Agency of Latvia;
- ✓ Took part in professional business classes (food production);
- ✓ Invited professionals to the position of accountants or attract outsourcing;
- ✓ Used professional literature, including the Internet;
- ✓ Consulted both in business incubators, business consulting centers, and in governmental institutions (several respondents highly appreciated the assistance and support of the state Food and Veterinary Service in the organization of food production on a professional level);

- ✓ Various sources of information were used to find data on potential partners and clients (including paid databases);
- ✓ Organized visits to colleagues, worked with professional associations to obtain data on positive experiences (for example, Joint sheep farmer association for specific knowledge development).

(5) *Questions 7 and 8* asked participants in the survey to tell about the problems and difficulties faced by the company in the initial stage of its operation, and how it overcome them.

As representatives NEE noted in their questionnaires, at the initial stage of their company's operations they encountered quite similar problems:

- ✓ Selection of the team, its motivation and guidance to it;
- ✓ Availability of skilled workers;
- ✓ Lack of professional specialized knowledge;
- ✓ Attracting customers and ensuring the stability of work with them;
- ✓ Providing high-quality service for customers
- ✓ Lack of working capital;
- ✓ Bureaucratic problems;
- ✓ The right choice of premises for the implementation of the business.

In the overwhelming majority of cases, young entrepreneurs solved the problems that faced them.

Respondents used existing or developed their own personnel motivation systems, based on the specifics of their business. In their responses, they cited several schemes for solving the issue in attracting skilled workers: for example, they were taken from adjacent areas and then retrained, compensated for the work of skilled workers by attracting students without experience, breaking the workflow into smaller steps, etc.

Participants in the survey compensated for the lack of professional knowledge through training, consultations, and exchange of experience with industry professionals. In addition, they enthusiastically built and provided stable communication networks with suppliers and customers offering non-standard ways of attracting them.

In order to solve the issue of increasing working capital for business development, young entrepreneurs developed more efficient schemes for running their business, worked actively with the banking and financial sectors, participated in financing programs for young businessmen, and also attracted money from their relatives and friends.

All interviewees noted that the problems had a positive impact on the company's development. They taught to work with people, to get new knowledge and experience, to actively cooperate with suppliers, clients and colleagues, to improve the quality of products and services, to search for new markets for the realization of their products, to look for alternative ways of business development, to assume its additional directions, constantly think about the development of the company.

- (6) **Questions 9-10** concerned profound changes in the company's operations and among its owners.

Representatives of NEE noted in their replies that they had some profound changes in the company's operations.

First of all, it concerned the change of the partners. In this case, the interviewers indicated that they found new suppliers, became more stable in their activities, paid more attention to cash flow planning and even changed the direction of their business.

Most respondents wrote in questionnaires that they expanded the area of supply of goods and services, introduced new goods and services into their portfolio, changed the main lines of business to a more profitable one, based on their own experience, and their business became more ambitious and effective.

Only one of the survey participants indicated that one of the two owners of the company was replaced. According to the respondent, this positively influenced the development of the company, as it began to work more creatively and actively.

- (7) Answering the **question 11** "What did you plan to get from your business and what are you getting?", young entrepreneurs noted the following important positions for them:

- ✓ Freedom to plan and realize a strategy for the development of your business;
- ✓ Financial stability and independence, income;
- ✓ Freedom to use their time;
- ✓ A responsibility;
- ✓ Experience, new contacts and relationships, new knowledge;
- ✓ Generating new ideas and new projects - *'Business frees up my thoughts!'*
- ✓ Ability to create and self-realization, satisfaction and pleasure from work - *"I can work all weekend to come up with a new product!"*
- ✓ Awareness, popularity.

- (8) **Question 12** offered to give some examples of typical situations respondents faced at the early stages of business activities and further on with description of their actions.

30 participants in the survey representing NEE, in their questionnaires described 43 situations, including entrepreneurs from Latvia - 19 situations, representatives of Lithuania - 24 situations.

Diagram 5 below shows the share of described situations for the project partners.

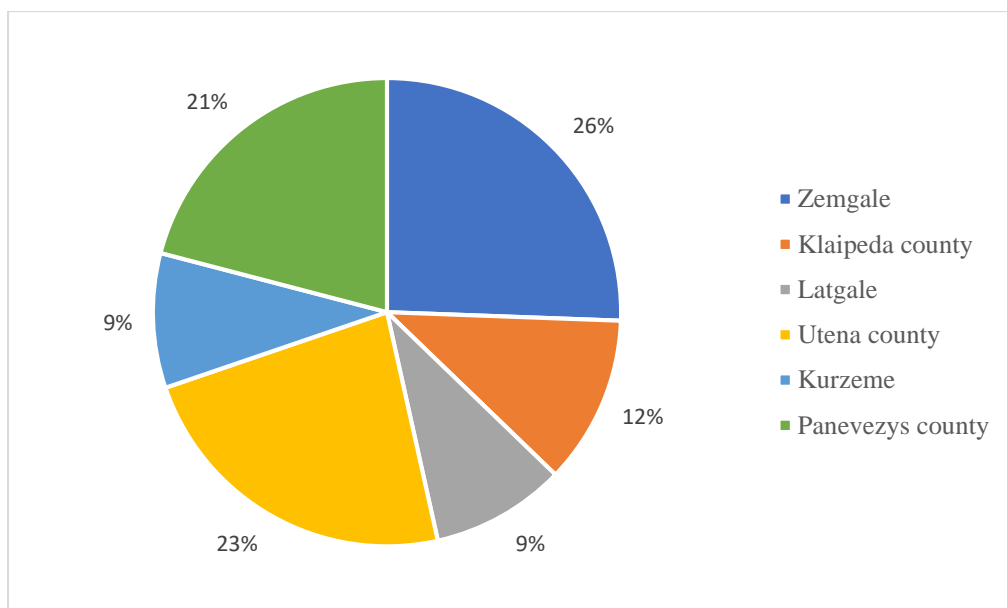


Diagram 5. Situations presented in the NEE questionnaires/ share.

Analysis of the typical situations revealed at the early stages of NEE business activities demonstrated that the situations are of the same type and can be structured as follows as follows:

Building relationships with suppliers, partners, subcontractors and customers: their careful selection, belief in them, 100% confidence, the development of a contractual relationship scheme and financial management system.

Competent organization of the company's work. For example, young entrepreneurs described the situation when they took too many orders and could not cope with work in contractual term although they worked on the weekend. On the other hand, the owner of another company wrote that for large orders, all team members are ready to work to fulfil the client's requirements.

Work with personnel: search and recruitment of employees, their training, preparation of measures to retain trained staff in the workplace, development of a motivational wage system, the correct style of communication in the team. As one of the respondents pointed out - Too friendly style of communication in the company prevented him from properly organizing her work.

Planning and forecasting the cost of products and services. One of the companies, as the owner wrote in the questionnaire, had to sell the product to the customer at a contract price below the cost of goods, taking into account the changed conditions on the market, which they did not consider in the calculations.

Promotion of new products and services in the market. In the presented responses, respondents described how they build communication schemes with customers, collaborate with them, conduct tastings, organize presentations, teach clients to understand design solutions, conduct webinars and first free classes in the sports club, give customers clothes to try at home, as well as another well-known and original schemes of promotion of goods and

services. Young entrepreneurs actively involve their friends and relatives in the process, “paying” them by publicity.

Other. This group includes situations related to the selection and equipment of premises, their insurance and support of efficiency, as well as bureaucratic moments.

30 entrepreneurs representing SME and Major business, in their responses described 63 situations, including entrepreneurs from Latvia - 35 situations, from Lithuania - 28 situations.

Diagram 6 demonstrates the share of described situations for the project partners.

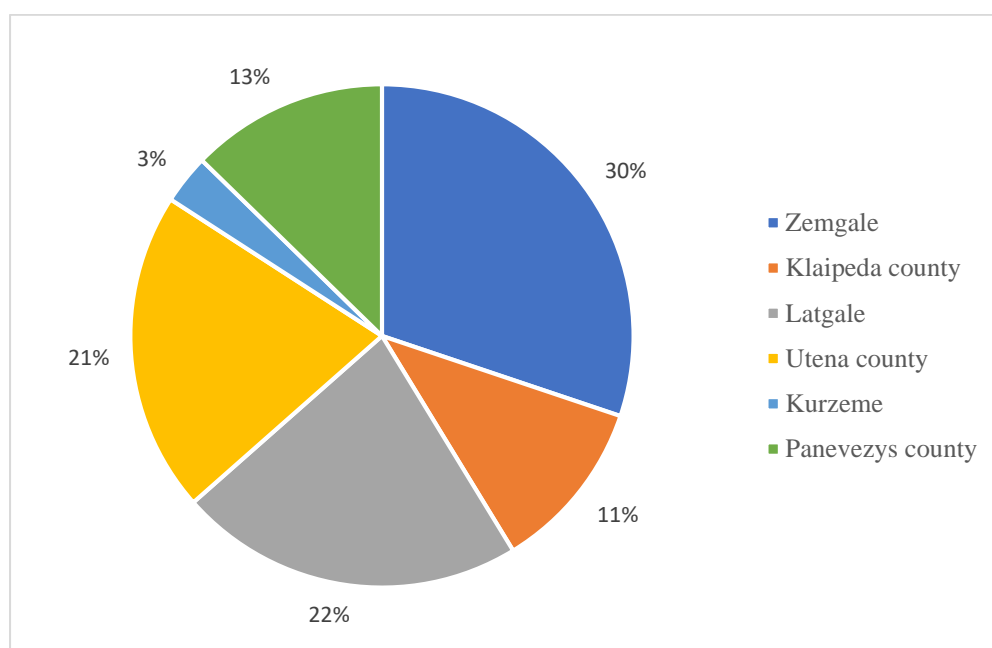


Diagram 6. Situations described in the SME and Major business representatives' responses/ share.

Representatives of companies that have accumulated experience and achieved significant results in their activities, as well as beginning entrepreneurs, pay special attention to building long-term sustainable relationships with business partners and suppliers. / *One of the respondents suffered from theft of the goods and in a critical situation its suppliers ensured him the financial support by providing a credit line, than saved his business.*

Respondents in this case also work with trusted clients, form a package of clients, so as not to depend on changes in the behavior of the primary client. Survey participants on the one hand minimize the risks of late payment for goods or services, but at the same time they flexibly build their relationships with customers, given their temporary financial difficulties. Experienced entrepreneurs know how to get rid of conflicting customers. / *My best teacher is my worst client, as one of the survey participants wrote.*

We want to add that in small cities, long-term and trusting relationships with customers can go beyond the usual business schemes. / *For example, at the request of a client who urgently prepares an event, owner of business can open a store on a day off.*

More than half of the survey participants from SME and Major business noted the urgency of the issue of recruitment, training and, most importantly, retention of a qualified employee in the company. / *“School for specialists” - so not without irony called his company one of the businessmen. After passing the training and obtaining certificates in their company, employees often get angled and move to larger cities and other countries.*

As indicated in the questionnaires of two interviewers, trade union organizations organized in their companies do not always put forth adequate requirements for improving the working conditions of employees and their payment.

The situations that arise in companies in connection with the strengthening of competition in the market of our countries, also found their reflection in the questionnaires. In the opinion of the participant of the survey, the possible actions of competitors should be predicted, calculated and are taken into account when planning the company's activities. / One of the survey participants told how openly he discussed his new idea with a potential partner who “sold” the idea to his competitors.

Representatives of SME and Major business noted in the questionnaires the long time-to-market for the new product and its fixing it there. At the same time, to enter new markets (other countries), their thorough study, understanding of their characteristics and mentality of participants is required.

As a tool for promoting goods and services, this group of respondents uses participation in local and international exhibitions, conferences, forums and festivals, which require serious preparation for them and significant financial investments.

In their questionnaires interviewers wrote about participation in procurement procedures, tenders and preparation of application forms for participation in projects co-financed by the EU. On the one hand, such actions are necessary for the active development of their business, on the other, the knowledge of a lot of bureaucratic moments, time costs and personnel costs is rubbed. / *We win only one tender out of 10, writes one of the entrepreneurs.*

Experience has taught entrepreneurs to provide support and insurance for business in unforeseen situations. Such situations refer both to the organization of the technological production process, and to sharp price changes in the market. / *We can not stop work even in the event of a water system failure. Therefore it was necessary to establish for such a case our own reservoirs with a water reserve for 2 days, - we read in questionnaire.*

According to the answers of respondents, the experienced entrepreneurs receive special knowledge through participating in international exhibitions, professional forums, official visits to other countries, and the work of professional associations. / *But! Sometimes, in order to understand the production process, one has to pretend to be a potential customer and just spy, - this was one of the answers.*

Formation of the company's image is painstaking, attentive, daily work and an important factor of success in the market - consider the survey participants from this group. / *This is extremely important, - one of the survey participants said during the interview, - if you plan to attract patrons to finance your projects.*

Particular attention was paid by the respondents from the SME and Major business in describing the situations providing legal support to the company, both in the area of

competent contracts, especially with large international companies, and in resolving conflict situations. / *Professional outsourcing is better than fines - it sounds convincing in one of the questionnaires.*

- (9) The following **questions 13 and 14** asked respondents to describe the main achievements of their companies and failures they face in their operations.

The answers of NEE representatives to the question about their main achievement (success stories) can be ranked as follows:

- ✓ Achieving profitability of the business and its further development (opening even more cafes and restaurants than planned).
- ✓ Creation of a professional and high-quality product, in demand on the market.
- ✓ A wide base of regular customers.
- ✓ Formation of a professional and loyal team in all operation of the company.
- ✓ Awareness of the company, its image and reputation, good customer feedback.
- ✓ Involvement of investors, co-financing projects from EU funds.
- ✓ Stable work and sufficient income to support your family.

Special achievements:

- The management of the company, founded in 2014, was invited next year by the President of Latvia to a solemn event on the occasion of Independence Day, in which politicians and leading representatives of the country's business took part.
- The company took part in the Development forum and received a cash prize for second place.

Our congratulations!

At the same time, young entrepreneurs were faced with failures in their activity (non-success story), which are given below:

- ✓ Search for qualified workers.
- ✓ Unreliable partners who have dealt a serious blow to business development.
- ✓ Lack of professional knowledge, which led to the fact that companies at the initial stage sold their products at a price below the cost price.
- ✓ Incorrect investment planning.
- ✓ Lack of time to develop new products (production routine requires a lot of time).
- ✓ Not immediately built a scheme of reliable communications with state institutions.
- ✓ Inability at the initial stage of the company's activity to leave the painful situations with dissatisfied customers.

The achievement of interviewers from SME and major business is more in line with those indicated by the representatives of NEE: the development of the products line and new services, the stability of the customers, the creation of a professional team, the image of the company, its recognition and reputation.

At the same time, the respondents from this group emphasized the output of their products to export markets, both European and Asian, EU funds for regular purchases of production equipment, for success in tough struggle with strong competitors in product markets.

It should be noted that almost 30% of representatives of companies that have been present for a long time in the market and have accumulated a solid experience of their activity, have indicated their main achievement is that they managed to keep their business during the crisis and develop it further.

The main failures for respondents in the survey are also the search for skilled workers, unreliable customers, suppliers that violate the delivery of goods. In addition, tough competition, especially with companies with powerful financial capabilities, is noted in 15% of the questionnaires as the main factor.

Undoubtedly, the crisis has become a powerful obstacle to the development of companies from this group. Bankruptcy of suppliers, customers, banks, problems with business partners, low purchasing power - a general non-success story for respondents from this group of respondents.

At the same time, two companies said that they did not risk timely after the crisis ended and did not take their company to a larger scale.

- (10) *Questions 15 – 16* asked participants of survey to share what main factors contributed to the development of their company or hindered it.

Answers to the question regarding the main external and internal factors contributed to the development of the company are described further for the entire sample of interviewed business representatives.

As the main external factors, the following are noted: general economic growth and welfare, global changes in the way consumers think (green thinking), access to investment (including EU funding), long-term business development programs, interest in the Baltic countries and tourism development, municipalities' support for the development of business in the regions.

As internal factors in the questionnaires are mentioned the following: professional team, its efficiency, initiative, perseverance and persistence in achieving the goals, the reputation of the company, the high quality of the offered goods and services, access to broad sales markets and competent marketing programs.

Respondents gave the following answers when describing the main external and internal factors hindered or restrained by the development of the company:

External factors: emigration, unstable state tax policy, lack of qualified personnel in the labour market, competition and a small domestic market, as well as bureaucratic issues. For individual types of business, its seasonality is a deterrent to the development factor.

Internal factors: not clearly formulated competitive advantage of goods or services, lack of financing, problems with personnel and lack of production facilities in regions that are necessary for further business development.

- (11) The final *question 17* of the second part of the questionnaire concerned the previous experience of entrepreneurs.

8 out of 30 interviewed representatives of NEE (27%) noted that this is not their first experience in entrepreneurship.

Part 3. Recommendations and Advices

In the final part of the questionnaire (*questions 18 – 23*), advices to those who are just about to start their business, warnings them against possible mistakes, with enthusiasm described as those who recently started their own business and passed through these moments of business development, and those who can assess the situation from their position of experience and achievements.

The advices presented by the respondents can be accumulated in the following way: explore the market, understand the idea and clear concept of your business, define ambitious goals and move to them, study experience, look for new technologies. In addition, create a strong team, delegate authority and do not try to do everything yourself. But remember that there may be times when you have to work 7 days a week for 24 hours.) Yes! Do not be afraid of difficulties and failures.

The accomplish question of the questionnaire concerned the personality traits that are important to start business and ensure its development.

The list of such traits turned out to be very impressive: self-confidence, belief in one's own idea, analytical ability, logical thinking, friendliness, honesty, communicative, steadfastness, entrepreneurial spirit, determination, courage, enthusiasm, optimism and healthy pessimism, purposefulness, patience, leadership ability, the ability to create and inspire a team, innovation.

5. Conclusions.

The resulting collection of business-cases from the Latvia-Lithuania cross-border cooperation region is an excellent input for the development of the project main Outputs: Business Simulation Games, "Be involved" seminars and ICT Business Simulator.

The description of business-cases presented in 30 questionnaires prepared by founders of newly-established enterprises and 30 questionnaires received from representatives of the major business and founders of successful long-standing companies in the Programme region will not only be a basis for successful implementation of the project, but also a source of practical information for institutions involved in the development of the business environment in the regions.

It is intended to disseminate information to educational institutions, training centers, regional development centers, business incubators, business support organizations, youth centers, state agencies, that have access to the target groups and can disseminate the information further.

The collected business-cases focus on knowledge that young entrepreneurs do not have enough to start and develop their business, and on the sources of this information and possible channels of access to it. In the data received, the possible problems, difficulties, obstacles that start-up businessmen may encounter, ways to overcome them, as well as the

goals, tasks and benchmarks that those who decided to start their own business can set themselves.

Typical situations shared by representatives of both NEE, SME and major business, the description of external and internal factors that led to the success of the company or hampered its development, advice and recommendations to those who are only going to or have already started their own business are excellent material in assistance and support for the development of the business environment in the Programme area.

It is planned that the survey data will be used by interested institutions when publishing brochures, manuals, special materials whose purpose is to stimulate business development in the region. In addition, both key information of the report and descriptions of specific business cases as illustrations for entrepreneurship will be included in training programs by educational institutions, training centers, regional development centers, business incubators, business support organizations, youth centers.

It is expected that the survey data will contribute to the creation of new businesses and workplaces in the Programme area.

6. Business cases/ Highlights

Zemgale

1. SIA Karamelu darbnica, Jelgava, 2014

“Somehow we talked to the sister and realized that there are no handmade caramels on the market. We found information on production, tried and started our business.

Today we offer caramel, marshmallow, halva, sherbet and other products to our customers,



We also organize excursions, during which the whole process of making caramel is demonstrated to visitors. And we opened a branch in Tallinn. The main thing is to get up from the sofa. Stop discussing and begin to act.”



2. SIA Kronis, Bauskas county, 1993.

“The range of our products now exceeds 100 positions.

We supply products with private brands to major retail chains in Latvia and in this case we must be very careful about marking.

There are also such moments in the working process: an error in one figure, the buyer sends back the goods, and this is unforeseen expenses and penalties.

A lot depends on the staff.”



Klaipeda county

3. JSC Baltmedis, Klaipeda, 2016.



“Unexpectedly increased prices for goods and logistics services, and the sale price has already been agreed and it could not be changed.

I had to sell at a slightly cheaper price than the cost, but I managed to keep the client and his trust was not undermined. Now I would do the same.”

4. JSC Gintaro baldai, Skuodas, 2002.

Advice from owner:

“Do not hire friends and relatives.

Clear delegation of functions, clear contracts and rules of their work.”



Latgale

5. SIA Daugavpils Ezitis Migla, Daugavpils, 2017.



“At first I tried to to much to indulge my potential long-term partners, I was afraid of losing orders and too wanted to attract partners.

Now the approach is different: rules are clearly established, each proposal is evaluated in terms of how interesting cooperation is to us and how much profit it will bring to us.”

6. SIA Beibuks, Daugavpils county, 2013.

First, only rented boats, now we manufacture and sell boats, pontoons, rafts, motor boats, organize events.



There are situations that there is not conversation with a potential client. He says me : “Good bye!”. I go out the door, go back and say: “Something is wrong, let's try again.” It turns out a funny situation and usually it works, we agree.”



Utena county

7. SE Ksiuša, Visaginas, 2014.

“Our town is small, but we have a lot of families with small/young children.

As a mother of 2 children I knew how difficult to find nice, good quality and reasonable price clothes for them in our town.

After some conversations with business consultants and business owners I decided to try new business – children clothes shop.



Last year we opened tea, coffee and confectionary shop at the same shopping mall.”

8. JSC Kogus, Visaginas, 1992.

“We started developing of serious business plans much more later when we decided to participate in EU so-financed projects. We work with EU funding from 2000 and already has implemented 10 projects.

Almost all of our project got financed and its the business plans were developed with a help of professional consultants.”



Kurzeme

9. SIA COER FOOD, Ventspils, 2014.



“My first café was in Ventspils Children amusement park where previous owners quit their business and for a year there was no café at all.

I had 6 years old daughter and when we visited the amusement park, there was no place to buy something to drink or eat. So I saw an opportunity and started my business with small café for children!”



10. SIA Dianas Svecas, Ventspils, 2013.



“There was a search going on in different Europe cities, but I was trying to find a place where the manufacturing would be cheaper than in Denmark and Latvia was one of the best places to be at the time.

One of the reasons for us to choose Ventspils was the special economic zone, which can be found elsewhere in Latvia, too, but an additional argument in favour of the Freeport of Ventspils was the cooperation with and support from the local authorities – the municipality and the Freeport.”



Panevezys county

11. MB Linksmųjų kambarių Go jump, Panevezys, 2016.



Problems the company faced in the initial stage: “Most of the banks refused to give a credit. The one who accepted application – approved only a part of the necessary sum. The owners had look for the credits from the private people and agree for the higher credit interest rates.

The contracted equipment supplier was the late for 1 months. The owners had to pay rent for the room with no activity in it.”

12. UAB Zaliastis Ziogas, Panevezys, 1992.

Advices to the people willing to start their own business:

- ✓ “Attend trainings/ consultations/ mentoring services as much as possible.
- ✓ Be brave to ask, look for the help, have open mind for various offers but be ready to make the final decisions on the own.
- ✓ If the problems occurs – team has to be involved/ had a right to provide suggestions for the problem solving processes.”

