



RättHyra.nu



Nobody should have to pay an exorbitant rent

Rätthyra.nu want to help people who have paid an exorbitant rent for their sublet flat to get back their rightful share of the rent. We run the process to 100% for our clients allowing them to avoid having to face their landlord at the rent tribunal. By taking a share of any disbursement there's no risk, and if we get nothing back, the customer does not have to pay at all.



Abstract

Rätthyrarna nu vill hjälpa människor som har betalat en exorbitant hyra för sin subletta lägenhet att få tillbaka sin rättvisa andel av hyran. I Sverige finns det 140 000 hushåll som subletter och ungefär 10-15% av dem betalar en exorbitant hyra. Vi har noterat den allmänna tvekan att inte gå vidare med saker som dessa och under 2010 fick Malmö Hyresdomstol endast 35 fall, vilket är ett tydligt bevis på detta. Vi hjälper människor för en del av den potentiella återbetalningen, vilket innebär att våra kunder aldrig behöver riskera vare sig tid eller pengar. Vår erfarenhet i liknande fall kommer från ett fall i Köpenhamn 2009/2010 där vi representerade 43 studenter [REDACTED]

[REDACTED] Detta gav oss idén att detta skulle kunna bli ett företag på grund av en liknande situation på den svenska marknaden. Vår erfarenhet hjälper oss att få tillbaka den maximala kompenseringen, vilket bidrar till ännu större kundvärde. Vår primära marknad är universitetsstäder där problemet med exorbitant hyra är mycket vanligt. [REDACTED]

[REDACTED]

The team consists of Daniel Losinski and Petter Selvehed from the Master's Program in Entrepreneurship at Lund University and Martin Hagforsen who studies his last semester at the Business Law Program at Linköping University with a focus on tenancy law.



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Business idea

In Sweden there are 140 000 households that are subletting and they are the victims of the housing crisis. Throughout Sweden, the subletting of apartments is growing rapidly and many are paying to high rents. Rent tribunals can be found at eight sites in Sweden and helps with a variety of matters, including rent disputes, and here you can report any exorbitant rent.

To report to the rent tribunal is free but not always that easy. The tenant must begin with a valuation of his apartment and subsequently represent himself in court with the landlord on the other side. The law says that the rent should be in level with the public interest and this requires that you are familiar with the rules and regulations that exist. We know it creates uncertainty about what to do which often leads to that people don't report.

"There are still many who do not know what rules to apply or you're in a dependent position, you may rent it from someone you know or you do not want to report because they want to continue renting."

- Elsa Reimer Peterson, operations manager for network
jagvillhabostad.nu

Our idea is to help the tenant with this by handling the report, represent them in court and ensure that no legal issues are overlooked. The report and the ruling applies for up to 12 months retroactively, [REDACTED]

The payment for our representation will be a share of the amount paid back, which means that the customer is also not at risk of losing any money or time on the case. The business model of this type of case is unique and customized so the customer, with minimal effort, should be given the possibility of a fair rent, without having to take a risk on something they are not versed in. The customer does not pay anything if we lose in the rent tribunal so we take any potential risks.

Our primary target group is individuals who lack the knowledge, time and / or commitment to pursue a case on their own. We will focus on individuals but in the long



run also include all accommodations, such as private apartment buildings or student households, where all residents can be included in a class action case.

[REDACTED]

Market plan

The market in Sweden include individual tenants, individuals and groups living at private landlords as well as businesses, all of which are affected by exorbitant rents. Our focus will be on individuals who are subletting, and below you can see a description of the overall market.

Description of market

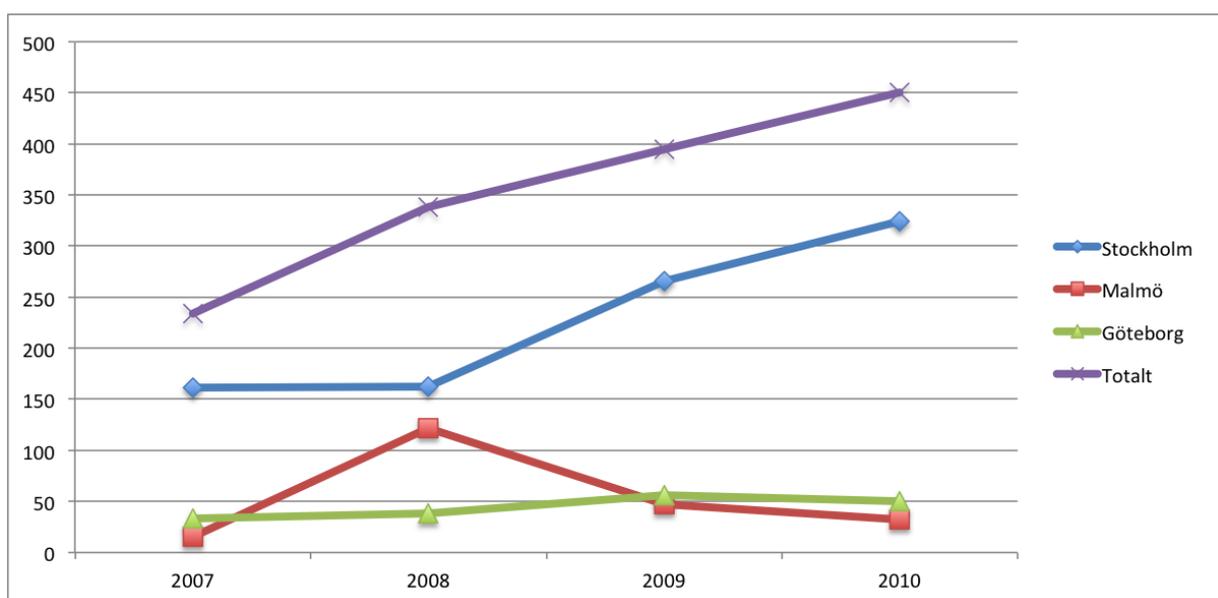
We will in the first year concentrate on individuals in the major cities of Stockholm, Malmo and Gothenburg as well as student towns such as Lund and Uppsala. These five



cities are the most vulnerable to the housing crisis and therefore we believe that the need is greatest here, plus the team has good knowledge about all these cities. We will engage in Lund and Malmö because of its proximity to Malmö Rent Tribunal and to get a better experience around the processes.

According to Statistics Sweden 2.2 percent of the rent and condominium households are sublet apartments, which is equivalent to 140 000 people. This can be compared to figures from the Malmö Kommunala Bostad AB (MKB) and Lund Kommunala Fastighet AB (LKF), which says that 1.5 percent of their apartments are sublet apartments. We do not know for sure what the difference is due to but one explanation may be the exorbitant rents. Anyone who is subletting may not charge a margin on the rent but exceptions may be made in the event that the apartment is furnished and it is normally a premium of 10-15%. When it comes to condominiums the law says that the rent shall be public, which is difficult for an individual to judge. A common misconception is that a condominium owner is entitled to collect a rent equal to his costs for the apartment, for example association fees and loan rates, but this is not okay. When there are few apartments, many make some money on renting out their apartment, and while in many cities, especially in major and student cities, there is extreme housing shortage, the result is that many charges and accept the huge exorbitant rents.

After the reports were decreasing (halved) between 2004 and 2006, they are now increasing and show a growth trend, at least in Stockholm according to the rent tribunal.





Unfair rent for premises

There are major differences in the handling case of unfair rents for premises compared with those for apartments. In addition, other consequences follow. Does a local tenant experience that he pays a high rent; he shall cancel the rent to a change in conditions. In the dismissal, he shall specify the rent he is willing to pay. Reasonable rent is, unlike the case with residential apartments, a market rent as determined by comparing the equivalent space of the same type in the same locality. A number of parameters such as condition and location are important. Rooms are more unique than apartments, which make them difficult to compare. If the comparison can't be made by the parties involved the rent tribunal can make this assessment. The landlord can choose not to accept the new rent, with the result that the tenant's contract ends. Is the landlord refusing on reasonable terms and the tenant is terminated, the tenant is entitled to compensation for the loss he suffers from that the contract does not continue. The amount of compensation is determined not by the rent tribunal, but the district court.

All together, this means that we choose not to target local tenants.

[REDACTED]

[REDACTED]



[Redacted text block]

The case in Copenhagen has given us good experience in how customers' attitudes are to the service we provide. Following is a summary of comments that we received from those involved in the Copenhagen case, along with our handling of the case.

[Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]

We have spoken to a number of people who live in sublet apartments and asked what would get them to let someone else deal with a rental case for them. We asked why they chose to pursue the case themselves and got the following response:

- They have a sublet contract with a chance of renewal and a notification would take away the possibility of extension.
- They do not want to end up in disagreement with their landlord as this could terminate the contract early.



- They did not know their rights and how to report.
- They believe they have no chance at the rent tribunal to receive any money.

Long-term possibilities for revenue

Franchise - to allow an expansion of operations and future revenues one opportunity is to franchise the concept in foreign markets with similar housing markets such as Sweden.

Actively seeking shared accommodation - active investments in major cases, such as an entire apartment building, where we can bring a class action in the rent tribunal is one approach that generates a more profitable, more effective handling than individual cases.

Competitors to for example BostadDirekt and BoPunkten with fair rent guarantee - our long term experience and the objective of fair rents lead to a mature business where we can guarantee that the landlord takes a fair rent for their apartment to the tenant, this allows for expansion of our business and new revenue channels.

Cooperation with the municipal housing companies - a possible collaboration includes LKF or MKB, which can strengthen our legitimacy and support while they advertise themselves as housing companies that work for fair rents. Collaboration like this is close at hand and would streamline our processes much more.

[Redacted text block]

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Industry analysis

The number of cases to the rent tribunal has varied in number in recent years and is largely dependent on the amount of publicity about rents in the media. We feel however that there is no option to appeal their rent that meets client requirements and reluctance to go out in a lawsuit. Below is a brief description of what options you have as a customer.

Operations at the rental and tenancy tribunals

The rent tribunal can mediate disputes between landlords and tenants or between the one subletting and the tenants if the parties themselves can not agree. The rent tribunal also examines certain rents and tenant matters and deal with matters relating to specific management of residential properties. Anyone who buys a property in certain cases require the consent of the rent tribunal to validate the purchase.

The rent tribunal normally consists of three members. The chairman is a lawyer and is called rent council, the other members are so-called interest of members, of whom one is well versed in property management and is familiar with the tenants or tenant-holder relationships. There are eight rent tribunals in Sweden and most of the rent tribunals' decision can be appealed to the Svea Court of Appeal which is situated in Stockholm.

Other options

There are other ways for people to make a report and enforce their case, but these options often means more work and higher costs. Below are our nearest competitors and alternatives available to us.

The rent tribunal

Individuals can file a claim to the private rent tribunal, this is free but not always that easy. The tenant must begin with a valuation of his apartment and at a later stage represent himself in the rent tribunal, which can be compared with a normal trial, with the landlord on the other side. The rent tribunal is an authority so there is no direct marketing or profit-making, and this is creating additional space for us as an actor. The option of lodging a complaint to the rent tribunal means a lot of work and time and the



fact that having to represent yourself in court do not appeal to everyone. Many do not bother to report because they need to be familiar with the rules and regulations that exist. As much as 90% of the cases ends with a settlement, which means that tenants and landlords meets in their requirements. Statistics show that if one chooses to wait for a subsequent assessment of the rent tribunal board the outcome is generally higher. The rent tribunal, however, is good at convincing the parties to a settlement and this is therefore a situation where our role would bring direct value to our customers because we can negotiate for a fair reimbursement.

The Swedish Union of Tenants

Another organization working for affordable rents are The Swedish Union of Tenants where you can join for an annual fee of 960 kr. They help their members and negotiate with local authority, housing and private landlords that the rent should be set according to the practical value of the apartment, that is, to match the apartment's quality and standard. This organization is our main competitor and provides support and advice to its members but requires that the "victim" is processing the case and is expected to participate in any litigation at the rent tribunal. The association is a very strong organization with more than half a million members and is clearly our main competitor. The organization does not work retrospectively which means that if the client has not become a member at the beginning, he does not have the same right to advice and support in court. As the target customer for us is mainly students, this is a highly relevant problem because a large proportion are not members of the association and thus lose the right to help from The Swedish Union of Tenants.



Law firm

People can turn to a law firm and make use of their knowledge in the field with associated paperwork and allow them to represent one in court. However, this is a costly alternative and the victims usually gets back a smaller amount of money after the litigation because of the high cost and risk, moreover, the high cost without any guarantee of repayment. This option is possible but nothing that is commonly represented on the market today.



Abstainer

The last option is of course the option to choose none. You pay a high rent but are not familiar with your rights, or there's no time or energy to take hold of the matter. To reach these people and to also get them to sign a power of attorney is probably an equally tough task to beat the competition.

There are over 140 000 households living in sublet flats, and although there are no statistics on what percentage is paid in exorbitant rent, we know that it's much and we believe that an estimate of 10% is low. This can be related to the 35 cases at the rent tribunal in Malmö 2010. In Stockholm, 288 cases in 2009, is an increase from 166 complaints in the previous year. Whatever the reason is it shows the enormous resentment that people exhibit to draw the matter further. What we have just described makes us feel that the market has a need for a private operator of such matters that actively assist the victims.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



[REDACTED]

Value chain

The industry today consists of authorities or expensive players. The alternative today is that the victims may take a costly process, or go through the authority themselves this is generally a long process. Our situation and place in the market becomes a much simpler substitute for these players where we do not impose any requirements of our customers more than the background facts and information necessary to assess the reasonableness and to complete the process. Instead of doing all the work yourself or paying the most part to a lawyer, we take a portion of the amount that the customer gets back. This also means that the customer does not need to pay out any money and we bear the full risk. Customer satisfaction is therefore high when the victim does not need to spend some time, no paper work (except to fill out a warrant), not a court visit and no outlay of money, plus, we probably get a better outcome in terms of pure money than if the client pursued the matter on his own.

Market strategy

After examining the various parts of the market, we have found that individuals who live in sublet apartments show the best potential for our business model.

Customers and target segments

The housing market is large and there are different types of homes and they can all suffer unfair rents. Private individuals are an audience that is easy to reach and who are often affected. Housing shortage has led to the effect that many people accept higher rents, but they often do not know on what grounds. Other victims are multiple people living in a shared apartment building and everyone pays for the high rent. In such cases, a class action is entered in which all parties are represented simultaneously. Young people, including students, are a group that does not always know their rights and that will not always cope with the high costs. This target group is often willing to create



justice but do not always know how or are reluctant because of all the paperwork associated with this. In our segmentation, we will initially focus on some of the larger towns and cities, where many students live in sublet apartments. The target audience is primarily people between 18 and 30 years and we believe that this segment both accounts for the biggest share of the market but also a less courted group of our competitors.

Differentiation

The differentiation of our offering compared to existing competitors in the market is mainly that we offer a service throughout the process in which the customer does not need to do more than fill out a letter saying that we are handling the matter. We are also available in a simple way and is closer to the market when we are not an agency or large law firm. On the cost issue, we differ also when our customers don't need to pay out money in the process without paying for litigation outcomes and pay the fee, depending on the amount. Being a member of an organization and pay an annual fee that might be of use are often felt a bit strange to the customers that we target towards. With our options, people contact us when it suits them and only pay for results. This, combined with our modern image of channels that reach the target audience does set us apart from our competitors.

Marketing

Marketing will later become our strongest competitive advantage. We will be where our main target customers, people between 18 and 30, visible and have a push- rather than pull-strategy.

[REDACTED]

[REDACTED]



[Redacted text block]

[Redacted text block]

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Protection

It is difficult to create a public protection to the service as everyone has the right to go to the rent tribunal, and all are entitled to pay a reasonable rent. The Rent Tribunal exists for such cases and are available for those affected. Rätthyra.nu are there for the affected, and supplements the implementation of the process to facilitate and take care of all the work. By offering our services and by contributing to charity, our business model to create a temporary protection for potential competitors and distinguish us from existing players in the market.



Other restrictive protection

There is no protection against a service of this kind where individuals can complete the process themselves and offer to help them with this. Personal data will be treated as PUL, and then we will carry out matters with the client's permission in the form of a letter and it is only this document that must be correctly designed and valid for us to get running processes.

Sustainability

The long-term sustainability of the activity, where the goal is to get rid of the rents in the housing market, is stable as it can remain profitable for the landlord to take over the lease. The "punishment" is relatively low when the landlord only needs to repay the amount plus a relatively low rate (10%). This means that people can take chances and take out the rents with the result that the market is left for us.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]

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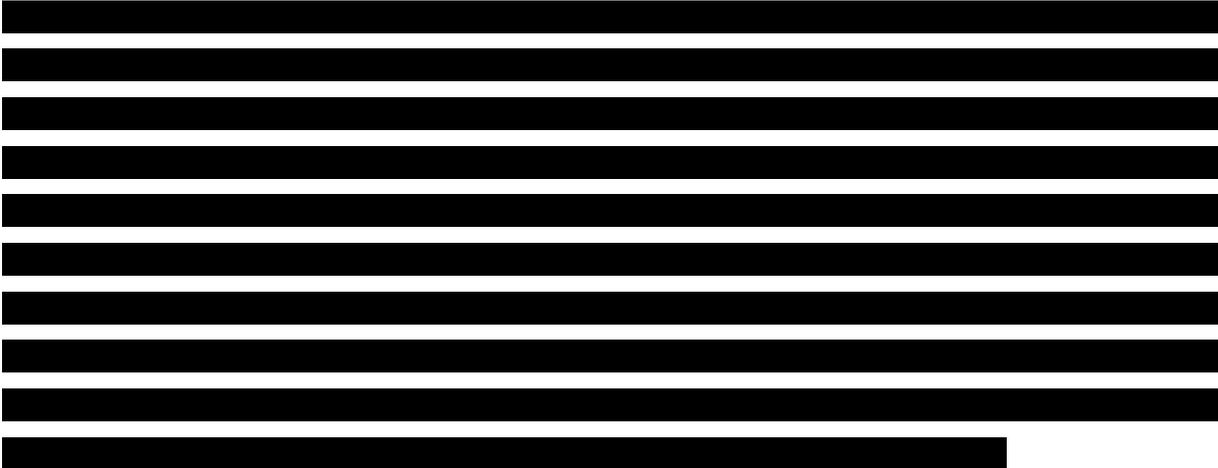


Organization



Management and staff

The company will start as a limited company and will primarily be driven by three people. The ownership of the company is shared equally among the three driving people (see below).



The values that permeate Rätthyra.nu

- Entrepreneurial spirit - determination and drive that with his own commitment to seize new opportunities.
- Social responsibility - creating value and justice for others and contribute to society.



- Business opportunity - the market that is creating an opportunity for a profitable business.

The company's key competences, and be in the knowledge of tenancy law, which largely comes from the experience of previous cases. Furthermore, a large proportion of customer contact to be made electronically, so our marketing and customer contact via the site also becomes important. The company will consist of the following persons:



Martin Hagforsen is studying his fourth and final year on the business law program at Linköping University. He has a particular interest in the tenancy law and has written his candidate thesis within this area. Martin also has much practical experience in real estate after working on a few of the largest real estate company in parallel. Martin will be responsible for cases in Uppsala and Stockholm.



Petter Selvehed is an entrepreneur with a background in marketing / sales, business development and business. Petter studies in the master's program in Entrepreneurship in Lund and has been involved in many projects, which has given him a wide and valuable network of contacts. Petter is the project manager and will be responsible for cases in Stockholm and Gothenburg.



Daniel Losinski has a bachelor's degree in marketing and is an entrepreneur with experience in several of his own company. Daniel himself has been affected by unfair rents, both as an exchange student at CBS in Copenhagen as well as the sub letter in Lund. This experience has given him a good picture of the market and important knowledge of how this process works. Daniel also has a good record of e-marketing. Daniel will be



responsible for cases in Lund and Malmö.

Summary of skills schedule

The skills scheme provides the basis of what we share in the team will work with. As for the external parties, we have identified the skills we hope to receive from each person and role.

Our key competencies are a major component of the legal elements and there is Martin a very important and critical resource within the company, even if Petter and Daniel have some expertise in this area. Martin's legal experience is impossible to replace, but would ultimately entail severe costs for both the organization and development.

In addition is our web partner, Arvid Littmark, a very important role and is also the sole of his expertise in web and customer management online. However, this is less of a risk when we take all the material and because this resource is relatively easily replaced.



[Redacted]

Marketing Initiatives and Media



In February 2011 RättHyra.nu and Daniel Losinski became nominated for the "Pioneer of the Year 2011" which is a competition designed to stimulate the development of socially, economically and environmentally sustainable enterprises. We were one of ten selected for the finals which consisted of both an Internet vote, where the public could vote, the jury's choice. The result was that we got 1250 votes from the public and thus won the "voice of the people"

against the second who had just over 900 votes. In the jury selection, we were not among the top three on the ground that we did not have enough environmental contribution, which was one of the cornerstones of the competition. The results from the public, however, is what matters most to us and is also a testament to the great need and support that exists among individuals in Sweden.



On March 31, 2011 TV4's business news sent a 2 minute news feature both locally and nationwide where our business and name was highlighted repeatedly. This feature increased traffic to the website www.ratthyra.nu and gave several potential customers. At the same time it contributed to the renewed attention in other media such

as Sydsvenskan, Home & Rental and more. This type of publicity is the best for our business and free.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



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Profitability and financing

See attachment 1 & 2.

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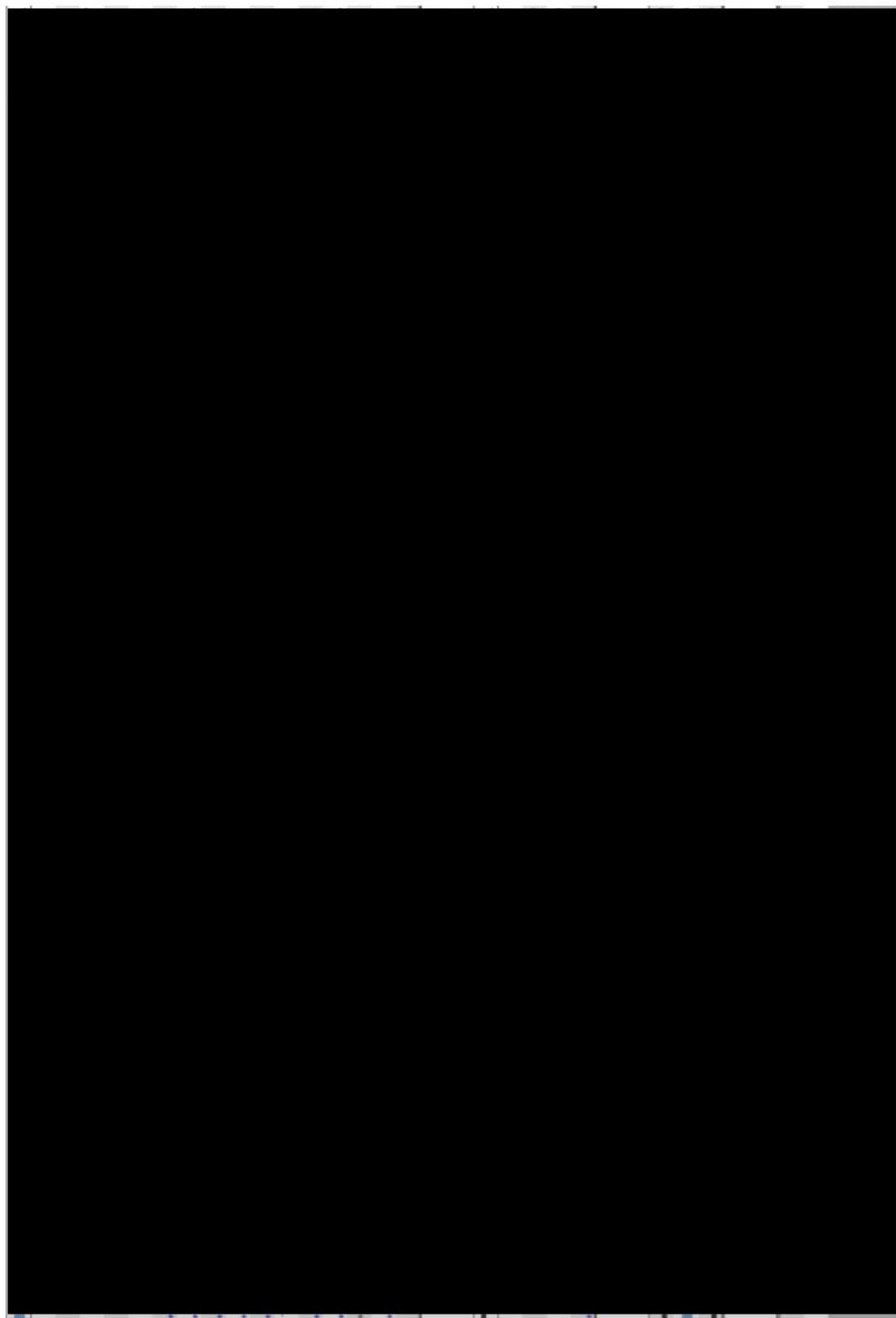
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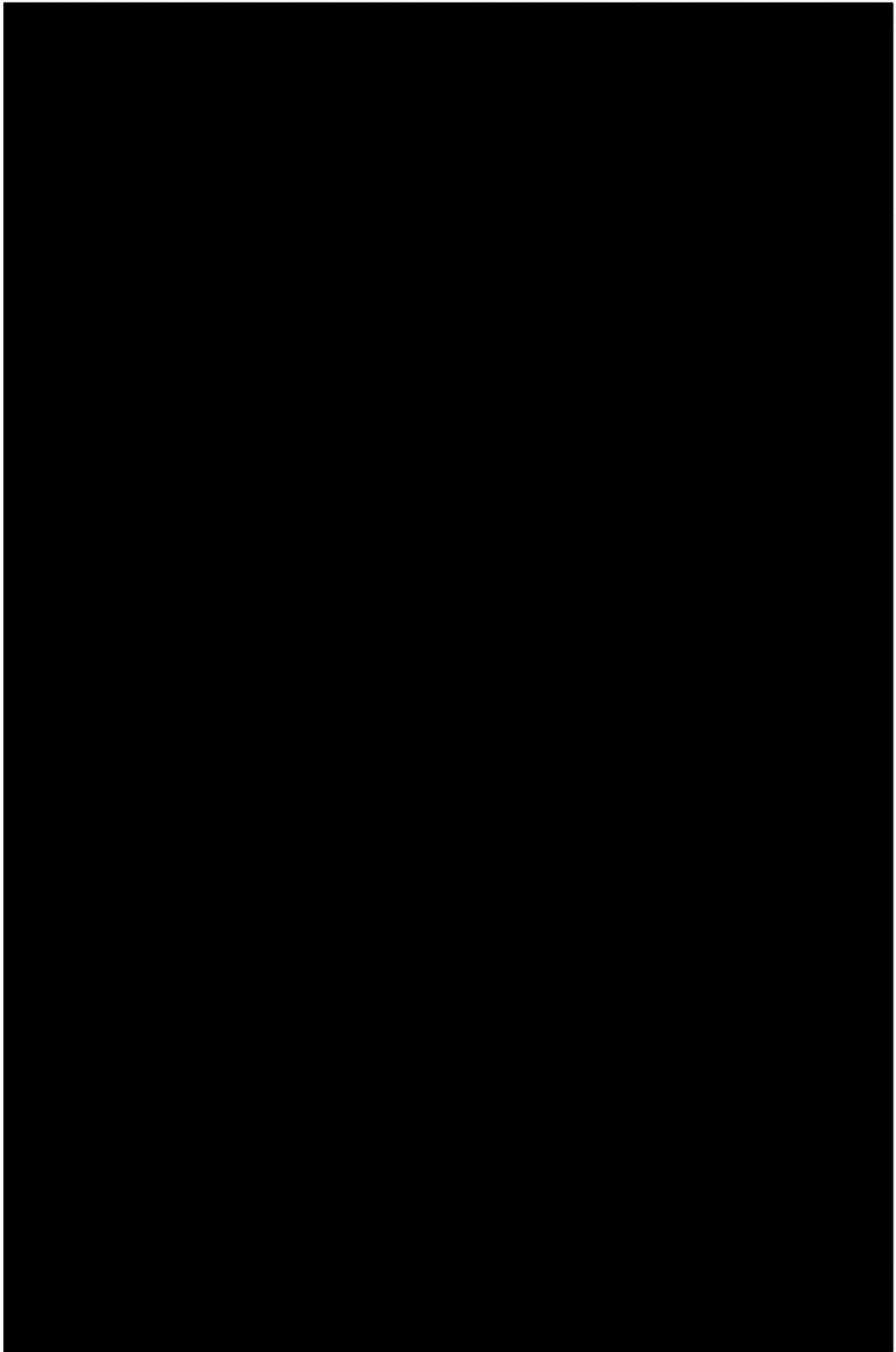
Attachment 1



12 månaders kassiflöde

Startmånad: Jan-11

Attachment 2



12 månaders kassflöde

Startmånad : Jan-12

Attachment 3

Rätthyra.nu in Media:

[Entreprenörer mot ockerhyror](#), Skånska Dagbladet

[Ett vinnande engagemang](#), Mittuniversitetet

[Pioneer of the Year](#), poty.se

<http://embed.tv4play.se/tv4play/v0/tv4video.swf?vid=1552894>, TV4

<http://www.hemhyra.se/Sidor/hyreshjalp.aspx>, Hem & Hyra

<http://www.sydsvenskan.se/lund/article1438096/Ratt-hyra-som-affarside.html>, Sydsvenskan



LUNDS
UNIVERSITET

Entrepreneurship and risk

– to live with uncertainty

Företagsekonomiska Institutionen, Ekonomihögskolan Lund

Master of Entrepreneurship, BUSP01

Assignment 4 / Thesis: Theoretical Reflections (30 p)

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Tutor: Tomas Karlsson

Summary

As the title on the first page says and also as my purpose states, this thesis describes the risk and uncertainty with entrepreneurship and the entrepreneurial process. Many entrepreneurs experience risk and uncertainty in different situations every day. As their business is something they have created on their own the fear of failing is even more distinct. During the past year we have as students in the Entrepreneurship Program in Lund had the opportunity to experience these feelings of uncertainty and take more or less risky decisions. There are ways to reduce risk factors and by using the theory that we used during the year, other research related theory as well as my own reflections I have connected these parts into: risk reducing ways for an entrepreneur in relation to the situations we face. In some parts you will read about the entrepreneur as an individual and the personal attributes, while in other parts you will read about strategies and concrete actions the entrepreneur can use. Various events, projects, school related subjects etcetera occurred during this year and these have in some way affected us as entrepreneurs and also on a personal level. For me, especially when it comes to my relation to risk and uncertainty.

There are several theories about risk and uncertainty with different aspects of their meaning towards entrepreneurship. Since it's been both theoretical parts and practical parts within the program I have tried to compare these aspects to the experience in the analysis section. It's been an eventful year and I explain the events that have affected me the most in the data section before I analyze them together with the results and narrow it down to the final part, the conclusion.

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Introduction

Risk is something that every entrepreneur confronts in their entrepreneurial process. As the business grows and develops, the risk might decrease but are always present and the entrepreneur needs to live in uncertainty. There are different types of risk but in entrepreneurship it is commonly associated with the risk of not knowing what will happen to the venture and the entrepreneur as an individual. There are also different ways of reducing the risk, both in advance, during and after the uncertain or risky event occurred. The risk can be a thrill in a positive and negative sense due to the challenges and rewards it provides and the unwanted events and consequences that might appear.

Risk according to Nationalencyklopedin: "Risk, in a generic sense is that something unwanted will happen. Risk may be the individual risks, risks to society of social and economic or environmental risks. In the technical sense, risk is defined as the probability that a specified event (hazard) resulting in a specified undesirable event or effect for a designated period." (Nationalencyklopedin [NE], 2011)

The definition of risk continues with "Risk management is a generic term when talking about risks and risk mitigation." (Ibid.)

Reducing risk by applying different strategies can help the entrepreneur to handle the uncertainty that quite certainly will appear.

It's been a year with many turns and possibilities to learn about the uncertainty and risks involved in the entrepreneurial process and this is the reflection about this period.

Purpose

The purpose with this thesis is partly to examine the risk involved in an entrepreneur's life and the uncertainty that follows the risk, but also to investigate the importance for the entrepreneur to be able to handle the risk and the stress it causes. To explain the different ways and techniques to reduce risk factors is the main purpose with this thesis; to examine what to

do and how to do it in order to reduce risk. I have chosen to examine this within the Master Program in Entrepreneurship and the experienced gained under the last year, and this leads to the following problem formulation:

How can risk factors be reduced in the entrepreneurial process and for the entrepreneur as an individual?

Method

The method used is self reflection from my own entrepreneurial process and how risk has affected me in this process. The time period will be from the beginning of the Master Program until present day. By gathering information from articles, books and other sources I have collected the most relevant facts according to me in the results and further on in the analysis I apply them to my experience. Within the analysis I will reflect upon my learning journals and the learning outcomes submitted under the year. The data will present special events under the year and the three different projects and their progress, as well as self-observed information related to the subject. In the last part of the thesis a come to a conclusion about the theory connected to my experiences presented in the data section and analysis section. I have collected the theories from Lund University's database for scientific articles and publications, LibHub. The search words I used for this subject was: entrepreneurship, risk, uncertainty and stress. I also used articles from the courses BUSM61-64. I used these theories due to that they are based on the latest research as well as on classic theory and they illuminate the ever-consistent risk in Entrepreneurship.

1. Results

Hisrich, R.D., Peters, M.P. & Shepherd, D.A. (2008) begins their first chapter in their book *Entrepreneurship* with an opening profile of Oprah Winfrey where she, among other things, talks about risk; "Running a successful business is not only a financial risk, it is an emotional risk as well. I get a lot of satisfaction from having dared it – done it – and been successful." (Ibid., p. 5). This shows that even successful entrepreneurs are facing the risks that are so closely related to entrepreneurship. According to the same authors a short definition of an entrepreneur is an "individual that takes risks and starts something new." (Ibid., p. 6). This also indicates the essential part risk has in entrepreneurship.

1.1 Uncertainty and entrepreneurial mind-set

Uncertainty and the entrepreneur's need to assume the risks comes from that the process takes place over time and the future is unpredictable. The outcome of the action is uncertain and the entrepreneur needs to act under this uncertainty. (Hisrich, R.D. et al., 2008) Entrepreneurship is important for the development of the society and throughout the history many entrepreneurs has changed the way of the world by developing something new that affects many people. These historical entrepreneurs were also exposed to risk but as they tried and succeed or failed, their efforts lead to development and possibilities for new entrepreneurs. Someone needs to take the risk to enable further development. (Ibid.)

What determines the way an entrepreneur faces the risk is among other things the mind-set of the entrepreneur, it affects the way the entrepreneur handle the situation. As mentioned above entrepreneurs must often take decisions under pressure and uncertainty and there are different ways an entrepreneur faces these situations. One way is that in situations of uncertainty entrepreneurs tend to use decision-making principles which are known as effectuation. Effectuation is to use a particular set of means and thereby choosing between many possible effects, and this leads to the ability to create new markets. The four principles of effectuation show the focus on affordable loss, strategic alliances, exploitation of contingencies and controlling an unpredictable future. All these principles are tools to handle the risk with the decisions that needs to be made. (Hisrich, R.D. et al., 2008; Sarasvathy, S., 2001) Another way of facing the uncertain situations is to learn from business failure where the entrepreneur learns to handle the risk of

failure and also learn from the mistakes. Many entrepreneurs are exposed to failure and it is common due to the newness on the market and the uncertain and changing conditions. Research shows that people may learn more from failure than from success. If the entrepreneur can learn from failure the risk of failing again decreases as the experience and the ways of handling different situations increases. (Hisrich, R.D. et al., 2008) Why some entrepreneurs have a more positive attitude towards failure compared to others depends on the entrepreneurs' life and work and the experiences learned. It's important to be able to reflect on the experiences gained through decisions and actions. (Politis, D. & Gabrielsson, J., 2009)

1.2 Entrepreneurial intentions and business plans

The perception of feasibility and desirability when it comes to the entrepreneurial intentions of starting a business might determine the risk and the attitude towards that risk. The entrepreneur's background can affect the outcome and how the different situations in the entrepreneurial process are being treated. These are individual characteristics towards entrepreneurship but as the entrepreneur often is surrounded by other entrepreneurs or colleagues the attitude might change. (Hisrich, R.D. et al., 2008)

There are different established techniques for creative problem solving and these techniques can be useful to be able to face different situations that develop during the entrepreneurial process. To have several ways to solve problems that occur can be an effective way of decreasing the feeling of risk and failure. Some of these techniques are brainstorming, brainwriting, checklist method, free association and parameter analysis. (Hisrich, R.D. et al., 2008) One way of avoiding uncertainty and risk is to be extra careful in the planning and development process. In this process the different parts of the venture and the idea can be screened and evaluated to determine any further development or other actions needed to avoid failure. This process needs to be done throughout the entire future process as conditions are changing over time. (Ibid.) A business plan can be a useful tool for the entrepreneur as the planning prepares the entrepreneur for risk and uncertainty that might occur. The plan is also useful in other aspects such as raising capital which are also important for the entrepreneur, not least in reducing risk as the venture more often will need capital to survive. When writing a business plan the entrepreneur will need information about all different aspects of the venture and in this research and analysis the entrepreneur will find out important facts about the market, competitors, customers etcetera. (Ibid.)

When it comes to more detailed actions against risk, internal and

external contracts are preferred to avoid misunderstandings and any issues that might be of harm to the venture and the entrepreneur. With a contract it's good to identify all the parties within an agreement and their roles as well to describe the transaction in detail which help to avoid the risk of miscommunication. (Hisrich, R.D. et al., 2008)

One part of the business plan, the marketing plan, can also be useful for the entrepreneur, especially when it comes to industrial and competitive analysis. Comparing different competitors, to analyze their strategies and their strengths and weaknesses can give the entrepreneur a guide to where the venture should go and how it should get there. This plan reduces the risk of implementing the wrong idea on the wrong market. As a new venture the entrepreneur is often highly exposed to competitors even though it might not be a direct competition, the newness itself is exposed for risk from different sources. These plans also need to be implemented in different creative ways with smart strategies to avoid competition and any risk that the venture might face. (Hisrich, R.D. et al., 2008) The ability to understand the industry and the competitors is significant for a ventures success. A competitive analysis system can be very useful in the often uncertain environment for a new venture as the management or the entrepreneur understands and reacts on the ever-changing competitive landscape. (Zahra, S.A., Neubaum, D.O. & El-Hagrassey, G.M., 2002)

When the venture is ready to launch the decision about the legal form of the business is of high importance. Depending on what kind of business the venture is involved in is one aspect for the legal form, but one of the most important aspects is the risk associated with the business and the responsibility for the entrepreneur. Many aspects need to be considered in this matter, not least the financial matter and the risk of investing money. Here the financial plan can be of use as it can be used in both budgeting for the future as well as for the internal financial agreements between co-owners. . (Hisrich, R.D. et al., 2008) One common source of capital for the entrepreneur is external capital from venture capitalist, banks or such. This is a difficult task for the entrepreneur, to get money invested in the venture but also to maintain control over the venture and at a minimal cost. It's also a risk as the external sources often will ask for something in return. (Ibid.)

1.3 Some risk reducing strategies

In the book Entrepreneurship, risk is defined as "the probability of, and magnitude of, downside loss" (Hisrich, R.D. et al., 2008, p. 477) and this comes from the uncertainties over the entrepreneurial process in both market

demand, competitors actions and so on. There are strategies that might reduce the risk of downside loss; market scope where the entrepreneur chooses who to serve and how, and imitation where the entrepreneur imitates other firms practices. The market scopes' width depends a bit on how much risk the entrepreneur is willing to take as the narrow scope is less exposed to established competitors, but at the same time the narrow scope can also be too narrow for the customers. The imitation strategy can be successful as the venture is trying to imitate an existing product or service that already exists on the market and there's a demand for it. At the same time the competition can increase and the bigger established firms can easily outperform the new venture. (Ibid.)

1.4 Newness and growth

Overall the newness of a venture has problem with risk, both internal and external, as it needs to learn all the aspects of the business and try to compete with other firms at the same time. The newness can also be an advantage as it makes the venture more flexible and adaptable to changes in the business environment. (Hisrich, R.D. et al., 2008) As a first-mover on a new market there are different key success factors that the venture needs to meet in order to succeed and also different uncertainties that need to be investigated before launching the product or service. For example there's an uncertainty in how customers will react even if a market research has been done. (Ibid.)

Once the entrepreneur has implemented the venture on the market the entrepreneur needs to decide whether to grow or not and what strategy to be used. These strategies often involve risk and might lead to failure. If the growth strategy is successful the entrepreneur will meet both advantages of size as well as challenges and risks. (Hisrich, R.D. et al., 2008) Whether the entrepreneur wants the venture to grow or not depends partly on the individual's personality and goals and also on the conditions on the market. One common problem and risk with the progress of the venture is the time allocation between the entrepreneur's life in general and the business. There are six basic principles of effective time management: desire, effectiveness, analysis, teamwork, prioritized planning, and reanalysis. To go through these principles and evaluate their relevance in comparison to the ventures and the entrepreneur's progress can be very useful for the further business development. (Ibid.)

Other ways for the entrepreneur to grow the business is through franchise, joint venture and acquisition, and these alternatives are ways that

are less risky for the entrepreneur as they all involve some other external partners that leads to legitimacy, efficiency, development, knowledge etcetera. In these cooperation's the risk are shared between the partners. (Hisrich, R.D. et al., 2008)

1.5 Entrepreneurial characteristics vs. risk

In the article "The Roots of Entrepreneurship and Labour Demand: Individual Ability and Low Risk Aversion" Van Praag, C.M. and Cramer, J.S. (2001) states that an individual will become an entrepreneur if the expected rewards, which is depending on an assessment of individual ability and on risk attitude, exceed the wages of employment. Both risk-taking and ability is important for successful entrepreneurship according to their studies and their empirical findings showed that risk aversion excludes people from entrepreneurship. They found that risk aversion is a serious obstacle to entrepreneurship which is also confirmed by several authors such as Cantillon (1755/1979, referenced in Van Praag, C.M. et al., 2001) stated that a successful entrepreneur should be willing to bear risk. Say (1803/1971, referenced in Van Praag, C.M. et al., 2001) added that a successful entrepreneur must not have only the motivation but also the ability to bear risk. (Van Praag, C.M. & Cramer, J.S., 2001)

In another article, "Beyond Achievement: Entrepreneurship as Extreme Experience", the authors Schindehutte, M., Morris, M. and Allen, J. (2006) writes about how emotional and sensory elements are prominent in entrepreneurship. In an often stressful environment with uncertainty the entrepreneur can produce a type of peak performance where the entrepreneur find the performance to be rewarding which results in peak experience and from time to time a state of flow is experienced by the entrepreneur when facing some of the more challenging tasks. In peak experience the entrepreneur can find motives that enables the entrepreneur to work and function at peak levels, and this peak experience is characteristic in an emotional way where a sense of meaning and purpose in life can appear. This shows that entrepreneurship is emotionally individual and not only "a vehicle for wealth generation, job creation, economic development, and innovation." (Schindehutte, M. et al., 2006)

Entrepreneurs' tendency of risk taking is related with features such as love of challenge, tendency to take initiative, optimism, creativity, energy, independence, commitment, being a dreamer, being confident and being investigative, and these are also the characteristic of entrepreneurs according to other studies. Realism, persistence, need for control and love of

management was not related with risk taking. The characteristics of entrepreneurs lead to the choice of more risky ventures with higher uncertainty besides to start a new business, which is risky by itself. Risk-taking entrepreneurs with the typical characteristics are more attracted to risky ventures and are also more focused and active in creating future opportunities and long-term planning. These entrepreneurs are less concerned of meeting schedule and budget goals in the short term and rather choose high uncertainty ventures with a higher risk involved. (Dvir, D., Sadeh, A., Pines, A.M. & Shenhar, A.J., 2009) Within an entrepreneurial team and within different cultures trust is also important but can be viewed differently. It may be difficult for trustors to trust other people and institutions in "loose" low uncertainty avoidance cultures which are associated with less regard for stability and permanence in relationships and with greater risk taking. (Doney, P.M., Cannon, J.P. & Mullen, M.R., 1998)

2. Data

Experiences learned and things that have happened that made an impact under the year. The data is based on learning journals and events that affected the projects and the entrepreneurial process.

2.1 Entrepreneurial atmosphere

In the Master Program in Entrepreneurship the feeling of entrepreneurship and the entrepreneurial vibe, from my point of view, was obvious already from the beginning. The entrepreneurial enthusiasm for what to come inspired us all and a lot of ideas came to us. As the time passed by, this flow of possibilities and excitement overlapped to specific ideas and specific plans for what to come. The creative environment became more controlled and focused for most of the entrepreneurs in class. At the same time this year has created an innovative and entrepreneurial mind-set among us and this can be observed in many daily situations.

2.2 Projects

We had to make a decision of what project to work on and with whom. Some projects were more interesting than others depending on personal interests, and some were more suitable relative individual skills. The researchers had some projects that had, and still have, potential of being successful. Some of the entrepreneurs in class also had some projects that seemed, and seems, promising.

The projects are one big part of the program but they are also our potential future and this made the choice even harder.

2.3 Mentor

We were assigned a mentor and I got Elisabet Lagerstedt, Marketing Director at Hilti Svenska AB. This mentorship was of great support during the final project and help within certain fields with their specialized competence. The experience of the mentor is worth a lot and if the communication between the mentor and me as an entrepreneur is working, the relationship can be of valuable use.

2.4 Guest lectures

There have been good guest lecturers under the year that have been interesting, both directly connected with our projects and also in a general topic way. I especially remember Sarasvathy as we had read her interesting article, and she was very enthusiastic and inspiring. The effectuation way of entrepreneurship might not be the best way of reducing risk but it's still the way that attracts and suits me the best.

2.5 Dragons at the university

The final in Dragons at the University was very interesting in many ways. It was a great experience to present for a jury consisting of investors and also for an audience and TV-cameras. The event gave great feedback and we learned about what questions to be able to answer and what we had to work on. At this point we somehow understood, even if we had thought about before, that our business might not be as promising as we thought earlier, promising in a sense of scalability and profitability. This also came from the comparison to the other businesses which were scalable and had profitable potential.

2.6 Venture Cup

To be part of the Venture Cup competition was a good experience in writing business plans. The best experience is the presentations for the VC jury and the feedback of the actual business, and not only for the business plan. Before every submission due you needed to follow their guidelines in order to get to the finals and that "forced" you to find facts and make decisions about things you earlier hadn't thought about.

2.7 Trade show

The trade show is a good practice for both possible trade shows in the future

but also for a realistic test of the business. At the trade show possible customers visit the booth and there's a need to present the business for the "real" customers. The cooperation with Hyresgästföreningen under the trade show was good in a long-term relationship way and also in a boot strapping way as we got them to pay for the material.

3. The year and the projects

3.1 The national lottery

The focus with the national lottery as a project has been on the application to the Swedish Gaming Board. This is a long-term project and it takes time even though I thought that it would be easier and less time consuming. Within this project we're a great team with great experience and skills. In the beginning of June we will start working on this project full time and I will be the Managing Director. This is very inspiring and a responsible task as it puts some pressure on me to reach the goals that we want to achieve. As a student you have had certain benefits and this is something I have used in all the projects to get better prices, specific information etcetera. Now the business is on the real market and the efforts will lead to real results. A negative response from NTF in the beginning of 2011 led to some changes in the project. This potential deal with NTF could have been a big breakthrough and by then we had a plan for the future of the project. Now we have a new focus and I look forward to make the best out of it.

3.2 FairRents

In the FairRents project me and Daniel Losinski have worked closely and used our various abilities according to the situations we confronted. It has been inspiring and instructive with varied job assignments. We have worked with our website where we received a few cases, and much of the marketing has been free of charge through PR work where we have contacted newspaper or they have contacted us. We also got attention from being on TV4's economic news which was the best possible free of charge marketing we could get. The PR work has been interesting and we really understood how important it is to be seen but also where you're seen. We have made use of our network in Lund as students are the target group for us and people are positive about the business idea. We got Lundaekonomerna to send out information about us and our participation in the trade show to their exchange students. In an attempt to bootstrap we contacted Hyresgästföreningen,

which is our biggest competitor and anticipated partner, before the trade show and they were positive about collaboration during this event.

The business has changed during the year from being relatively narrow in the description to be open about details such as what we do, how we charge our customers, how to make it yourself and so forth. We have learned that people want honesty, especially in these kinds of services and issues. We came to the South final in the Venture Cup which was really fun due to the fierce competition. At the moment we are trying to work up a value in the company with creating and gathering templates, customers, contracts etcetera to eventually make an exit of some kind. The cases with CBS and the customers we have received so far is also some things we're working on at the moment.

3.3 HandleCups

The idea for the HandleCups product has been around since my exchange semester in Singapore 2009. It is a cool product and the function is outstanding, and once people have tried it this is also their reaction. Since I began this program I have worked in this project with Daniel Losinski and the project has changed many times under this year. The function of the product is outstanding but the hard part is to convince people about it, and also without spending any money and only having a few prototypes. For production we contacted Daniels friend in Malaysia who works at a plastic factory and he helped us with all the details and necessary information. In order to make this product profitable we realized that we had to sell huge volumes and by then we came up with the idea of using the product as an advertisement product. We applied for a European design protection and got it, and started to talk to potential advertisers. At the same time we presented the new idea to investors in Stockholm (my brother in law and his colleague) and they liked it. Their experience in business and especially in the advertisement business was perfect. They asked us to do more market research so we're sure that the product can be handed out once we get the advertisers. Crowd was another potential partner that we talked to and they liked our product as an extra product for their student cups. This cooperation would have been good as they have universities as customers and that was our target at the moment, and this could also have given us a first reference. We are still in contact with Crowd but we also started looking for other markets and got a contact with the communication bureau TimeFish through one of our investors. TimeFish has SJ as their client and they liked our product. At the moment we're waiting for a reply from SJ and hopefully they

will contact us soon.

4. Analysis

The results and the data will in this section be analyzed together with learning outcomes, with focus on answering the problem formulation: **How can risk factors be reduced in the entrepreneurial process and for the entrepreneur as an individual?**

As an entrepreneur you see both the upside and the downside of your business, success or failure and the way it goes will always affect you in one way or another. During the year of the Master Program in Entrepreneurship there have been ups and downs, challenges to overcome and risk to be considered. Changing conditions and therefore changes of projects occurred which lead to uncertainty about the outcome and where it all would go. There was a risk of choosing the “wrong” project, as you thought about the outcome already from the start. Choosing between research project and your own project wasn’t an easy decision as there was an uncertainty of the nearest future. You didn’t only choose the actual project as a business, but also your team members for probably the next six months. The newness of the projects creates some problem with risk, both internal and external. The internal problems consist of the very newness of the project and the inexperience of business and projects in general. There was more or less a risk in every decision as it would affect the further progress of the venture. The newness was also good in the sense that it motivated me to continue and always try to improve. (Hisrich, R.D., Peters, M.P. & Shepherd, D.A., 2008) At the same time risk is relative to the situation you’re in and since we’re students the risk is relatively small. This start-up phase is very important for the following process of the venture and even though the risk isn’t that high now, this is the foundation for the future where the risk probably is higher. As a first-mover, even if it’s as an entrepreneur or on a new market, there are always risk factors that will occur and these factors can be handled in different ways. Customers might react differently to your product than you expected and you have to start all over again. As an entrepreneur it’s important to be able to adapt to the changes that occur and act under uncertainty and make the best of the new situation. The “right” persons in the different situations that occurs needs to be reached to be able to get one step closer to the actual market. In all my projects; the national lottery, HandleCups and FairRents, things have changed quite radical since the inception, mainly due to customers wishes.

The risk that your plan, even if it's not written, might change is a true challenge that needs to be handled correctly in order to take advantage of the situation and there's a need to prepare for these kinds of risk factors. (Ibid.)

Something that faces us as entrepreneurs is the presentations for all kinds of people; investors, juries, and so on. This is more hand-on now within the program but as the entrepreneur needs to spread his idea, get investors etcetera there's a need to be good at presentations. Under this year we have had many presentations and this has helped me to get over my uncertainty when it comes to standing in front of an audience. The risk of failing was more or less terrifying for me earlier but the only thing that apparently helped was the classic "learning by doing".

4.1 Personality

My background might affect the way I handle risk and my relation to entrepreneurship. My brother in law has affected my choice of career but it's the individual differences that decide how you handle risk. This choice of going the entrepreneurial way has been carefully evaluated before, during and after every critical point in the entrepreneurial process. The rewards must not only exceed the wages of employment for me, it's more of the thrill of risk-taking and independence that attracts me. I'm not a risk-averse person but at the same time I'm terrified of failure. This might be contradictory but this is how it's always been, I have the motivation and the ability to bear risk but carries respect for the consequences it might lead to. (Van Praag, C.M. & Cramer, J.S., 2001) I definitely agree with the emotional theory of entrepreneurship and that it can lead to deeper understanding and purpose of life, and it's not only "a vehicle for wealth generation, job creation, economic development, and innovation." (Schindehutte, M., Morris, M. & Allen, J., 2006)

The mind-set is of high importance as it affects the way the entrepreneur handle the situation. I can quite easily be stressed when I have too much to do or when something unexpected occurs. The uncertainty of how it will be and how the business will go is stressful. Entrepreneurship is about working hard and you can affect the outcome yourself but it's also a matter of timing and a bit of luck. You have your goals for the future but in the meantime you live in uncertainty. Under the entrepreneurial process you face failure of different size and to learn from failure is one of the cornerstones in entrepreneurship. Even if it's common to fail this is not something everyone can do. Sooner or later we all accept the failure but to use it to your advantage isn't as easy. (Hisrich, R.D. et al., 2008) I personally

have a problem of failing and learn from it. I'm positive under progress but when something fails I have some problem of letting it go and move on. The entrepreneurs' life and work and the experiences learned affects the way the risk is being handled. Previous start-up experience and also closing down experiences tends to create a more favorable attitude towards failure. To learn from mistakes and find new opportunities due to new information and knowledge gained by earlier experiences lead to a more positive attitude. Failure is a temporary phase in the entrepreneurial process and it can lead to improved self-awareness and by failure the entrepreneur can find new ways and try different strategies. (Politis, D. & Gabrielsson, J., 2009) The mentorship with my mentor, Elisabet, was very good as she talked about the risk of not prioritizing and how this could lead to failure. She didn't just talk about the sake of the project but for the balance of life. Even if we didn't have contact that often she became both a personal and professional mentor for me. To have a mentor was for me a new experience and I didn't really know how to best take advantage of it as I didn't really have a full plan for my project.

In some sense the risk and uncertainty and how you face it as an entrepreneur also depends on your intentions with the entrepreneurial life. It can be a lifestyle firm so you have the business as a hobby on the side or it's your full time occupation. The perception of feasibility and desirability when it comes to the entrepreneurial intentions can determine the risk and the attitude towards that risk. As I mention earlier my background can affect the outcome and how the different situations in the entrepreneurial process are being treated. (Hisrich, R.D. et al., 2008) These are individual characteristics towards entrepreneurship but as I'm often surrounded by other entrepreneurs or colleagues the attitude changes.

I recognize myself in the description of entrepreneurs' tendency of risk taking in relation to special features. According to myself I love the challenge, I take initiatives, I'm creative and optimistic, I have energy and commitment, I'm a dreamer and I'm confident, the thing that separates me from the theory is that I'm scared of the uncertainty and the risk but still willing to try. Realism was another factor that was not related with risk taking, but I believe that somewhere behind the idea you need to be realistic in where the venture will lead, otherwise you take an even bigger risk. I'm more attracted to risky ventures and also more focused and active in creating future opportunities and long-term planning than reaching for short term plans. (Dvir, D., Sadeh, A., Pines, A.M. & Shenhar, A.J., 2009)

4.2 The entrepreneurial way

Entrepreneurship is of course important for the development of the society and the world and for the development of the entrepreneur as an individual as well. I can associate my feelings towards entrepreneurship and risk with my passion for extreme sports and adrenalin. It's always uncertainty involved of how it all will end and you are thrown between positive and negative feelings. There are different degrees of risk as the projects might be more or less risky already from the beginning and people are also different in their way of handling risk. Uncertainty and the entrepreneur's need to assume the risks comes from that the process takes place over time and the future is unpredictable. The outcome of the action is uncertain and the entrepreneur needs to act under this uncertainty. Someone needs to take the risk to enable further development. (Hisrich, R.D. et al., 2008)

During the time of the Master Program the projects have grown from an idea to more or less established businesses in an early stage. The plan and focus of the projects from the beginning has evolved to different businesses and we can see now that we clearly used an effectuation approach. We took our ideas and used the resources we could to develop them in to businesses and the way they changed over time is interesting to analyze now afterwards. As an example, HandleCups turned from being a pure functional product to an advertisement product and now focused on specific customers such as trains and events. This evolution over time is due to uncertainty and risk, but this time from the markets side. To assure a deal we adapted to the customers wishes and changed our approach to lower our own risk of failing, both economically and individually. Our personal attributes; our abilities, our knowledge and our social network, are typical for effectuation and very useful in reducing any risk factor in the further process. (Sarasvathy, S.D., 2001). At the same time this is exactly the thing that is so motivation and exciting of being an entrepreneur. Either you use an effectuation or causation way of entrepreneurship there's always a risk present. As causation might decrease the risk as you have goals, you know where you're going but it might not always go according to plan. Effectuation is a more entrepreneurial way of doing business and especially for a start-up. At the same time this is closely related to risk and uncertainty. If you're cognitively adaptable it means that you can adjust to different situations and follow the "new" way as it occurs. This is also related to risk as it constantly reminds you of how easy things can change and become a threat. I believe I'm more adaptable than good at handling risk. (Hisrich, R.D. et al., 2008) The entrepreneurial atmosphere in

class became more professional and focused, maybe as it should be, as time passed by and with this change peoples' future were more uncertain. This had to do with the projects we all worked on and whether they would lead to a real project or not. It's inspiring and at the same time scary due to all the projects that changes, fails and succeeds around you which puts a pressure on you and a feeling of uncertainty.

4.3 Planning for risk

A business plan, product planning, development process plan, marketing plan etcetera are important tools to be used in a venture, not least to reduce the risk. These plans are important to gain legitimacy as well and can be very critical in the beginning of a new ventures life cycle. (Hisrich, R.D. et al., 2008) The aim with all the projects was to deliver a professional product/service in a professional way. In this way we would get legitimacy right from the start to create a relationship with the customer and also for other potential customers. This is something I have noticed about myself during this year that I'm pretty strict and careful in my process before I implement something or go to the next step. This is probably related to my wish of controlling the uncertain outcome in the best way possible and to reduce the risk of failure. It's common that entrepreneurs don't follow their plan but it can be a way of predicting the future of the venture. One way of avoiding uncertainty and risk is to be extra careful in this planning and development process. To avoid failure in the future the screening and evaluation of the entrepreneurial process is of high importance. (Ibid.) In the program and also in the competition Venture Cup we have had the chance to get our business plans reviewed. Even if I'm not personally a big fan of business plans I really see the value and use of the feedback for the business as a whole. This feedback under the year has changed our business, especially FairRents, to the better after getting a lot of advices and good ideas for improvements. When professional business people provide good feedback the feeling of uncertainty fades away for a moment.

Under this entrepreneurial process there's also often a need for capital and here a plan is also a good tool as it shows potential investors how the venture is organized and the future plans for the venture. The capital needed for a venture is always an uncertain and risky part for the entrepreneur and the venture, not least where to gain capital from but also how it will be used and the obligation towards the investor/investors. (Hisrich, R.D. et al., 2008) Even if I as an entrepreneur can convince an investor to invest in my venture I still have the pressure to perform and deliver results according to the

agreement, so the "danger" is not over just because you got the money. My brother in law has invested in two projects which I am involved in and it's a privilege to be a part of that, but I'm aware of the risk that comes with it and the uncertainty for the future. The financials is a subject that worries many entrepreneurs, there's a need for capital to be able to run the business at all but at the same time it's a risk that it all will fail and then the financials might be a big problem. The importance of a financial plan and the importance of agreements between people involved in the business and how the money should be divided is vital. The risk with capital depends on the sources of the capital and the amount. You need to work fast in the market; competitors can show up at any time. Investors need more than a product and engaged entrepreneurs; they also need to see some facts about what the market thinks about the product. (Ibid.) Boot strapping is one way to get around the financial uncertainty. Before the trade show we contacted Hyresgästföreningen and asked for a possible cooperation, and not only for the trade show. We said that the trade show could be a try-out to see if a further cooperation is possible. In this way we got their help with financing give-aways to make a nice booth at the trade show, without any risk for us. At the same time this was a great chance of starting a long-term cooperation with them as well.

4.4 The others

As a new venture you're highly exposed to competitors, not always a direct competition but the risk that someone, for example an established business copies your idea, and has the muscles and resources to win market shares are always present. As a new venture this risk is of biggest importance as it's always present until you have established your business and have a more or less "safe" place on the market. There are different ways of protecting against competition. I believe the ability to understand the industry and the competitors are significant as well as being able to adapt to the changes in the industrial environment. (Zahra, S.A., Neubaum, D.O. & El-Hagrassey, G.M., 2002) The risk that someone will come and steal your idea is an always reminding thing as we start of small without any "strong" resources. This risk is very difficult to bear as you work all the time trying to develop the venture and creating value but the next day you might lose it all.

Another risk that is difficult to bear is the risk of internal or external disagreements under the process, between colleagues, with suppliers, customers or other stakeholders. To have both internal and external contracts

can reduce the risk for this. It's not a very positive way of thinking but I believe it's highly relevant and important to be aware of the risks associated with entrepreneurship and especially the relation between stakeholders. Within the different projects I have worked with we are all friends and this is why we haven't signed any contracts yet. I have talked to all involved about this and they all agree that we should do it as soon as possible. This can be a good way to reduce risk and divide it equally between team members.

4.5 Strategies and growth

The different strategies for reducing the downside loss; market scope and imitation, is two strategies that I use in two of my projects to reduce the risk. In HandleCups we choose who to serve and how and therefore use a narrow scope with less risk as we are targeting trains and specific events. In the national lottery we're imitating existing lotteries business models and try to come up with a better and more modern solution. Here we have major competitors but still a chance to gain market share as we're well aware of our competitors, and customers, behavior. To avoid risk of competitors an industry and competitive analysis is of importance for the venture, already in the market planning process. Creative strategies to differentiate or position the new venture are important as well to be more certain of the future. Even if this is only in the planning stage it can calm the entrepreneur and give a new focus. (Hisrich, R.D. et al., 2008)

There are many challenges in managing business growth and to be able to handle the risk and implications of the growth is important. People are different and some want to keep small and this might be associated with their attitude towards risk. The strategies that are related to growth are risky in nature as the growth is depending on many uncertain factors. (Ibid.) It's the individual's personal goals and of course the conditions on the market that decides whether to aim for growth or not. With growth comes other circumstance that puts the entrepreneur to a test. Time is one of them and the priorities the entrepreneur make within the venture. When working with three different projects, as I have, the need for good time management and priorities is a must. I have had some real issues with time allocation and this leads to the risk that wrong decisions can be made. The time limit for certain deadlines and tasks were very stressful and I didn't want to risk misjudging in any decision. The time is not only for work either so to get the right balance in life is one of the most difficult things about choosing the entrepreneurial way. In my different projects I have divided the different tasks according to what the team in the project wants and what we are good at. This leads to

more effectiveness and more satisfaction in the work and it's positive for the team and the businesses. (Hisrich, R.D. et al., 2008)

4.6 Team and risk sharing

To share the risk, both within the business as well as externally, can be a good way for a new venture. A partner can make it easier to get the first product out on the market and sometimes the work that needs to be done is to extensive and time consuming to do by yourself. It's important to bear in mind that the partners are also in it for the potential profit. There are different strategies to avoid risk, some organic and some external such as franchise, joint venture etcetera. If the venture is willing to establish this kind of cooperation it can reduce risk. (Hisrich, R.D. et al., 2008)

One thing I noticed during the year and that also affected me about the guest lecturers is that they all seemed so relaxed about the entrepreneurial path. For me it seems that their attitude is due to their success within the area. They don't talk about risk or uncertainty which I'm sure they all have thought about once or twice. I understand that a presentation of themselves or their business is a chance for inspiring us and show their business but I wish there were more true feelings and hands-on advice about how to handle problems and risk factors.

In two of my three projects I have worked close with Daniel Losinski and we have been a great team that complements each other perfectly. This constellation has given me more support and trust that has reduced the risk and uncertainty. If the distribution of tasks and duties within a team works and you can trust that the other person does its part of the job the feeling of uncertainty disappears. During the year we have been close to sales in both HandleCups and FairRents (where we have sales but not completed a case yet) and this shows that we are entrepreneurial in our approach as we might not be ready for implementing the ideas according to others but we're still out there on the market. To take that risk and go out on an uncertain environment takes some courage and its risk taking. Sometimes though, there is a need for market research, both qualitative and quantitative research, in order to know what customers or suppliers, thinks about our product/service. This research, which can be done easily, is also an easy and effective way of reducing risk.

5. Conclusion

How can risk factors be reduced in the entrepreneurial process and for the entrepreneur as an individual?

As I have described in the results and analysis above there are several ways of reducing risk within the entrepreneurial process. Risk will always be a part of every business as there always will be competitors, lack of customer, trends, different opinions etcetera. Everyone is interested in how much they can gain and how much value they can get in every situation.

Along the way, there will be a need to make big decisions on what project to continue with, depending on possible outcome and success or how passionate you are about the business. In the end it all comes down to how much risk you're willing to take. The different projects and the different feelings towards them when it comes to risk is that some things are harder and some things are easier than you expect. It's important to acknowledge that entrepreneurship involves making decisions under conditions of uncertainty.

As an entrepreneur you also need to be creative and flexible to see and grab the opportunities available for the business. Whether you should go for the opportunity or not is once again associated to how much risk there is and if the cost of a possible failure is worth the effort for the entrepreneur. In the different projects I've been working on the risk factor has been different between the different projects.

You can never get rid of all the risk if you are to be an entrepreneur. There are though certain strategies and ways to go to reduce the risk as much as possible.

5.1 From the beginning

It's all about your intentions of becoming an entrepreneur or following the entrepreneurial path. It's also a matter of your features as an individual and the tendency of risk. Don't be risk-averse but be risk aware and learn from someone else's failures, and if you would fail, at least you are protected against the worst risk, if you do as follows:

Do market research so you know that the product or service will work and that it has potential customers, and also to get to know your competitors. Either imitate an existing business or narrow it down to specific segments. Write a business plan with all the essential parts, just to know what you're supposed to do and how to do it. Have this plan available but use the

resources at hand. Create trust within the team and write contracts with every stakeholder involved directly or indirectly with the venture. Get investors and practice the pitch over and over again before pitching for them. Make sure the deal with them is fair for all parties. Make sure to allocate time to all the prioritized parts of the venture, and also for your personal life. To be aware of the potentially upcoming failure or end of the venture can make the entrepreneur more prepared for the end and it enables the entrepreneur to handle the risk in advance.

This is of course a foreshortened and oversimplified description of how an entrepreneur should work to reduce risk. At the same time these tips are more or less what you can do in a wide sense. I personally believe in the path between the two extremes; to implement an effectuation approach but still stay realistic and make necessary precautions.

The risk with starting your own business is both the reason of why you're scared and why you're doing it. But without entrepreneurship the development would stop, regardless risk or uncertainty.

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