

Importance of the Financial Situation for the Growth of a Forest Machine Entrepreneur

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The main focus of this study was to investigate the impact of the financial situation as well as the importance of internal financing for economically sound growth among forest machine entrepreneurs in Finland, with the aid of their financial statements for 2001-2006. Thirty-two limited companies that showed an increase in turnover during this period were investigated. The companies were classified into three groups based on their financial position in 2001: Profitable and Stable, Mediocre, and Weak. The financial situations of these three groups in 2001 were compared with 2006. The study showed that the relative position of these groups did not change significantly between 2001 and 2006. Those companies that were in a weak economic position in 2001 found themselves in an even more difficult situation in 2006. The results indicated that growth seems more likely to reinforce the economic situation of the company as it was before the growth took place. Therefore, when considering a growth strategy, the company must first concentrate on improving its economic position and business model.

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