

Business Planning - by Dorte Wiene

Founder and CEO of CONNECT Denmark – April 2000 to April 2007

A private, non-profit organisation with the aim of assisting high-growth entrepreneurs with their strategy and access to funding.

Regional Director Nordics – Europe Unlimited (intl. Venture capital)

Nordic Venture Forum – 10th year in Copenhagen – 50+ nordic companies present to International VC's and Industry

Aditus Networks – www.aditusbiz.com

Peer group f. CEO's/founders of growth companies.

DTU – External Lecturer and examiner

DTU and KU – program manager: "Entrepreneursip in Food" courses

Board position – Interresearch A/S



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WORKS THROUGH STRONG
RELATIONSHIPS TO BUILD
SUCCESSFUL COMPANIES

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Get dressed to meet investors

++more than a business plan

- ✓ A strong and dedicated team
- ✓ Relevant network, advisors, board of directors
- ✓ The right product and/or concept
- ✓ Timing
- ✓ Always be sharp and ready to "pitch"

The *business* plan

Purpose

- ✓ Communicate the goals for your company
- ✓ All areas of the business should be covered
 - ✓ *with sound research/facts (as opposed to postulations)*
 - ✓ *documentation to the best of your ability*
- ✓ Motivate your choices (argumentation)
- ✓ REMEMBER – it is your **company** you are describing and presenting
– not only your **product**

The *business* plan - who will ask to see it?

Target group

Management/owners, board

Employees

Customers

Investor/bank

Recruitment

Purpose

Steering instrument/decision tool

Direction

Credibility/believe in the company

Key employees – attract the best

The *business* plan - what should it contain?

Executive Summary

Business idea

History/background

Ownership

Company Structure

Team/organization

Board of directors, advisors

Product description

IPR

Competitors

Contracts/legal documents

Financials

Need for funding rounds

"Go to market "strategy

Barriers and risks

Sensitivity analysis

ROI/growth potential

Exit

The *business* plan - Executive Summary

The classic "one chance" to create interest and make a good impression - should clearly explain:

- ✓ The business model
- ✓ Market potential
- ✓ "Sustainable strategic competitive advantage" and positioning
- ✓ ***Financial projections 3-5 years***
- ✓ Funding to date and capital need (milestones)

The *business* plan - History/background

Tell the story of how the idea came to be!

- ✓ Studies, prev. Employment etc.
- ✓ How, and by who, was the company founded
- ✓ Financing to date/ownership
- ✓ Strategic partnerships
- ✓ Management investment
- ✓ Products or services that the company has sold successfully to date

The *business* plan - Product/service

- ✓ Product description
- ✓ Profile of your Customer and the problem you solve
- ✓ Value for the customer
- ✓ Where is your product unique
- ✓ Intellectual properties (IPR)
- ✓ Technical spec.
- ✓ Price, performance and product dependability
- ✓ Scalability
- ✓ Need for approval (authorities)

The *business* plan - Market

*Should be a well documented description of **existing** and **future** markets*

- ✓ Describe your market – i.e. ...the market for consumables, ...the market for SAAS ... (the important choices you make) – Focus
- ✓ How do you see your market develop (will it grow, or?)
- ✓ Market drivers
- ✓ Quantify your market – number of users – revenue generated etc.
- ✓ Competitors – i.e. who is solving the problem today? How are they solving the problem? Revenue, market share! Are they successful?
- ✓ How will you compete with them – take market share?

The *business* plan - Team/management

Describe the team – background, experience, competences, where do they add value to the company and the strategy

- ✓ Role in the company (CEO, CTO, CFO other)
- ✓ Compensation
- ✓ Ownership
- ✓ CV's
- ✓ Are any key people missing? If yes, who and when should they come on board? How much will it cost?

The *business* plan - Barriers and risks

Show that you are realistic and understand what can be a threat for your company and strategy - now and in the future

- ✓ Market doesn't develop as expected – market not mature enough
- ✓ Competitor reaction to your entry into the market
- ✓ Unable to attract the right people – incremental in order to implement your strategy and grow your company
- ✓ Approval required from authorities?

Alternatively – what are the critical capabilities needed in order to grow your business?

The *business* plan - Strategy/Go to market

How will you go to market?

- ✓ Plan of action/milestones – illustrating sales and marketing strategy, organisation, funding need

How will you grow your business?

- ✓ Plans for internationalisation
- ✓ Scalability – i.e. new markets, new products, etc.

The *business* plan - Business model

*How are you going to earn money – **be profitable**:*

- ✓ Revenue Stream – i.e. where does the money come from
- ✓ Profit margin – after cost of product, sales etc.
- ✓ Strategic partners – who else needs to profit

And, what kind of a company do you wish to be – a sales organisation or a development company???

The *business* plan - Financials/Budget

•Budget

- ✓ Expenditures/costs
 - ✓ Initial costs
 - ✓ fixed/running costs

- ✓ Cash flow positive – when and how?
 - ✓ How long will it take you to be Cash flow positive
 - ✓ What will it cost?
 - ✓ And, how will you finance this period?

- ✓ Sensitivity analysis
 - ✓ Worst case and best case scenarios!

Remember – “maybe” the 3 most important rules!!

- Research your Market – in order to decide on ***Focus***
 - Quantify
 - Well documented/facts
- Know your customer – and their behavior
 - Interview them and include their responses in the plan!!!!
- The process of how you reach the market
 - Green Gadget “market entry scenario”!

Begin “writing” ASAP – and decide upon your idea – set up meeting with your coach

10 typical misunderstandings about Venture Capital

1. If I get venture capital, they will want to own more than 51% of my company.
2. If there are no competitors, I stand a better chance of acquiring capital for my company.
3. The venture capital people will take over and run my company on a daily basis.
4. They will steal my idea.
5. The right strategy should be decided in a negotiation with the investor.
6. The founder must be the CEO
7. Patents are not worthwhile. They are too expensive
8. Venture capital is like a loan. You pay back one-to-one and then you get your company back.
9. I stay put with my present job until the start-up has demonstrated that it works
10. The less I apply for, the easier it is to get my venture funded.