

What is a Project plan?

- 1. There is a goal – and it is specific**
- 2. There is a process described by**
 1. Actions to conclude
 2. Facilities needed
 3. Humans needed
- 3. There is a time table** - often with milestones
- 4. There is a budget**

What is a Business Plan?

Two things:

1. The detailed rationale behind your business
2. The project plan for the business start-up

Ad 1: Information, analysis, calculations and conclusions to support the assumption that this can be achieved, and that the business project is applicable and realistic

Ad 2: There is a goal – and it is specific

There is a process described by

Actions to conclude
Resources involved

There is a time table with some milestones

There is a budget with a cashflow projection

1+2: there is a business opportunity, and this is how we will exploit it.

Why a Business Plan - 1

Decision

A systematic review of the crucial issues:

- Estimates are substantiated (empirical data)
- Statistics have their saying
- Shortcomings and deficiencies materialize
- Perspectives and consequences are quantified

YOU get a qualified basis for deciding whether or not to risk your future career and invest your future working life in implementing this project

Why a Business Plan - 2

Management

Continous business development:

- Facts superseed fiction and estimates
- The management is forced to think longterm
- Problems are reckognized well before disaster day
- Consequences are implemented with due diligence

YOU set the standards for the future management of the company

Why a Business Plan - 3

Funding

- How much capital do you need – and for what?
- Your investors' incentives? Please explain.

YOUR INVESTORS get a qualified picture of the project, the team, the perspectives, the risks and the gain.

So the business plan is your investors' first and crucial encounter with the founding team.

How is it done - 1

- **Preparations**
 - Pain and value proposition understood. Customers and Jury too.
 - Product/service identified
 - Business model defined
 - Sanity checks performed (*Customers, mentors, consultants etc.*)
- **Research**
 - Customers: statistics in various domains
 - Value creation, value chains
 - Competitors
 - IPR and technology
- **Analysis**
 - Synthesis gives the preconditions
- **Draw up 1 - 3 scenaria for your market entry**
- **Quantify the consequences**
 - From cashflow to capital demand
- **Worst case scenario**
 - Critical parameters – contingency plans – possibly all over again

How is it done - 2

- **The Group**
 - *Set up the management*
 - *Be systematic: consider using agendas and minutes*
 - *Check progress with deadlines*
 - *Share the workload*

- **The project:**

Business planning is a project in itself - so

 - *Set up an activity list*
 - *Allocate resources: Best W/M at each task*
 - *Set up a time table with milestones.*
(Confer with the course manual)

Quality in Business Planning

- **It takes time!**
- **Consistent and logic**
- **Statements: to-the-point**
- **Economical in pages and words** (20pages - 6.500 words)
- **Enthusiastic and optimistic - though credible**
- **Empathic:**
 - *Customers*
 - *Investors*
 - *Competitors*
 - *Employees*
- **Value creation is well understood and quantified**
- **Nothing of importance is concealed** (*honesty prevails*)

"Good art is quality, and quality takes time"

Robert Jacobsen

**"In good art, the detail is seen in the entirety -
- and entirety is seen in the detail"**

Karen Blixen

The contents - 1

The executive Summary:

Background - very brief – then:

- the Five P-Approach:

1. *Pain-value-jury*
2. *Potential*
3. *People*
4. *Platform*
5. *Project*

Executive summary *the single-most important section*

GetBetterQuick Ltd. is a new knowledge-based company with a high growth potential within on-line monitoring of physiological recuperation of out-patients in orthopaedic retraining programmes.

Orthopaedic retraining is costly, it requires extra and inconvenient treatment, it is often neglected for same reasons, and as a result, a high number of patients do not recuperate to full performance. It goes without saying that this is not an ideal situation.

Our system allows early discharge plus cost-efficient and convenient retraining and recuperation.

Saving potentials of efficient treatment - to society, to healthcare and to patients - are high. In Scandinavia alone, the annual economic savings of a 10% reduction of bed days of orthopaedic patients, which is a realistic measure, are as high as 100 mio. €/yr.

End-users are patients with an internet connection in their homes. Customers are orthopedic departments. Users are physiotherapists and orthopaedic MDs. Buyers are hospitals and clinics.

First 3 prototype systems have finalized clinical verification successfully. Results are published.

The founding team comprises ---, M.Sc, --- MD, and --- MBA, with a background as a CEO of ---.

It is our ambition to develop GBQ Ltd. into an international market leader within internet-based on-line monitoring of patients in retraining programs in their homes.

We envisage to develop within the next five to six years, a company with an annual turnover above € 25 mio., with more than 80 employees in high quality jobs and an export of innovative new monitoring systems, exceeding € 20 mio. /yr.

Several major players in the market indicate good exit opportunities, and GBQ Ltd is expected to be ready for acquisition some 4 – 6 years from kick-off. Valuation could amount to 30 – 50 mio. €. We plan a quick expansion to this level through one or two funding rounds.

Our total capital requirement is € 2 mill. The founding team so far has invested € 100.000.

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The contents - 2

• Market Research and - Analysis:

- *Customers in numbers, types, geography, etc.*
- *Competitors in types, advantages and weaknesses*
- *Market analysis f.x. acc. to Michael Porter*
- *Entry barriers (technical, legal, etc.)*

• Technology:

- *How does it work?*
- *Why is it superior?*
- *Patent situation*
 - *Freedom to operate*
 - *Efficiency of claims as entry-barriers*
- *Production issues*
 - *Bill of materials, (BOM) and unit costs*
 - *Necessary equipment, machinery etc.*

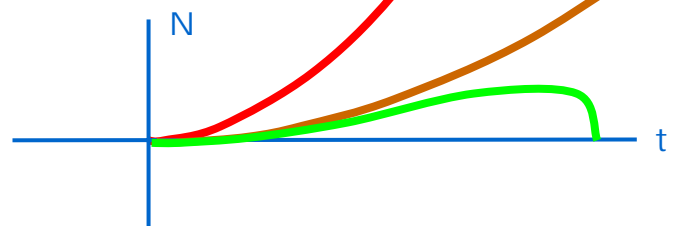
The Contents - 3

The business development scenario:

- *Qualified guesswork:*
 - *Establish sales of units in a time domain, market A.*
 - *Repeat for market B etc.*

- **Compute the consequences:**

Goods/hours sold per Month



The contents - 4

- **Quantified consequences:**

- *Sales, production data and operations combined yield -*
- **Cash, incoming and outgoing**

- **Budgets:**

- *Cashflow projections => capital requirements*
- *Profit and Loss*
- *Assets and Liabilities*

Consider to use different time units for short term and long term projections

- **Risk Assessment and Contingency Plans**

Most critical parameters: look at them, one at a time.

How to respond when worst case rules the day – and what happens?

A frequently used risk assesment:
The SWOT Analysis

- Strengths
- Weaknesses
- Opportunities
- Threats

The Format

- **All essential information delivered in first 5 pages**
- **Max 20 pages or 6.500 words altogether** excl. annex
- **All details, reports, data, background readings, tables – even some of the budgets etc. in annex**
- **This course: digital media only. PDF preferred.**
- **A good habit:**
 - *Annex 1: detailed project plan from kick-off via 1 – 2 milestones to first critical results.*
 - *Includes more detailed budget on expenditures and cashflow*
 - *Includes milestone specifications*
 - *Includes Criteria of Essentiality: Go/No-go specs.*