

AGENDA

13:00 – 13:45

SEED Capital: the on-campus venture capital investor.
 Rasmus Bjarngaard, investment manager.

13:55 – 15:00

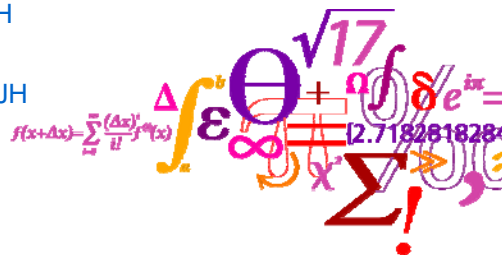
The Business Plan. JH

15:10 – 16:00

Financing a High-tec venture. JH

16:10 – 16:30

Numericals of a funding round. JH



The Business Plan

AGENDA

Before you start

What is a Business Plan?

Why would you need a Business Plan?

How to write a Business Plan

Quality Measures in Business Planning

The Contents



Before the Business Plan

Your project must be conceptually finalized =

- **What are your personal goals and ambitions?**
- **Where is the pain? Does it really hurt?**
- **What is your value proposition?**
- **Quantify it – even if you have to guess a lot**
- **Who is your jury?**
- **More guesstimates:**
 - **What process does it take to get it up and running?**
 - **What resources, people and facilities do you need?**
- **Is your scenario realistic?**
(Sanity check – ask someone with insight and experiences)

You start to feel comfortable with this project.

Next: how does the Master plan look like?

What is a Project plan?

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

What is a Business Plan?

Two things:

1. A means for communicating:
The detailed rationale behind your business
2. A means for managing:
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 specified milestones and work packages

There is a budget with a cash flow 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

Continuous business development:

- Facts replace fiction and estimates
- The management is forced to think long-term
- Problems are recognized in good time
- 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: interviews & statistics in various domains*
 - *Value creation, value chains*
 - *Competitors*
 - *IPR and technology*
 - *Regulatory -, customs -, legal issues*
- **Analysis**
 - *Synthesis gives the preconditions for market entry scenarios*
- **Draw up 1 - 3 scenarios for your market entry**
- **Quantify the consequences**
 - *From cash flow 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: *well thought out!*
- 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
- 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 orthopedic retraining programs.

Orthopedic 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 orthopedic 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 orthopedic 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 e.g. 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.*

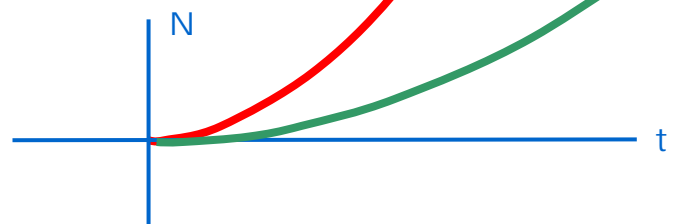
The Contents - 3

The business development scenarios:

- *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:**

- *Cash flow 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 assessment:

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 cash flow*
 - *Includes milestone specifications*
 - *Includes Criteria of Essentiality: Go/No-go specs.*

Questions?

More about Business plans on www.entrepreneur.dk

- From the *textbook*: a business plan template to write in
- McKinsey book on *business planning*: in-depth on business start-up preparations