

DTU Course 42435

Knowledge based Entrepreneurship

BUSINESS PLANNING

Video 06 B

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AGENDA

- **Writing your business plan**

Writing a Business Plan

Preparations

Pain and value proposition understood. Customers and Jury too.

Product/service identified

Sanity checks performed (Customers, mentors, consultants etc.)

Research

Customers: interviews & statistics in various domains

Value creation, value chains

Competitors

IPR and technology

Analysis

Synthesis gives the preconditions for market entry scenarios

MP5F/business model canvas etc. gives you your business model and your start-up strategy

Draw up 1 – 3 quantified scenaria for your market entry

Quantify the consequences

From cash flow to capital demand

Worst case scenario

Critical parameters – contingency plans – possibly all over again

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*)

GROUP based business planning

- **The Group**
 - *Set up the management*
 - *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)*

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The executive Summary:

Background - very brief – then:

- the Five P-Approach:

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

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- **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.)*
 - *Business model*
- **Technology – if HW or process:**
 - *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.*

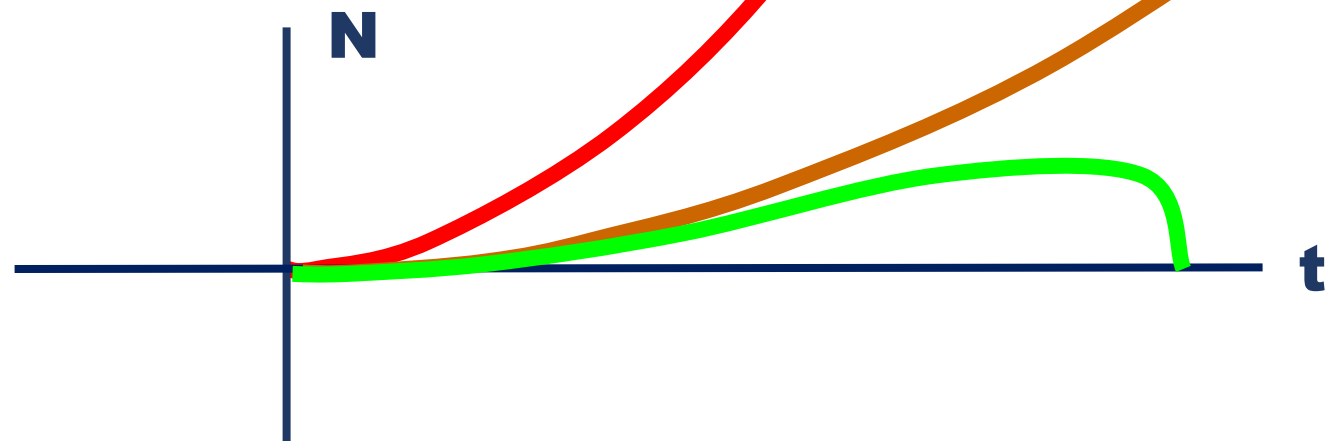
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The business development scenarios:

- *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



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- **Quantified consequences:**

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

- **Budgets:**

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

- **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?

The SWOT Analysis

- Strengths
- Weaknesses
- Opportunities
- Threats

The Format

- **All essential information delivered in first 5 pages**
- **Max 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.*

