



## 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.*

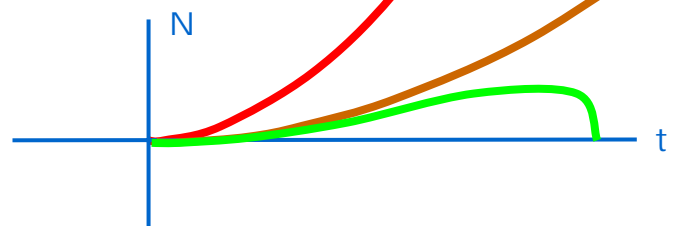
## The Contents - 3

### 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.*