

## 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 Masterplan look like?

## 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. 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 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: interviews & statistics in various domains
  - Value creation, value chains
  - Competitors
  - IPR and technology
- **Analysis**
  - Synthesis gives the preconditions for market entry scenaria
- **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: *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 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:

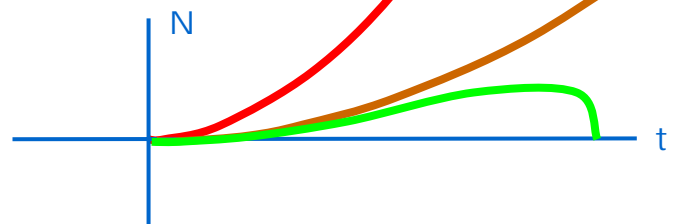
- *How does it work?*
- *Why is it superior?*
- *Patent situation*
  - *Freedom to operate*
  - *Efficiency of claims as entry-barriers*
- *Production issues*
  - *Bill of materials, (BOM) and unit costs*
  - *Necessary equipment, machinery etc.*

## The Contents - 3

### The business development scenaria:

- *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.*

## Questions?

More about Business plans on [www.entrepreneur.dk](http://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