

Business Planning - by Dorte Wiene

Founder and CEO of CONNECT Denmark – April 2000 to April 2007

A private, non-profit organisation with the aim of assisting high-growth entrepreneurs with their strategy and access to funding.

Regional Director Nordics – Europe Unlimited (intl. Venture capital)

Nordic Venture Forum – 8th year in Copenhagen – 50 nordic companies present to International VC's and Industry

Aditus Networks –

Peer group f. CEO's/founders of growth companies.



Board position – Interresearch A/S

Business planning - remember

++more than a business plan

- ✓ See it as a valuable process for making the right choices and achieve "ownership" of your company/idea
- ✓ A strong and dedicated team
- ✓ Relevant network, advisors, board of directors
- ✓ The right product and/or concept
- ✓ Timing
- ✓ Always be sharp and ready to "pitch"

Good Advice

- Start writing things down ASAP – i.e. you are researching and making choices from "day 1"
- With a certain amount of text – you will soon be able to allocate into the different parts of the plan
- This will enable you to share and delegate tasks in the group
- Establish a project plan w/key deadlines aligned with the lectures
- Identify your coach – and establish a work plan i.e. how many meetings etc. preferably with dates for meetings from start to end (your are many whose calendars have to match)

The *business* plan

Purpose

- ✓ Communicate the goals for your company
- ✓ All areas of the business should be covered
 - ✓ *with sound research/facts (as opposed to postulations)*
 - ✓ *documentation to the best of your ability*
- ✓ Motivate your choices (argumentation)
- ✓ REMEMBER – it is your **company** you are describing and presenting – not only your **product**

The *business plan* - who will ask to see it?

Target group

Management/owners, board

Employees

Customers

Investor/bank

Recruitment

Purpose

Steering instrument/decision tool

Direction

Credibility/believe in the company

Key employees – attract the best

The *business plan* - what should it contain?

✓ Executive Summary

✓ Business idea

✓ History/background

✓ Ownership

✓ Company Structure

✓ Team/organization

✓ Board of directors, advisors

✓ Product description

✓ IPR

✓ Competitors

✓ Contracts/legal documents

✓ Financials

✓ Need for funding rounds

✓ Go to market strategy

✓ Barriers and risks

✓ Sensitivity analysis

✓ ROI/growth potential

✓ Exit

The *business* plan - Executive Summary

The classic "one chance" to create interest and make a good impression - should clearly explain:

- ✓ The business model
- ✓ Market potential
- ✓ "Sustainable strategic competitive advantage" and positioning
- ✓ Financial projections 3-5 years
- ✓ Funding to date and capital need (milestones)

The *business* plan - History/background

Tell the story of how the idea came to be!

- ✓ Studies, prev. Employment etc.
- ✓ How, and by who, was the company founded
- ✓ Financing to date/ownership
- ✓ Strategic partnerships
- ✓ Management investment
- ✓ Products or services that the company has sold successfully to date

The *business plan* - Product/service

- ✓ Product description
- ✓ Profile of your Customer and the problem you solve
- ✓ Value for the customer
- ✓ Where is your product unique
- ✓ Intellectual properties (IPR)
- ✓ Technical spec.
- ✓ Price, performance and product dependability
- ✓ Scalability
- ✓ Need for approval (authorities)

The *business plan* - Market

*Should be a well documented description of **existing** and **future** markets*

- ✓ Describe your market – i.e. ...the market for consumables, ...the market for business software ...
- ✓ How do you see your market develop (will it grow, or?)
- ✓ Quantify your market
- ✓ Competitors – i.e. who is solving the problem today? How are they solving the problem? Revenue, market share! Are they successful?
- ✓ How will you compete with them – take market share?

The *business* plan - Team/management

Describe the team – background, experience, competences, where do they add value to the company and the strategy

- ✓ Role in the company (CEO, CTO, CFO other)
- ✓ Compensation
- ✓ Ownership
- ✓ CV's
- ✓ Are any key people missing? If yes, who and when should they come on board? How much will it cost?

The *business* plan - Barriers and risks

Show that you are realistic and understand what can be a threat for your company and strategy - now and in the future

- ✓ Market doesn't develop as expected – market not mature enough
- ✓ Competitor reaction to your entry into the market
- ✓ Unable to attract the right people – incremental in order to implement your strategy and grow your company
- ✓ Approval required from authorities?

Alternatively – what are the critical capabilities needed in order to grow your business?

The *business* plan - Strategy/Go to market

How will you go to market?

✓ Plan of action/milestones – illustrating sales and marketing strategy, organisation, funding need

How will you grow your business?

✓ Plans for internationalisation

✓ Scalability – i.e. new markets, new products, etc.

The *business* plan - Business model

*How are you going to earn money – **be profitable**:*

✓ Revenue Stream – i.e. where does the money come from

✓ Profit margin – after cost of product, sales etc.

✓ Strategic partners – who else needs to profit

And, what kind of a company do you wish to be – a sales organisation or a development company???

10 typical misunderstandings about Venture Capital

1. If I get venture capital, they will want to own more than 51% of my company.
2. If there are no competitors, I stand a better chance of acquiring capital for my company.
3. The venture capital people will take over and run my company on a daily basis.
4. They will steal my idea.
5. The right strategy should be decided in a negotiation with the investor.
6. The founder must be the CEO
7. Patents are not worthwhile. They are too expensive
8. Venture capital is like a loan. You pay back one-to-one and then you get your company back.
9. I stay put with my present job until the start-up has demonstrated that it works
10. The less I apply for, the easier it is to get my venture funded.