



Session 16: Business Plans

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AITI Entrepreneurship Component

Slides based on AITI Ghana 2011 stack

Outline

- The key components of a business plan
- Entrepreneurship Terms
- Personal Assignment
- Final project deliverable

What is a Business Plan?

- Communicating your **vision** to the outside world to help attract **talent** and **money** to your enterprise
- The **quality** of a business plan is measured by its ability to: **hire** employees, **gain** contracts from customers, **attract** investments, **win** business plan competitions

Qualities of a good Business Plan

- Well thought-out and can be visualized
- Articulates the **strength** and the **vision** of your business
- Clearly outline the **risks** associated
- Present clear **evidence** of the **viability** of the venture
- Should compel **action** and get investors **excited**
- Does not use technical jargon, **easy to comprehend**
- **Error-free** (spelling and grammar)

What's wrong with most BPs?

1. They are boring, overwritten, confusing
2. They are unconvincing in attempting to do a money extraction from those with money
3. They quickly convince the sophisticated reader of the inadequacies of the team seeking money
4. They are poorly written

A BP starts with Assumptions

- What is the problem you are trying to solve?
How many have this problem?
- Why is your solution a **Better Solution™**?
- Which part of the market will be most likely to use and pay a premium

Business Plan Pluses & Minuses

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- Conveys “urgency”
- Shows mastery of a subject
- Builds on logic
- Shows understanding of the real world

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- Rehash of bad numbers
- No real reason why this company should make it.
- Makes false or unsubstantiated claims
- Promises “unreal” results.

Business Plan Components

Executive Summary

Business summary

Market analysis

Distribution/**Sales**

Competition

Business **Team**

Strategy Information

An **overview** of the product/
service/**technology**

Financial information

Executive Summary

Describes the business and how it is different from the other businesses

- Gives an overview of the team and relevant skills/experiences they bring to the business
- Defines the customer and product/service satisfies customer needs
- Highlights potential competitors and competitive advantage to counteract competition
- How much money do you need to raise and how much profit should investors expect?

Market Analysis

- How did your company identify the opportunity?
- What is the market size in cedis?
- How will you enter the market?
- How will you expand?
- Where do you see the company in the future?
- What value does your company create?
- Who is your competition and what is your competitive advantage?

Business Team

- What are the backgrounds of the management team and directors?
- What does each team member bring to the business?
- What are the team's previous successes in new ventures?
- How does the management team form a cohesive unit which can work efficiently together?

Company Strategy

- Describes customer demographics
- Outlines value proposition for customer
- How does the company intend to reach the customer and keep her/him?
- How will the company protect and expand its market share

Product/Service Overview

- Describes the product in as much detail as possible
- If possible, include a prototype of product/service
- Show how the product/service would be used by the consumer

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- In this part you show off your accounting skills
- Explain how much capital you intend to raise to get started
- What are your projected expenses and revenues
- In what period do you expect to be profitable and show a return to your investors?

Entrepreneurship terms you should know

- Venture capital
- Seed funding
- Angel investors
- Bridge finance
- Business incubator
- E-commerce
- Joint venture
- Seed-financing
- Social entrepreneurship

Entrepreneurship terms defined

- Angel investors: Individuals who have money they can risk. Are often successful entrepreneurs
- Bridge finance: Short-term finance that is expected to be repaid quickly
- Business incubator: Form of mentoring in which workspace, training, and support services are provided either free of charge or at a low cost
- E-commerce: The sale of products or services over the internet
- Joint venture: When two businesses work together for the purposes of serving a market
- Seed-financing: A relatively small amount of money provided in order to prove a concept
- Social entrepreneurship: Someone who uses entrepreneurial principles to create social change
- Venture capital/financing: The big money. Long-term capital to enterprises with limited track record but great potential

Final Project

Business Plans are due on **25 July, 2012**.
Summary versions should be 2-4 pages long

Business Pitch Competition is **18 July, 2012**.

All team members should contribute to the final report.

Final product should be something that you would be willing to show an investor!

Writing!

- Writing is actually fun
- Do you like convincing people you are right?
- Do you like arguing?
- Do you like being right?
- Writing lets you be right... better

- You can organize your thoughts
- Not repeat yourself
- Remove extra words and phrases

You all are good writers

- Assignment for tomorrow:
- We'll break into two groups, each assigned a topic
- Write 1-2 pages on each topic
- Your paper will be assigned to a colleague to read
- Get comments, feedback
- Come up and READ directly, out loud what you wrote!

- Due 10 am tomorrow