

# Business Plan

Lecture 14L  
GSL Peru 2014

# Subject Matter

- Market
- Competition
- Technology
- Tactics
- Personnel
- Finance

# Executive Summary

- This is the market we are going after – Size, Shape, Growth
- This is how the market breaks down and what our niche will be
- This is the technology (advantages/disadvantages)
- This is how we are organized

# 1. THE COMPANY & THE PRODUCT

- Overview
- Business Model
- The Product
- Product Value
- Market Entry and Growth Strategy

# 2. MARKET RESEARCH AND ANALYSIS

- Market Definition - Total and Beachhead
- Research Methodology - Validation
- Market Size (TAM)
- Market Strategy
- Competitive Profile
- Competitive Advantage
- Marketing Plan

# Market

- What is the size and shape of the market you are going after? (Cite a source, and make sure the source you cite is credible)
- How has the market been growing? U.S. and Global?
- Who are the major players? Pie Chart
- What are the important distribution models in the industry?

# Market

- What will affect the market? (ie, New requirement for computer backup from Federal Banking Act)
- What externalities may inhibit the market?
- What is the profitability of those in the market in this product line? Gross Margin?
- Trends?

# Competition

- Who is the competition? Major players, minor players, fast growing players. What is the strengths and weaknesses of each? Be real honest here
- Who is gaining market share fastest and why.

**Example:** XYZ has taken a complex technology and successfully moved it through the Novell Platinum VAR Channel, which was the first time that...





# Competition

- How's the competition organized? Number of salespeople? Experience? How does the product look to the customer? Is the competition a strategic or a tactical vendor?
- How good is their service regarded? Strong regionally, nationally, or internationally? Is their distribution better than their technology or the other way around?

# Competition

- What does the competition look like organizationally?
- Where are they going? Which products are cash cows? How are they spending their R&D dollars?

# Tactics

How EXACTLY are you going to proceed?

- “We will enter into an OEM agreement with one of the five....”
- “Our pricing will be ...”
- “Our manufacturing will be done in house for the first 2000 units; we will then go offshore for ....”

# Tactics

- It is usually thought that Tactics follow Strategy; although often it is the reverse.
- Tactics are much closer to reality. This section shows your mind at work
- Most Strategy statements sound exactly alike - “ we will become the dominant company in the ... by emphasizing excellent service, value to the customer.”

# Tactics - Quantify

Tactically.... “ we are devoting 30% of our personnel cost to Customer Service. We will run a 24x7 Help Center, based on Siebel Systems and Directed by Gwen Geller, who was VP of Customer Service at Amazon.com....Our standard is that 90% of all calls will be answered by the second ring and 90% of all questions will be solved at the first level of support. For second level....we will...



# 3. Financial Statement

5 year plan

- Cash needs
- Personnel growth
- Need for capital
- How we'll spend it

# Financials - Assumptions

- “The product, Rel 1.0, will take six months and four programmers.”
- It will take us two months to hire and train the four programmers.
- We will be beta testing the product for six months...
- We will not show revenue for the first 9 months.....

# Financials - No Surprises

- What will the “burn rate” be, by month, for the first 24 months?
- What will be benchmarks be for each quarter (“By the end of the second quarter, the beta version will be ready for testing. By the end of the fourth quarter, we will be taking orders, but only for companies within the Northeast where we can do servicing.”)



# 4. Design and Development Plans

- Development Status and Tasks
- Current Design Goals
- Difficulties and Risks
- Product Improvements and New Products
- Proprietary Issues

# Technology

- What is the state of the art in technology used by the industry leaders?
- What new technology or what use of new technology are you planning? How will that give you some advantage or overcome a disadvantage?
- Is the industry moving towards some set of standards? What are they? If they are overlapping, where do they overlap?

# Technology

- What will be your technological approach? Is your strategy dependent on this new technology or not?
- If the technology IS your product, then Focus on what you are going to do, build, design - but DON'T list everything you might do..... You will lose your VC...

# Technology

- How risky is the technology? What might have been done to take risk out of the equation?
- Is the technology moving in multiple directions and, if so, what are they?
- Does the technology require that some group - users for example - have to validate the technology and how long will this take?

# Management Team

- Tell me WHY this person is outstanding
- What were the past few jobs he had?
- Promotion?
- What specific skills does he/she bring that are necessary for this job?
- Won contest? Voted most outstanding?
- Did the team work together before?

# Team

## Describe Them Generically

Our team member has been employed by a major semiconductor manufacturer for the past three years as.... She is currently Vice President, Development for the .... Division, having 230 people reporting to her. Her division ranks number one in sales growth and profitability.

# Team

- Describe what new hires will be made, within which time frame, and how they will fit into your org plan.
- “We will be hiring four regional vice presidents during the second quarter who will be paid \$65K base with a guaranteed bonus of \$30K and they will be in place by the fourth quarter.”

# References

- MIT Nuts and Bolts - <http://nutsandbolts.mit.edu/>
- New Enterprises - Bill Aulet