

Entrepreneurship

Lecture # 6



Saltanat Kondybayeva, PhD

Topic 6.

Business planning of a project

PLAN

- 1. The meaning of the “business plan”**
- 2. Executive Summary**
- 3. Company Description**
- 4. Market Analysis**
- 5. Organization & Management**
- 6. Service or Product Line**
- 7. Marketing & Sales**

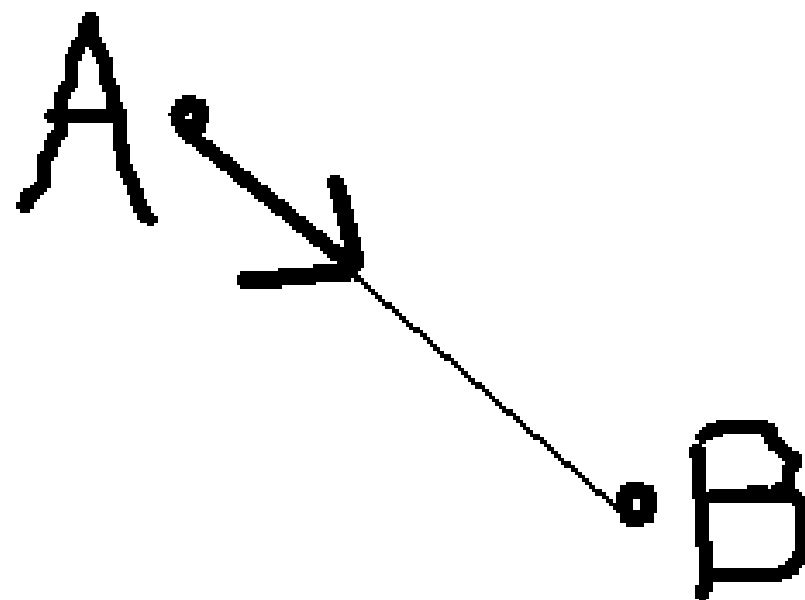
The meaning of the “business plan”

A business plan is a written document that describes in detail how a business, usually a new one, is going to achieve its goals. A business plan lays out a written plan from a marketing, financial and operational viewpoint. Sometimes, a business plan is prepared for an established business that is moving in a new direction.



The meaning of the “business plan”

A business plan is a written description of your business's future, a document that tells what you plan to do and how you plan to do it.



Before writing your plan

- How Long Should Your Plan Be?
- When Should You Write It?
- Who Needs A Business Plan?
- Why Should You Write A Business Plan?
- Determine Your Goals and Objectives
- Outline Your Financing Needs
- Plan What You'll Do With Your Plan
- Don't Forget About Marketing

Executive Summary



THE CONCEPT
OF YOUR BUSINESS



A BRIEF BUSINESS
OVERVIEW



FINANCIAL
PLANS AND NEEDS



ESSENTIAL
ACHIEVEMENTS

The executive summary should highlight the strengths of your overall plan and therefore be the last section you write. However, it usually appears first in your business plan document.

What to Include in Your Executive Summary

If You Are an Established Business

- **The Mission Statement**
- **Company Information**
- **Growth Highlights**
- **Your Products/Services**
- **Financial Information**
- **Financial Information**

If You Are a Startup or New Business

Demonstrate that you have done thorough market analysis. Include information about a need or gap in your target market, and how your particular solutions can fill it. Convince the reader that you can succeed in your target market, then address your future plans.

Company Description

- Describe the nature of your business and list the marketplace needs that you are trying to satisfy.
- Explain how your products and services meet these needs.
- List the specific consumers, organizations or businesses that your company serves or will serve.
- Explain the competitive advantages that you believe will make your business a success such as your location, expert personnel, efficient operations, or ability to bring value to your customers.



Market Analysis

The market analysis section of your business plan should illustrate your industry and market knowledge as well as any of your research findings and conclusions.



What to Include in Your Market Analysis

- **Industry Description and Outlook**
- **Information About Your Target Market**
- **Distinguishing characteristics**
- **Size of the primary target market**
- **How much market share can you gain?**
- **Pricing and gross margin targets**
- **Competitive Analysis**
- **Regulatory Restrictions**

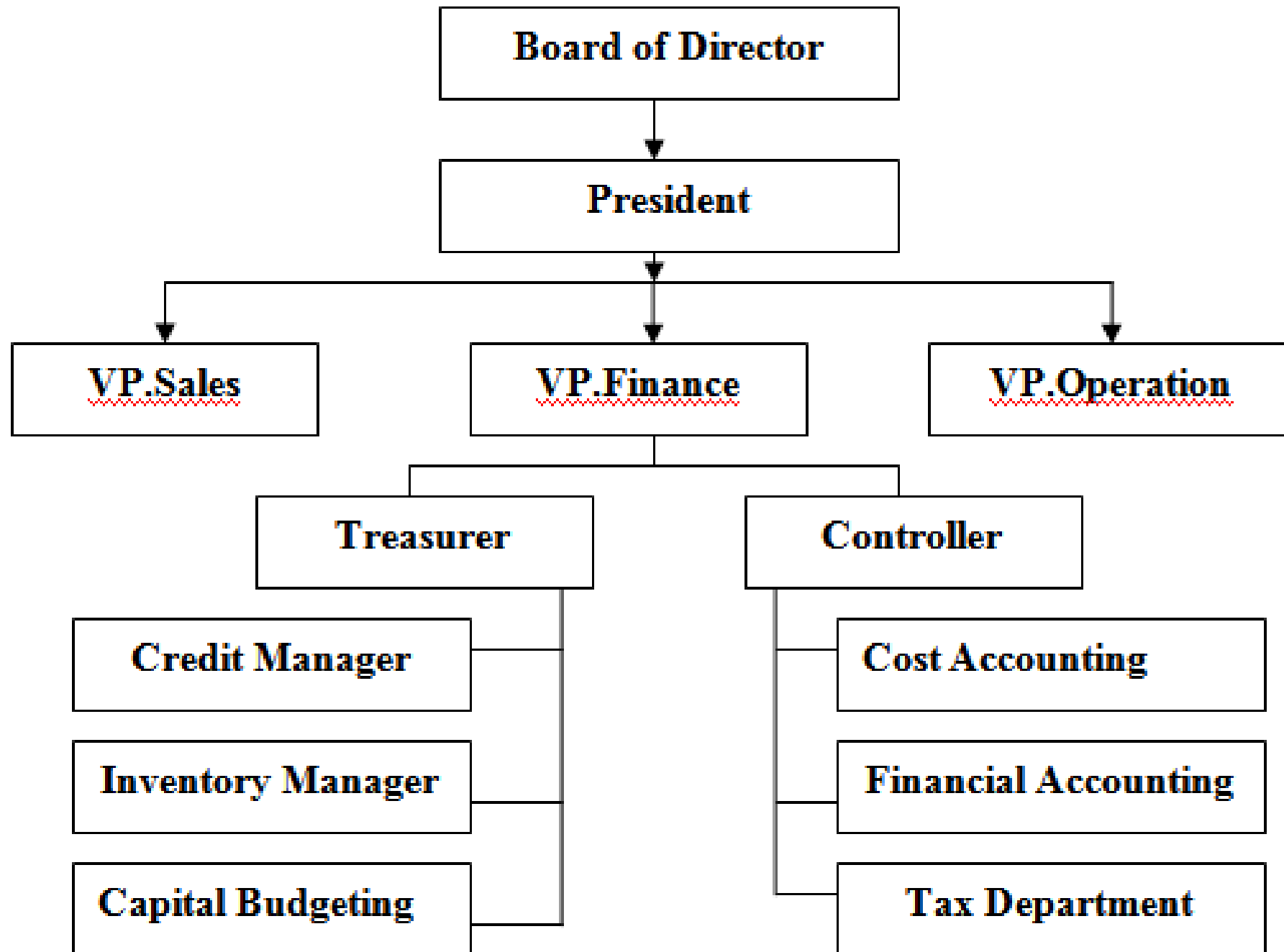
Competitive Analysis

- **Market share**
- **Strengths and weaknesses**
- **How important is your target market to your competitors?**
- **Are there any barriers that may hinder you as you enter the market?**
- **What is your window of opportunity to enter the market?**
- **Are there any indirect or secondary competitors who may impact your success?**
- **What barriers to market are there (e.g., changing technology, high investment cost, lack of quality personnel)?**

Organization & Management

**This section should include:
your company's
organizational structure,
details about the ownership of
your company, profiles of
your management team, and
the qualifications of your
board of directors.**





The following important ownership information should be incorporated into your business plan:

- Names of owners
- Percentage ownership
- Extent of involvement with the company
- Forms of ownership (i.e., common stock, preferred stock, general partner, limited partner)
- Outstanding equity equivalents (i.e., options, warrants, convertible debt)
- Common stock (i.e., authorized or issued)
- Management Profiles
- Experts agree that one of the strongest factors for success in any growth company is the ability and track record of its owner/management team, so let your reader know about the key people in your company and their backgrounds.

Provide resumes that include the following information:

- **Name**
- **Position (include brief position description along with primary duties)**
- **Primary responsibilities and authority**
- **Education**
- **Unique experience and skills**
- **Prior employment**
- **Special skills**
- **Past track record**
- **Industry recognition**
- **Community involvement**
- **Number of years with company**
- **Compensation basis and levels (make sure these are reasonable -- not too high or too low)**
- **Be sure you quantify achievements**

Board of Directors' Qualifications

- . **Names**
- . **Positions on the board**
- . **Extent of involvement with company**
- . **Background**
- . **Historical and future contribution to the company's success**



BOARD OF DIRECTORS

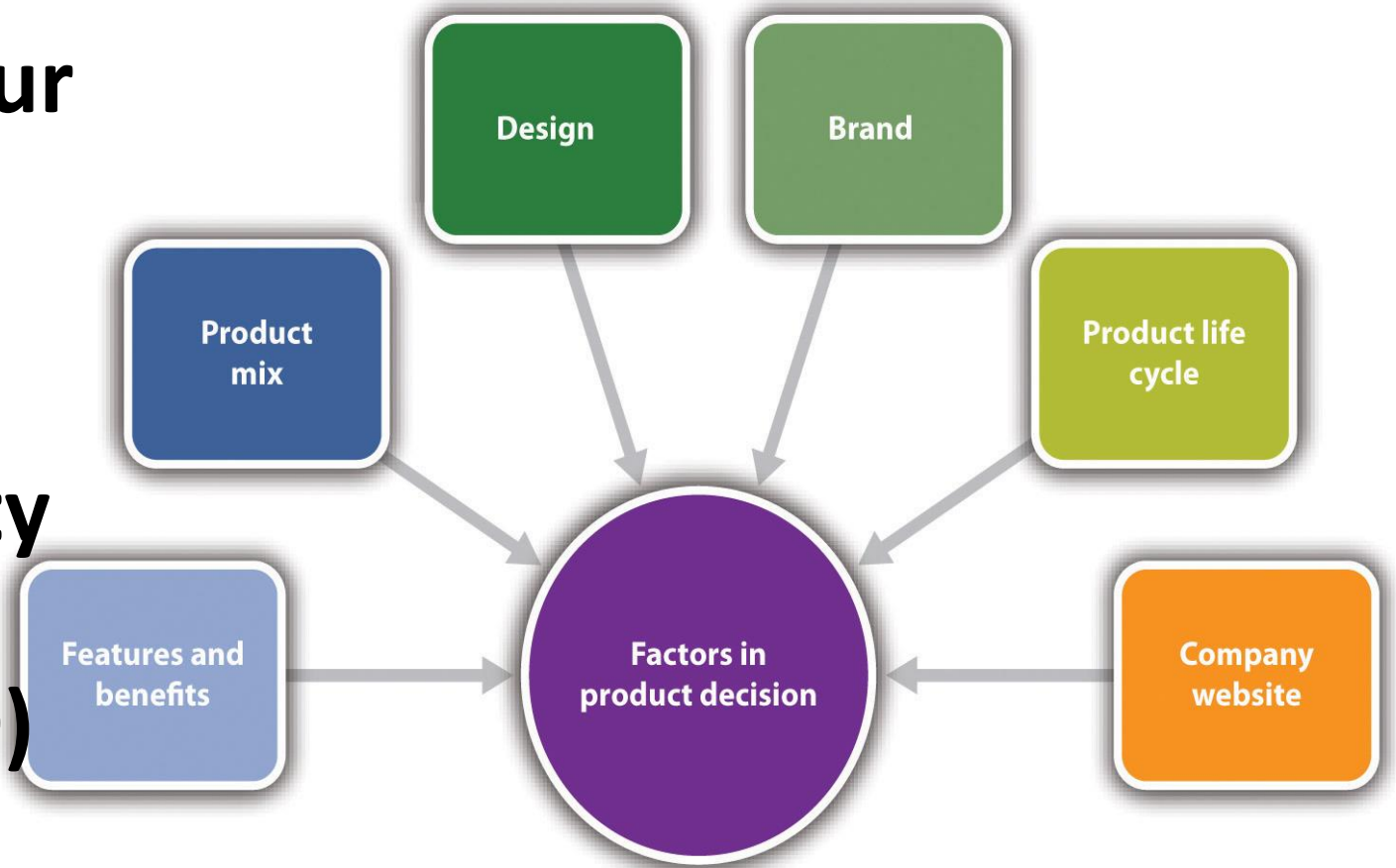
Product and Service Decisions

Product Line Decisions

- **Line filling:** adding more items within the present range of the line
 - More profits
 - Satisfying dealers
- **Line stretching:** when a company lengthens its product line beyond its current range
- **Downward:** add low-end products
- **Upward:** add prestige to the current products
- **Both ways:** achieve both goals of line filling and line stretching

What to Include in Your Service or Product Line Section

- A Description of Your Product / Service
- Details About Your Product's Life Cycle
- Intellectual Property
- Research and Development (R&D) Activities



Marketing & Sales

Marketing is the process of creating customers, and customers are the lifeblood of your business. In this section, the first thing you want to do is define your marketing strategy. There is no single way to approach a marketing strategy; your strategy should be part of an ongoing business-evaluation process and unique to your company.

Marketing

Sales





Marketing



- | | |
|---|--|
| <ul style="list-style-type: none">• Reduced Temptation to Prematurely Accelerate• Pace of evolution• Greater Alignment with Buying Process• Greater focus on Conversions | <ul style="list-style-type: none">• Slower Collaboration with Sales• New Capability Acquisition |
|---|--|



Sales



- | | |
|--|---|
| <ul style="list-style-type: none">• Increased Collaboration• Greater Sales Force Adoption• Call Center Expertise | <ul style="list-style-type: none">• Slower Pace of Evolution• Lack Quality Marketing Content and Offers• Potential for Corrupted Learning's |
|--|---|

Comparison: Similarities and Differences

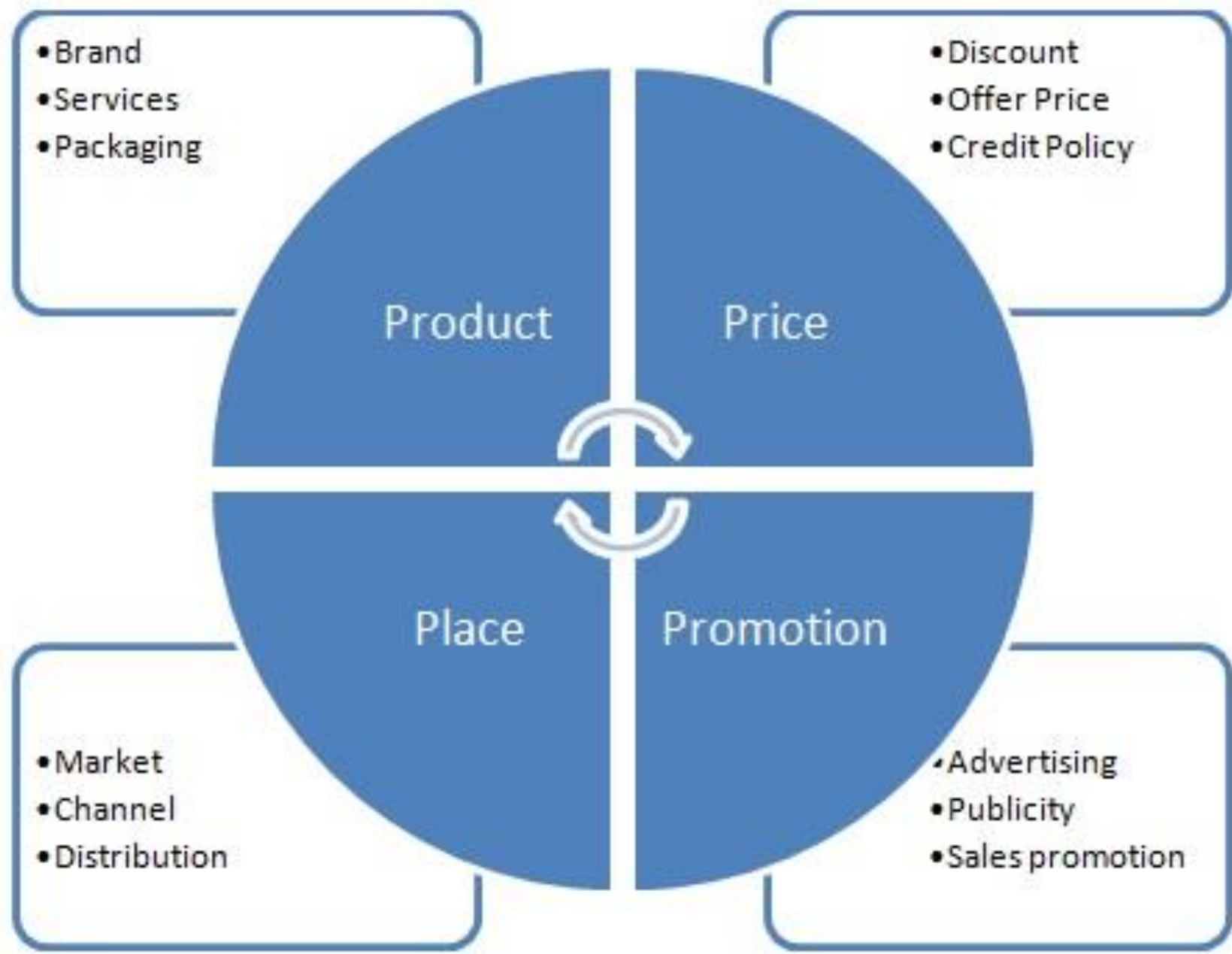
Similarities	Differences
<ul style="list-style-type: none">● Both Sales & Marketing are aiming at increasing revenue● In small businesses, both Marketing and Sales are managed by the same people	<ul style="list-style-type: none">● Marketing activities focus more on the relationship between client and the business. Sales mostly deals with making the client want what the business sells.● Marketing's horizon is long-term, comparing with Sales' which is short term.

Marketing ~~vs~~ and Sales

Marketing	Sales
branding	direct client contact
creating interest	scoping projects
leads nurturing & generation	closing contracts
sales support (proposals, flyers, etc.)	client advocate

An overall marketing strategy should include four different strategies:

- **A market penetration strategy.**
- **A growth strategy.**
- **Channels of distribution strategy.**
- **Communication strategy.**



A sales force strategy

If you are going to have a sales force, do you plan to use internal or independent representatives?

How many sales people will you recruit for your sales force?

What type of recruitment strategies will you use? How will you train your sales force?

What about compensation for your sales force?