

# IT-Business Planning

1

## Business Planning

- The Initial Phase
- Where are we now? Where do we want to go? How do we get there?
- The business plan integrates concentration of knowledge & skills
- A business plan is a SELLING document
- The business plan is a risk control document
- What and where are the risks ?
- The strategies are in place to minimize the risks
- The opportunity is identified, the business plan converts the opportunity into reality
- A plan can be used at any stage of the business cycle

2

# Functions of a Business Plan

1. **A business plan offers a path to follow in making crucial startup decisions.**
2. **The plan clarifies your ideas and establishes a plan of action.**
3. **It is an operational tool.**
4. **Your business plan is a financial tool.**
5. **It is a benchmark for good operational management.**
6. **A business plan provides for future growth.**

3

## Business Plan Contents

- Executive Summary
- The Industry & Company & its Products
- Market Research & Analysis
- The Economics of the Business
- The Marketing Plan
- Design & Development Status
- Manufacturing & Operations Plan
- Management Team
- Overall Schedule
- Critical Risks & Problems
- The Financial Plan
- Proposed Company Offering

4

# Executive Summary

- Description of the Business Concept & Business
- The Opportunity & the Strategy
- The Target Market & Projections
- The Competitive Advantages
- The Economics, Profitability & Harvest Potential
- The Team
- The Offering

5

## Description of Concept & Business

- How does the product or service CHANGE the way customers do certain things
- What is “special” about the service or product?
- What are the trade secrets? Proprietary Information? Unique Capabilities?
- What are specifics about the product or service?

6

# The Opportunity & Strategy

- What is the Opportunity?
- Why is it Compelling?
- The Entry Strategy to Exploit it?
- The Key Facts & Conditions
- Competitor Vulnerabilities
- Industry Trends
- Growth Strategies beyond the Initial Start Up.

7

# Target Market & Projections

- The Industry & the Market
- Who are the Customers?
- How will the Product be Positioned?
- How will you Reach & Service the Customers?
- Market Structure?
- The Size & Growth rate of the Market Segments
- Sales estimates and Market Share?
- Payback Period for the Customers
- Pricing Strategy?

8

# **The Competitive Advantages**

- What are they?
- Do they Exist? or do we Create?
- It may be the “Product” itself, or Market Conditions, or Competitor Vulnerabilities
- It the Advantage Sustainable?
- How do we protect it?
- Are there Strategic Alliances?

9

## **Economics, Profitability & Harvest**

- Gross & Operating Margins
- Expected Profitability
- Durability of the Profits
- Time to Breakeven & Positive Cash Flow
- Key Financial Projections
- Return On Investment
- Operating & Cash Conversion Cycle

10

# The Team

- The Relevant Knowledge, Experience & Skills of the Lead Entrepreneur & Team Members
- Previous Accomplishments
- Management Experience
- People Management Skills
- Previously Successful Ventures
- Financial Management Skills

11

# The Offering

## ***What is the Deal?***

- How much is required?
- Debt or Equity?
- How much of the Company will be Offered in return for the Equity ?
- What Return is offered for the Investor?
- What Exit is Proposed?

12

# Market Analysis

- a basic plan include the following:
  - Explain your reasoning.
  - Identify your target customers.
  - Specify the customer needs you are fulfilling, benefits your products/services offer, and features that deliver those benefits.
  - Explain key issues and opportunities.
  - Include preliminary budgets and timelines for your action plans / programs.

13

# Advance Market Analysis

- Describe the strengths, weaknesses, opportunities, and threats your business faces (SWOT analysis).
- Explain the business environment. What are your competitors' strategies? What potential substitutes are available?
- Include the trends in your industry and how they affect both online and offline activity. Show growth projections.
- Detail the financial aspects when you write the marketing plan: break even analysis, your plan will be profitable to your business.
- Include a calendar of events that shows milestones in the coming weeks or months.

14

# Positive Steps

- Involve ALL the management team
- Be logical, concise, comprehensive & readable
- Demonstrate commitment by the time, energy and financial effort to complete the plan
- Point out the risks & outline the assumptions
- Identify all the problems & the strategies to overcome them
- Put forward several sources of financing

15

# Positive Steps

- Spell out the deal
- Be creative in presentation & the way you attract the attention of potential investors
- The plan is the focus, it is not the business
- Do not accept orders & customers that will create a positive cash flow - delay the plan
- Understand the investment audience – know what they are looking for
- Be realistic, not optimistic

16

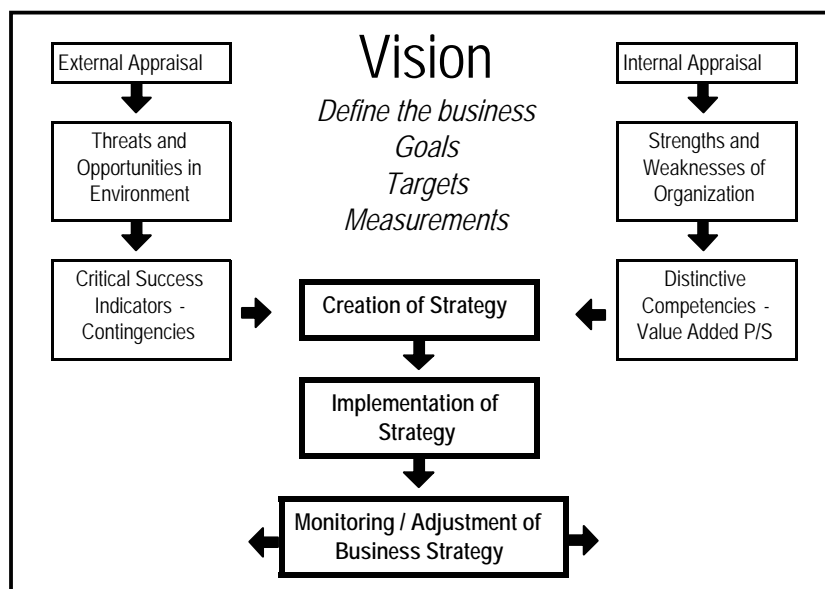


# Negative Steps

- Don't have mysterious names on the team
- Don't be vague, ambitious or presumptuous
- Don't use jargon - you will lose the reader
- Don't be all show - demonstrate substance
- Don't waste the time in writing a plan, when you could be closing deals and collecting the cash
- Don't assume the deal is done until the cheque is cleared
- Don't assume that your assumptions will not be checked out - they certainly will
- You are dealing with professional investors, with a network of contacts that is superior to yours

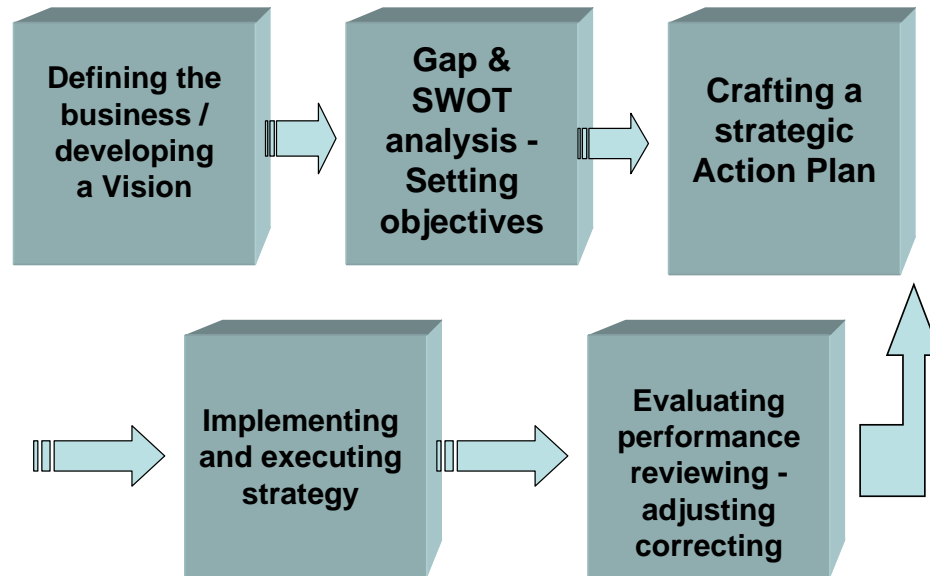
17

## The Elements of the Strategic Business Planning Model



18

# The 5 tasks of Strategic Business Planning



19

## Define the Business Develop a Vision

*create a clear, vivid, compelling and achievable VISION of where you want to take your business over the next 3-5 years.*

- 1. What is the thrust or focus for future business development?*
- 2. What is the scope of products and markets that will - and will NOT - be considered.*
- 3. What is the future emphasis or priority and mix for the products and markets that fall within that scope?*
- 4. What key capabilities / resources are required to make this strategic Vision happen? (**money, product, people, advertising, distribution...**)*
- 5. What does this Vision imply for growth and return expectations?*

20

# The GAP / SWOT Analysis



21



22

## **Five Rules for Business Success**

1. The product or service must be ideally suited to the existing market and to what people want, need, and are willing to pay for.
2. There must be a company-wide focus on marketing, sales, and revenue generation.
  - The failure to focus single-mindedly on sales is the number one cause of business failure in any economy.

23

## **Five Rules for Business Success**

3. Efficient internal systems of bookkeeping, accounting, inventory management, and cost control must exist.
  - Poor control of operating costs and internal administration is the number two reason for business failure.
4. There must be a clear sense of direction and a high level of synergy and teamwork among managers and staff in the organization.
  - The company should function like a well-oiled machine.
5. The company should never stop learning, growing, innovating, and improving.

24

# E-Business... What is it?

- “Use of technology to **facilitate** the buying, selling, or exchanging of products & services over the Internet.”
- Beyond online shopping
- Last generation to question the need, relevance, and importance of e-business

25

## Need, Relevance & Importance

- Lower procurement costs
- Enhanced productivity
- Extended reach
- Response to new customer & competitive demands
- Automated business processes & work flow
- Lower inventory costs
- Improved customer service
- Closer relationships with trading partners

26

# **E-Business is just for techies...**

- Interdisciplinary nature of e-business:
  - - Management
  - - Marketing & sales
  - - Consumer behaviour
  - - Business law & ethics
  - - Finance & accounting
  - - Operations
  - - Management information systems (MIS)
  - - Economics

27

## **Before You Begin**

- Need to have realistic expectations
- E-business involves careful planning, preparation, development, execution, and refinement
- E-business should complement your traditional business strategy
- “Cautious optimism”

28

# E-Business Planning

- Description of the business
- **Purpose of the initiative**
- Audience analysis
- Market research
- **Implementation schedule**
- Evaluation and metrics
- **E-business partners**
- **Technology plan**
- **Site evolution plan**
- **Logistics & fulfillment**
- Translation/Localization
- Financials

29

## Potential E-Business Partners

- Internet Service Provider
- Web host
- Web designer
- Web developer / e-business guru
- Database developer
- Security expert
- Bank
- Clients and trading partners
- New “intermediaries”
- Payment gateway
- E-marketplace

30