

TECHNOLOGY ENTREPRENEURSHIP (ENT600)

UNIT 5 : TECHNOLOGY-BASED BUSINESS IDEA BLUEPRINT (TBIB)

What is a Technology-Based Business Idea Blueprint?

- ▶ A technology-based business idea blueprint is a detailed written document that describes what a new product want to accomplish.
- ▶ It is a detailed road map for converting ideas and vision into real, functioning, profitable and viable product.

OUTLINE OF TECHNOLOGY-BASED BUSINESS IDEA BLUEPRINT

- ▶ **COVER PAGE**
- ▶ **TABLE OF CONTENTS**
- ▶ **THE BODY OF BUSINESS BLUEPRINT**
 - 1.EXECUTIVE SUMMARY**
 - 2.PRODUCT OR SERVICE DESCRIPTION**
 - 3.TECHNOLOGY DESCRIPTION**
 - 4.MARKET ANALYSIS AND STRATEGIES**
 - 5.MANAGEMENT TEAM**
 - 6.FINANCIAL ESTIMATES**
 - 7.PROJECT MILESTONES**
 - 8.CONCLUSIONS**
 - 9.APPENDICES**

Introduction Sections

▶ COVER PAGE

The cover page should include the details of the project (name, contact no, address, etc).

▶ TABLE OF CONTENTS

Included in the table of contents is a list of the sections, sub- sections, and any appendices.

The page numbers must be included for easy reference.

1. EXECUTIVE SUMMARY

- ▶ Gives a brief overview that helps put all the information into perspective.
- ▶ Includes some of the followings:
 - ❑ Brief description of the business and product concepts
 - ❑ The target market and projections
 - ❑ The competitive advantages
 - ❑ The profitability
 - ❑ The management team
- ▶ It is generally written at the very last when all the details of the blueprint are available.

2. PRODUCT OR SERVICE DESCRIPTION

- Describe the product or service to be produced/sold.
- Discuss the application or usage of the product or service.
- Emphasize any unique features of the product or service and how these will create or add significant value with what is currently on the market.
- Provide a summary of the functional specifications and photographs of the product.
- Describe any IP involved.
- Discuss any opportunities for the expansion.

3. TECHNOLOGY DESCRIPTION

- ▶ Key components related to the product/service or technology
- ▶ Detail technology used or developed
- ▶ Research & development and the intellectual property involved
- ▶ Specialized knowledge and experience and skills involved
- ▶ Regulations that may govern the use of the technology to deliver the product/service

4. MARKET ANALYSIS AND STRATEGIES

- ▶ Information in this section needs to support the assertion that the product can capture a substantial market in growing industry and stand up to competition.

- ▶ Include:
 - Customers
 - Market size
 - Competition
 - Market share and sales
 - Market strategy

4. Market Analysis and Strategies:

Customers

- ▶ a. Discuss who the customers for the product or service are or will be. Potential customers need to be classified/ segmented.
- ▶ b. Indicate whether customers are easily reached and receptive, how customers buy (wholesale, through manufacturers' representative, etc.).

4. Market Analysis and Strategies:

Market Size

- ▶ a. Show the size of the current total market and the share you will have, by market segment, and/or region, and/or country for the product or service you will offer, in units, ringgit, and potential profitability.
- ▶ b. Describe also the potential annual growth of total market for your product or service for each major customer group, region or country, as appropriate.
- ▶ c. Discuss the major factors affecting the market growth (e.g. industry trends, socio-economic trends, government policy, and population shifts).
- ▶ d. All estimates are often done for a three year period.

4. Market Analysis and Strategies:

Competition and Competitive Edges

- a. Identify competitors and assessment of the strengths and weaknesses of competitors.
- b. Compare competing and substitute products or services on the basis of market share, quality, price, performance, delivery, timing, service warranties, and other pertinent features.
- c. Compare the fundamental value that is added or created by your product or service, in terms of economic benefits to the customer and to your competitors.
- d. Discuss the current advantages and disadvantages of these products or services and say why they are not meeting customers' needs.

4. Market Analysis and Strategies:

Estimated Market Share and Sales

- ▶ Estimate the share of the market (%) and the sales in units and ringgit that you will acquire in each of the next three years based on your assessment of:
 - the advantages of your product or service
 - the market size and trends
 - customers
 - competitors and their products

- ▶ Remember to show assumptions used.

4. Market Analysis and Strategies:

Marketing Strategy

- ▶ Show how the product are going to fit into marketplace.
- ▶ There are four important components of marketing strategy. They are called the 4 Ps (also known as marketing mix) – product, price, place (distribution) and promotion.
- ▶ Poor strategies regarding even one of the 4 Ps can lead to business failure.

4. Market Analysis and Strategies:

Marketing Strategy: Overall Strategy

- ▶ Describe the specific marketing philosophy and strategy of the company.
- ▶ Include, for example, a discussion of the types of customer groups that you are targeting for initial intensive selling effort those that you are targeting for later selling efforts

4. Market Analysis and Strategies:

Marketing Strategy: Pricing

- ▶ The pricing of your product is the fee that will be charged to the customer.
- ▶ Price is a function of your costs, competition and customers. Your customers must have a desire, willingness and ability to pay for your product or service.
- ▶ Pricing can be determined by considering :
 - i. the cost of producing the product
 - ii the competitors' prices.
 - iii. the value of the product based on how people perceive the product in many situations,

4. Market Analysis and Strategies:

Marketing Strategy: Service and Warranty Policy.

- ▶ In addition to the description of the product, as part of product strategies, describe if your company will offer product that will require service, warranties, or training
- ▶ indicate the importance of these service and warranties to customers' purchasing decisions and discuss your method of handling service problems;
- ▶ highlight the kind and term of any warranties to be offered, whether service will be handled by company service people, agencies, dealers and distributors, or return to the factory.

4. Market Analysis and Strategies:

Marketing Strategy: Promotion

- ▶ Promotion is the activity of informing, persuading and influencing the consumers' purchase decisions.
- ▶ These are methods you choose to communicate to your target market to obtain your sales projections.
- ▶ You need a well-defined plan of action that includes the timing, costs and expected return of the chosen promotional methods.
- ▶ Describe the approaches the company will use to bring its product or service to the attention of prospective buyers and persuade them to buy the product or service.

Examples of Advertising and Promotion.

The promotions may include:

Billboards Business cards Bus boards/shelters Newspapers Contests Coupons Direct mail Flyer Giveaways Internet - Banner advertising	Magazines Personal selling Radio Signs Sponsor an event Television Trade magazines Trade shows Write an article Yellow/Super Pages
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4. Market Analysis and Strategies:

Marketing Strategy: Distribution.

- ▶ The elements of a firm's distribution strategy, including such considerations as the selection of the appropriate distribution channel, the determination of the degree of market coverage, and the selection of the best modes of transportation.
- ▶ Describe the methods and channels of distribution you will employ (e.g., own sales force, sales representatives, direct mail, or distributors) that will be used to make sales and distribute the product or service

Technology Blueprint Outline:

5. Management Team

This section includes:

- ▶ a description of the function that will need to be filled,
 - ▶ a description of the key management personnel and their primary duties,
 - ▶ an outline of the organizational structure for the venture,
 - ▶ a description of the board of directors,
 - ▶ a description of the ownership position of any other investors, and so forth.
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- ▶ You need to present indications of commitment, such as the willingness of team members to initially accept modest salaries, and of the existence of the proper balance of technical, managerial, and business skills and experience in doing what is proposed.

Management Team: Organization

- ▶ Present the key management roles in the company and the individuals who will fill each position.
- ▶ If it is not possible to fill each executive role with a full-time person without adding excessive overhead, indicate how these functions will be performed (e.g., using part-time specialists or consultants to perform some functions), who will perform them, and when they will be replaced by a full-time staff members.

Management Team: Key Management Personnel

- ▶ For each key person, describe in detail career highlights, particularly relevant know-how, skills, and track record of accomplishments that demonstrate his/her ability to perform the assigned role.
- ▶ Describe the exact duties and responsibilities of each of the key members of the management team.

Management Team: Management Compensation and Ownership

- ▶ State the salary to be paid, the share ownership planned, and the amount of equity investment (if any) of each key member of the management team.
- ▶ Indicate the supporting services that will be required.
- ▶ Indicate the names and affiliations of the legal, accounting, advertising, consulting, and banking advisors selected for your venture and the services each will provide

6. FINANCIAL ESTIMATES

- ▶ Sound financial management is one of the best ways for the business venture to remain profitable and solvent. In this section think through some of the general issues you will have to address in your formal blueprint.
- ▶ To effectively manage your venture finances, plan a sound, realistic budget by determining the actual amount of money needed to start your venture (start-up costs) and the amount needed to keep it open (working capital or operating costs).

Financial Estimates: **One-time Start-up Costs**

- ▶ Estimate the costs incurred in conjunction with one-time activities that the venture undertakes

- ▶ One time activities include:
 - when opening a new facility,
 - introducing a new product or service,
 - conducting business in a new territory or with a new class of customer or beneficiary,
 - Initiate a new process in an existing facility
 - commencing new operation after considerable research and discussion.

Financial Estimates: **Working Capital**

- Working capital represents the amount of initial expenditure required to finance the daily operation until the business gets its first sale.
- The amount of working capital is therefore dependent upon the period until the firm can generate enough sales to cover its short-term expenditure.

Financial Estimates: **Start-up Capital and Financing**

- ▶ Total start-up capital incorporates both one-time start-up costs and working capital needed to start a project.
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- ▶ The most common source of finance for new venture is the technopreneur's own equity contribution
- ▶ The equity contribution can be in the form of cash or assets.
- ▶ The next most common source of finance is term loan by most commercial banks. The term loan can be used to finance fixed assets as well as working capital requirements. The interest rate and the loan period depend on the current interest rate and the amount of loan required respectively.

7. PROJECT MILESTONES

- ▶ The milestone schedule section provides readers with a timetable for the various activities to be accomplished.
- ▶ This section includes a month-by-month schedule that shows the deadlines or milestones of activities critical to the venture's success.

Examples of Project Milestones

- ▶ Examples of activities that are critical to the success of the venture and can be used as project milestones are:
 - Incorporation of the venture,
 - completion of design and development,
 - completion of prototypes,
 - obtaining of sales representatives,
 - signing of distributors and dealers,
 - ordering of materials in production quantities,
 - starting of production or operations,
 - receipt of first orders,
 - delivery of first sales.

8. Conclusions and Appendices

▶ **CONCLUSIONS**

- ▶ End with a brief conclusion of the main points of the blueprint.

▶ **APPENDICES**

- ▶ Any material that does not easily fit into the body of a blueprint should appear in an appendix.
- ▶ Examples of Appendices include:
 - Resumes of the top management team members, photos or diagrams of product or product prototypes, certain financial data, and market research projections.

References

- ▶ Baringer, Bruce R., & Ireland, R.Duane (2008). *Entrepreneurship: Successfully Launching New Ventures*. New Jersey,USA: Prentice Hall
- ▶ Ismail Ab. Wahab , et al (2007). *Opportunity Analysis & Project Blueprint Workbook*. Shah Alam: MEDEC
- ▶ MSC-IHL Business Idea and Business Plan Competition (2006) *Business Idea Blueprint Template*.