**ASSIGNMENT 4**

**Unit Economics and Product Development Plan   
Due Monday 10/20 - 11:59pm – Please submit to** [**msande273@gmail.com**](mailto:msande273@gmail.com)

All teams come prepared to discuss the answers to the following questions. We will select 1 or 2 teams, depending on timing, to use as case examples for the class. The team(s) will be rewarded with the opportunity to get feedback from the group about their plan.

**Unit Economics: Create the basis for your Financial Operating Plan by calculating the profitability of a single sale. Be sure to address each of the following:**

* What does a typical transaction with a customer look like?
  + What is the product/service?
  + Who buys and who sells?
  + How does the transaction take place?
  + What is the price?
* What does it cost to acquire a customer? How does that value change over time?
  + Marketing costs
  + Sales costs
  + Lead generation costs
* What are the costs involved in delivering that product/service?
  + Bill of Materials (BOM)
  + Cost of manufacturing (e.g., for contract manufacturing)
  + Other items in Cost of Goods Sold (COGS)
  + Logistics/Distribution
  + Installation / integration
  + Customer service / reverse logistics
* What is the profitability of that initial sale?
  + Show a calculation of profitability of that sale, and cite the assumptions used.
  + How does that profitability change over time?
* What other operating costs exist in your business? How will you project these costs?
  + Product Development costs
  + Facilities costs
  + Other support functions (Overhead) costs

**Product: Create a Product Development Road Map using the questions below as a guide:**

* What unique technology are you bringing to your product/service?
* How will that technology provide a sustainable advantage that will lead to the success of the company?
* What are the technical milestones associated with developing your product?
* What is the timing of those milestones? Why?
* What are the significant activities that need to be accomplished to achieve those goals?
* What dependencies exist among the activities?
* How many person-months does each activity require?
* Who are the people who will be meeting those deliverables?
  + What are their functions, responsibilities, and titles?
  + What is the cost of each person?
  + When would you expect to hire them?
  + When would you need Directors and VPs?
* Please provide a resulting headcount for each month for the first 18 months