Module 3

New Venture Planning

Methods to Initiate Ventures

Step 1: Outline your main goal

What is your objective? Are you focusing on a problem or a solution? If you're focusing on only developing a solution, then you will fail. Why? Because a customer will only buy if they think you will solve *their* problem. The business world is littered with great products that failed, or needed someone else to make it a viable business (look up the origin stories of Starbucks or McDonalds).

Step 2: Outline your values

At what cost are you willing to do business, or better still, what values will govern how you will do business? You might think this is not necessary to know for a young startup, but it is very crucial. Think Valeant Pharmaceuticals. When you hit the ground running (and you will be!), most of your time is spent on crises that never stop, and on staging meetings with current and future investors, customers, suppliers and distributors. As a result, newer employees joining the company may not know the principles and values that you run the business with, and perhaps take for granted.

As a founding team, take the trouble to articulate your corporate values and live by them. This will be the bedrock of your awesome culture and it can be your competitive advantage. Sure, people technically work in companies, but the truth is that people work for people. The greatest companies had the best people– the fact that they could attract, hire, train and retain these employees is the reason why they succeeded.

Step 3: Build a product concept that works

A lot of investor money does go into research and development and concept ideas –see Elon Musk's SpaceX or Tesla- but in the end, the market only accepts products that work. You need proof of concept, and it needs to be able to scale quickly without too many bugs (like Sarah Blakely's Spanx), or you need a heavyweight investor or celebrity endorser who has the connections and clout to help you get the help you need.

With this being the case, make it a point to start small– show your target market that it works, and then expand your market, constantly working out the flaws. I have heard so many youngsters talk about how someone stole their idea- sorry, but if the idea does not work, it's a dream, and there are no copyrights on dreams yet. A process can be copied too– even a patent can be reverse engineered! So either you need to take an audacious risk (and it helps if you put your own money behind your venture– it shows the proof of your belief in what you are doing), or your idea *simply* works!

Step 4: Find a market that appreciates your product

While it's tempting to want your product to be the next instant global brand, you need to remember to start small. Remember that Facebook began in a dorm room in Boston. Start in markets you can win –which are often the markets where the bigger players or competitors ignore (think Aramex, Airbnb, or Flipkart)– catch them off guard. Jamalon is a great example– it is now the largest Arabic online book store. Mumzworld has 30% of its range exclusive to itself- making it now the most visited online children's products' retailer with 250+ brands in the MENA region. Uber now has local competition like Careem, which began in the UAE and just got a US$10 million Series B round of funding.

Step 5: Map your networks

If you haven't done this yet- start now, seriously! Networks are assets that are nurtured and developed. Build your networks methodologically. No, I am not saying you should attend all those networking sessions. Figure out who you want to meet and why, and then arrange to meet them. Classmates, employees and customers can bring in strong networks– not just investors. Create an advisory board, and this is an opportunity to rope in some key mentors. Research shows international diversified networks leads to more funding, more customers and more expert knowledge that you can't pay for in your early years.

Step 6: Outline key indicators of performance

Sure, you measure customer acquisitions numbers, sales and profits- these are all common fundamentals, but don't forget to look at customer retention, return on investments and referrals as well. Take a look at the startup metrics Dave McClure and Andreessen Horowitz recommend. Understand the beating pulse of your business so you can predict the slumps. More importantly, when chasing capital or employees, remember at what cost you give away your share of your company. Whether customer, suppl investor, read the fine print.

Step 7: Provide value to your stakeholders

Ask yourself what value you provide to each of your key stakeholders. Start with employees, customers, suppliers, distributors, shareholders and even mentors. Here's a simple logic to keep in mind: if the cost of being with you is more than the benefit, then people will walk away. Invest time to make sure you keep your valuable stakeholders close.

Step 8: Be careful about what you promise

You can't control the media, so be careful with what you promise. Look at the issues surrounding Meredith Perry's U-Beam and Elizabeth Holmes's Theranos. This caution is especially required with technology you haven't mastered. Tesla was founded in 2003, and it was only in 2008 that they shipped their first car. Space X was founded in 2002, and it was only at the end of 2010 that they were able to return a spacecraft from low-Earth orbit. Too much media exposure can open you up to close scrutiny, and worse, highlight every inaccurate statement you made unwittingly, even in good faith.

Acquisition-Advantages of acquiring an ongoing venture

Definition of acquisition

The acquisition means getting something to have it and take the benefits or generate value from it. In business strategy, it is buying a large portion of the target company's shares to gain control of it. The acquirer may be an individual, a company, or a government – the latter being known as nationalization.

As part of a purchase agreement, the acquirer often buys company shares and other assets. That allows it to make decisions about newly acquired assets without the approval of the other target company's shareholders.

Acquisitions can take a long time and involve a frustrating process. The process can take faster (up to three months); but, it can also take up to a year or more.

Difference between acquisition, merger, and acquisition

In the acquisition, both the acquirer and the target, still exist. The target continues to operate its business as an independent organization.

After the acquisition is complete, the acquirer becomes a holding company, while the target company becomes a subsidiary.

Acquisitions can be friendly or unfriendly (or hostile). When it's friendly, the target company's management agrees to the purchase. There was no resistance from them.

Conversely, in hostile acquisitions, management disagrees and often involves resistance. This is what we commonly call "takeover." To entice existing shareholders, the acquirer will usually bid at a higher price than the company's fair value.

Reasons for acquisition

The principal motive for acquisitions is creating value, i.e., the benefits are higher tha the price paid. If the acquisition creates value for public companies, the acquirer's earnings per share should go up, although not always.

Value creation can take a variety of forms, including:

- Increasing market power through more significant market share and more domination over the supply chain
- Cost reduction through more significant economies of scale and economies of scope
- Business diversification if it involves the acquisition of an unrelated business, avoiding the concentration of risk in one business.
- Synergize core competencies and skills such as in the production technology, financial control, or distribution.

Types of acquisition

Based on the links between the target company's business and the acquirer's business, there are three types of acquisitions:

1. Horizontal acquisition
2. Vertical acquisition
3. Related or conglomerate acquisitions

The first two often referred to as related acquisitions. Both involve two companies that are still in the same supply chain.

In **horizontal acquisitions**, the target company is their competitor. This strategy gives advantages in increasing market power (more significant market share) and reducing costs (economies of scale and economies of scope).

In a **vertical acquisition**, the acquirer buys a company that is still in the same supply chain. They may be its suppliers, distributors, or retailers. This strategy seeks to exploit the added value of the value chain. For example, the acquirer buys a distributor to dominate the distribution network, forcing competitors to build their own.

Advantages of acquisition

Taking over other companies is one way to grow, besides through an internal growth strategy. Acquirers can increase their companies' size and value by achieving economies of scale, synergizing core competencies, reducing costs, and securing supply chains.

Following are the acquirer's advantages:

- **Increasing market power. T**he acquirer can buy their competitors to increase market share. A larger market share should increase its bargaining power over suppliers and buyers.
- **Overcoming barriers to entry.** Walls come from factors such as brand loyalty, economies of scale, and distribution networks. Setting up a new company means having to build all three from the beginning, and acquisitions are the solution.
- **Overcoming time loss.** The target company already has an established production facility, market, brand name, and other intangible assets, which is useful in building leadership positions. So, the acquirer doesn't need to establish a business from the beginning since takeover can help achieve a strong market position immediately.
- **Lower risk.** Taking over companies minimizes the risks associated with establishing new companies, such as regulation, targeting markets, building distribution networks, securing supplies, and constructing production facilities.

- **Cost reduction.** The acquiring companies benefit from more significant economies of scale and economies of scope. They, for example, can combine production facilities owned by the target company. Also, companies can minimize the risks and costs of developing new products.
- **Synergy of core competencies.** For example, the acquirer has core competencies in production technology. Meanwhile, the target company has an extensive distribution network. The acquirer can integrate both competencies.
- **Avoid retaliation from existing companies.** Buying a company is a painless way to enter new markets that may be difficult to penetrate. Often, when entering new markets, existing companies will try to prevent new companies from entering.
- **Diversification**. The acquirer can cover losses in one business by buying another company that is not in the same supply chain.

Developing a Marketing plan- -customer analysis

Introduction to Customer Analysis

A customer analysis (or customer profile) is a critical section of a company's business plan or marketing plan. It identifies target customers, ascertains the needs of these customers, and then specifies how the product satisfies these needs.

Customer analysis can be broken down into a behavioral profile (why your product matches a customer's lifestyle) and a demographic profile (describing a customer's demographic attributes).

A customer profile is a simple tool that can help business better understand current and potential customers, so they can increase sales and grow their business. Customer profiles are a collection of information about customers that help determine why people buy or don't buy a product. Customer profiles can also help develop targeted marketing plans and help ensure that products meet the needs of their intended audience.

Behavioral Analysis (Customer Buying Criteria)

A behavioral analysis of customers (or psychographic profile) seeks to identify and weigh the relative importance of factors consumers use to choose one product over another. These factors, sometimes called buying criteria, are key to understanding the reasons that customers choose to buy your product (or service) versus the products offered by your competitors. The four major criteria that customers use to distinguish competing products are: price, quality, convenience andprestige.

In consumer transactions, price and quality tend to be the dominant factors. However with business-to-business (B2B) transactions (also called industrial marketing), service issues such as reliability, payment terms, and delivery schedule become much more important. The sales transaction in an industrial marketing scenario also differs from consumer marketing in that the purchase decision is typically made by a group of people instead of one person, and the selling process can be much more complex (including stages such as: request for bid, proposal preparation and contract negotiations).

Behavioral Analysis
(Purchase Process and Patterns)

Occasionally, customer behavior analysis requires a more in-depth understanding of the actual decision-making process of the customer purchase. This may be especially true in an industrial marketing scenario. Examples of purchase process questions to be answered here include:

* What steps are involved in the decision-making process?
* What sources of information are sought?
* What is a timeline for a purchase (e.g., impulse vs. extended decision-making)?
* Will the customer consult others in their organization/family before making a decision?
* Who has the authority to make the final decision?
* Will the customer seek multiple bids?
* Will the product/service require significant modifications?

Customer Demographics

The second major component in customer analysis is identifying target market segments that are predisposed to preferring your products over those of your competitors. A market segment is a sub-set of a market made up of people or organizations with one or more characteristics that cause them to demand similar product and/or services based on qualities of those products such as price or function. A marketing program aimed at individual segments needs to understand and capitalize on the group's differences and use them strategically in all advertising campaigns.

Gender, age, ethnicity, geography and income are all market-segmenting criteria based on demographics.

Typical questions to ask when determining the demographics of the target market include:
* What is the age range of the customer who wants my product or service?
* Which gender would be most interested in this product or service?
* What is the income level of my potential customers?
* What level of education do they have?
* What is their marital or family status: Are they married, single, divorced? Do they have kids, grandkids?
* What are the hobbies of my target customers?

Sales analysis

A sales analysis is a detailed report that shows a business's sales performance, as well as customer data and generated revenue. The report defines the strengths and weaknesses of products and sales teams by referencing historical and current metrics to detect emerging trends that are most relevant to a company.

Typically, a sales analysis is mostly comprised of quantitative data, such as key performance indicators (KPIs) and charts. The most valuable KPIs include-

- Regional Sales
- Sales Per Rep
- Average Purchase Value
- Sell-Through Rate
- Cannibalization Rate
- Conversion Rate
- Sales to Date
- Sales Opportunities
- Sales Targets
- Sales Growth

9 Types of Sales Analysis Methods

1. Sales Trend Analysis

A sales trend analysis focuses on finding patterns from sales data within a specific timeframe. Many retailers use this method to determine micro and macro trends. A micro-trend covers a particular line of product for a week or so, while a macro trend may track a range of goods over the course of months.

2. Sales Performance Analysis

A performance analysis measures the effectiveness of a sales strategy by monitoring a sales team's performance. Aside from tracking sales per rep and other KPIs, this method often requires a financial analysis based on revenue generated from a certain department or period.

Analysts can also tailor the report to cover win rates, revenue growth, profit margins, and any other area of interest. This tactic shows sales teams their current performance levels and how it compares to what is expected.

3. Predictive Sales Analysis

A predictive sales analysis is generated by forecasting software, which uses historical trends to anticipate future risks and opportunities. This enables companies to mitigate threats and prepare teams to capitalize on emerging customer demand.

By utilizing predictive solutions, businesses can improve conversion rates and define opportunities to upsell or cross-sell, promoting sales and revenue.

4. Sales Pipeline Analysis

Sales pipeline analysis monitors consumers' activities before they finalize a sale or abandon their shopping carts.

These reports can generally cover several sales channels or breakdown interactions from a specific source. This discovers how sales representatives should interact with customers to improve conversion rates and finalize transactions.

5. Product Sales Analysis

Businesses that offer several product lines and variances need to conduct a routine product sales analysis to determine which items are lagging sales. A product sales report considers KPIs and revenue breakdowns to discover item performance within a specific time frame.

Depending on what KPIs are used, companies can view product sales from the perspective of different demographics or customer demand. The results enable management to decide which products should be discontinued or promoted.

6. Sales Effectiveness Analysis

Also known as sales management, sales effectiveness analysis monitors each representative's performance to teach them how to finalize a purchase.

This report requires analysts to study generated metrics and patterns to create actionable insights. An accurate effectiveness analysis can enhance customer interactions to boost sales rates.

7. Diagnostic Analysis

A diagnostic analysis finds the causes behind KPIs and sales trends to determine how to make improvements. For example, a company might discover that the reason the sales for a popular item has declined is not due to poor customer interactions but because a competitor launched a similar product line.

Management can identify obstacles and develop plans of action to improve team performance and overcome roadblocks. By regularly conducting a diagnostic analysis, companies can define new barriers and evolve their sales approach to remain competitive.

8. Prescriptive Analysis

While similar to the predictive method, the prescriptive analysis considers emerging trends and generates insights on how to handle different scenarios, based on available data.

For example, a predictive analysis would determine that customer demand for a particular product is going to increase within the month. A prescriptive analysis would take this piece of data and determine what sales channels customers will pursue and how representatives can maximize sales.

This enables businesses to capitalize on future opportunities, rather than investing in an approach that may not pay off.

9. Marketing Research

Dedicating time to research market trends keeps businesses in the know of evolving consumer preferences to remain competitive. Management can contact customers directly via phone, email, or in-store to gain insight into what modern consumers are gravitating towards and how buyer personas are changing.

It is also helpful to discover the top competitors' statistics and methods, such as pricing strategies, customer interactions, and marketing efforts. With this information, management can accurately evaluate their strengths and weaknesses to develop effective marketing strategies.

By utilizing the different sales analysis methods, businesses can gain a well-rounded perspective of their overall performance to determine where to make improvements. With routine evaluations, management can ensure that teams are adapting their tactics to maximize sales.

Competition analysis

1. Determine who your competitors are.

First, you'll need to figure out who you're really competing with so you can compare the data accurately. What works in a business similar to yours may not work for your brand.

So how can you do this?

Divide your "competitors" into two categories: direct and indirect.

Direct competitors are businesses that offer a product or service that could pass as a similar substitute for yours, and that operate in your same geographic area.

On the flip side, an **indirect competitor** is one that provides products that are not the same but could satisfy the same customer need or solve the same problem.

2. Determine what products your competitors offer.

At the heart of any business is its product or service, which is what makes this a good place to start.

You'll want to analyze your competitor's complete product line and the quality of the products or services they're offering.

You should also take note of their pricing and any discounts they're offering customers.

Some questions to consider include:

- Are they a low-cost or high-cost provider?
- Are they working mainly volume sales or one-o purchases?
- What is their market share?

3. Research your competitors sales tactics and results.

Running a sales analysis of your competitors can be a bit tricky.

You'll want to track down the answers to questions such as:

- What does the sales process look like?
- What channels are they selling through?
- Do they have multiple locations and how does this give them an advantage?
- Are they expanding? Scaling down?
- Do they have partner reselling programs?
- What are their customers reasons for not buying? For ending their relationship with the company?
- What are their revenues each year? What about total sales volume?
- Do they regularly discount their products or services?

4. Take a look at your competitors' pricing, as well as any perks they offer.

There are a few major factors that go into correctly pricing your product – and one *major* one is understanding how much your competitors' are charging for a similar product or service.

If you feel your product offers superior features to that of a competitors', you might consider making your product or service more expensive than industry standards. However, if you do that, you'll want to ensure your sales reps are ready to explain why your product is worth the additional cost.

Alternatively, perhaps you feel there's a gap in your industry for *affordable* products. If that's the case, you might aim to charge less than competitors' and appeal to prospects who aren't looking to break the bank for a high-quality product.

5. Ensure you're meeting competitive shipping costs.

Did you know expensive shipping is the **number one reason for cart abandonment**?

Nowadays, free shipping is a major perk that can attract consumers to choose one brand over another. If you work in an industry where shipping is a major factor – like ecommerce – you'll want to take a look at competitors' shipping costs and ensure you're meeting (if not exceeding) those prices.

If most of your competitors' offer free shipping, you'll want to look into the option for your own company. If free shipping isn't a practical option for your business, consider how you might differentiate in other ways – including loyalty programs, holiday discounts, or giveaways on social media.

6. Analyze how your competitors market their products.

Analyzing your competitor's website is the fastest way to gauge their marketing efforts. Take note of any of the following items and copy down the specific URL for future reference:

- Do they have a blog?
- Are they creating whitepapers or ebooks?
- Do they post videos or webinars?
- Do they have a podcast?
- Are they using static visual content such as infographics and cartoons?
- What about slide decks?

7. Take note of your competition's content strategy.

Then, take a look at the quantity of these items. Do they have several hundred blog posts or a small handful? Are there five white papers and just one ebook?

Next, determine the frequency of these content assets. Are they publishing something new each week or once a month? How often does a new ebook or case study come out?

Chances are, if you come across a robust archive of content, your competitor has been publishing regularly. Depending on the topics they're discussing, this content may help you hone in on their lead generating strategies.

From there, you should move on to evaluating the quality of their content. After all, if the quality is lacking, it won't matter how often they post since their target audience won't find much value there.

Choose a small handful of samples to review instead of tackling every single piece to make the process more manageable.

8. Learn what technology stack your competitors' use.

Understanding what types of technology your competitors' use can be critical for helping your own company **reduce friction and increase momentum** within your organization.

For instance, perhaps you've seen positive reviews about a competitor's customer service – as you're conducting research, you learn the customer uses powerful **customer service software** you haven't been taking advantage of. This information should arm you with the opportunity to outperform your competitors' processes.

To figure out which software your competitors' use, type the company's URL into **Built With**, an effective tool for unveiling what technology your competitors' site runs on, along with third-party plugins ranging from analytics system to CRMs.

9. Analyze the level of engagement on your competitor's content.

To gauge how engaging your competitor's content is to their readers, you'll need to see how their target audience responds to what they're posting.

Check the average number of comments, shares, and likes on your competitor's content and find out if:

- Certain topics resonate better than others
- The comments are negative, positive, or a mix
- People are tweeting about specific topics more than others
- Readers respond better to Facebook updates about certain content
- Don't forget to note if your competitor categorizes their content using tags, and if they have social media follow and share buttons attached to each piece of content. Both of these will a ect engagement activity.

10. Observe how they promote their marketing content.

From engagement, you'll move right along to your competitor's content promotion strategy.

- Keyword density in the copy itself
- Image ALT text tags
- Use of internal linking

The following questions can also help you prioritize and focus on what to pay attention to:

- Which keywords are your competitors focusing on that you still haven't tapped into?
- What content of theirs is highly shared and linked to? How does your content compare?

11. Look at their social media presence, strategies, and go-to platforms

The last area you'll want to evaluate when it comes to marketing is your competitor's social media presence and engagement rates.

How does your competition drive engagement with their brand through social media? Do you see social sharing buttons with each article? Does your competitor have links to their social media channels in the header, footer, or somewhere else? Are these clearly visible? Do they use calls-to-action with these buttons?

If your competitors are using a social network that you may not be on, it's worth learning more about how that platform may be able to help your business, too. To determine if a new social media platform is worth your time, check your competitor's engagement rates on those sites. First, visit the following sites to

12. Perform a SWOT Analysis to learn their strengths, weaknesses, opportunities, and threats

As you evaluate each component in your competitor analysis (business, sales, and marketing), get into the habit of performing a simplified SWOT analysis at the same time.

This means you'll take note of your competitor's strengths, weaknesses, opportunities, and threats any time you assess an overall grade.

Some questions to get you started include:

- What is your competitor doing really well with? (Products, content marketing, social
  media, etc.)
- Where does your competitor have the advantage over your brand?
- What is the weakest area for your competitor?

Business Plan-benefits of drivers

1. Better accuracy. DBM improves the accuracy of forecasts, allowing the organization to ignore unnecessary items and focus on material drivers. Companies can also take the next step and run predicative analytics by looking at different inputs to the model. They can figure out what factors are going to move the business in either direction. According to David Mann, director of financial planning and performance at insurer Tufts Health Plan, that's particularly helpful in areas of great volatility.

2. Data integrity. The number one benefit of DBM is trust in the numbers, explained Pras Chatterjee, senior director of product marketing at SAP for Enterprise Performance Management. "Amongst the worst things for finance is explaining numbers in absolute terms without further details," he said. "With driver-based models, finance can say not just what's happening but also why it is happening."

3. Higher frequency. DBM makes it easier to forecast and plan more frequently by using technology to input KPIs into models that generate financial forecasts. It's tied back to KPIs and strategy, thus it's a unified way that gets people to be more focused on key drivers of business success.

4. Speed of decision-making. DBM lets companies make decisions, fast, by providing visibility into what's moving financial results. Companies can begin to understand what levers to pull and their likely effect. If companies see a change in a driver, they can buy the most valuable thing: time to respond.

5. Better business support. Driver-based modeling is the best way for finance to support the business. Increasingly, finance is becoming a better partner to the business. The focus on business drivers allows finance to invert the pyramid—instead of spending two-thirds of their time on transactions and one-third on value-added analysis to support the business, FP&A can spend two-thirds on value-added analysis.

6. Ability to plan around key drivers. According to Philip Peck, vice president financial transformation at Peloton, focusing on the operational drivers enables an organization to understand, plan around, and influence the critical elements that have the greatest impact on financial performance.

7. Higher efficiency. Adopting and implementing driver models significantly increases both the efficiency and effectiveness of planning, reporting, analysis and driving improved business performance. "From an efficiency perspective, the focus on the critical few drivers enables organizations to move away from the very detailed accounting-centric G/L account mindset that often consumes significant time, effort and cycle time with limited business value," Peck said.

8. Getting everyone on the same page. DBM gets all the different functional leaders on the same page; finance, marketing, sales, manufacturing, distribution, etc., can see the impact of their activities on financial results.

9. Developing a rolling forecast. Driver models are also an essential foundational component for establishing a rolling forecast framework and significantly reducing the time and effort associated with the traditional annual planning process. As more companies peek around the corner at 12 months, that's becoming an essential factor.

10. Changing the conversation. DBM forces the discussion to turn to activities and operational driver-based conversation, i.e., focusing on the value chain of the business since drivers are tied to that value. According to Peck, "The conversation completely changes, from the typical financial results discussion to what is impacting those drivers and how we can improve those opportunities."

Perspectives in business plan preparation

Where do you want your business to go?

This question quintessentially aims at defining the future strategy of the business. For instance, where would the business be in the next three, five or ten years? What is the future planning about the market share, revenue generation, etc? All these and more questions need to be answered when a business plan is framed. You need to have an ultimate objective to guide your decisions.

Product analysis

What is the product or service that you are offering as a company at present, or in the future? Is the product or service going to be a path breaker or a mere substitute for other products? Is the product or service profitable? The potential value of the product or service, which is to be offered, and money, tools and time required, from the procurement of the raw material to the delivery of the finished product to the consumer. All these have to be identified as well as worked upon religiously.

Market analysis

The business plan needs to identify the size of the market as well as the ways and means to tap it. A useful method would be to go for segmenting, targeting and positioning to find out the demand and the population that needs to be zeroed in. The market analysis is integral to a successful business plan because without prior knowledge of the market it would not be possible to optimally utilise all the resources in hand.

Ownership of the business

Some birds like to fly in flocks while some prefer to fly solo. Before you embark on your journey, ask yourself, which bird are you? Do you want a sole proprietorship or a partnership or perhaps an entire team to give shape to your dreams? Each has its advantages and disadvantages. This decision can make or break your business.

Competition analysis

Unless you are well aware of the kind of companies you are going to compete with, you are not ready to launch your product or service in the market. The reason is, since you are a new player in the market, you are entering a zone, which is already well established and sometimes even saturated. In these circumstances, until and unless you find out about your competition, as well as study them enough to discover the possible pitfalls (as well as the success stories) which they have already experienced, you may make the same mistakes yourself. However, when you analyse the competition you may identify your competitive advantage over them.

Consumer analysis

The product or service has been created with an aim to sell to the targeted population. After doing the market research and finding out the targeted population, it is time to analyse the various consumers that the business is aiming at. You need to know what are the demographic as well as the psychographic profiles of the consumers, and how can the specific demands as well as the requirements be fulfilled by the product or service on offer.

Core management team

A business is only as good as its employees. Until and unless the employees are good at what they do, as well as create value for the company, what is the point? A start-up has to hire very carefully. The issue is not many would be interested in joining a company that is yet to make a mark and does not have an established brand name. In addition, start-ups mostly do not begin with a lavish ten-figure budget to accommodate expensive hires. However, in spite of all these starting issues, once the team is created by selecting the right person for the right job, the business should then focus on executing the various opportunities that it has identified.

Financial planning

As mentioned not all start-ups begin with a lavish budget, some have to operate on tight budgets and therefore managing the resources as well staying afloat becomes a very tough job. In this situation, financial planning plays a crucial role in the context of the company's financial health. Some start-ups also aim for investment from various investors or other companies to. The idea is to get enough funding to start the operations and optimise the available resources for that.

Operations plan

The operations plan is spelled as the 'action plan'. In other words after you have zeroed in on the various whys and wheres it is time to find out the hows. What is the roadmap? How do you plan to begin the venture? What are the various milestones that you need to cover in order to successfully reach where you want to reach in five, ten or fifteen years? How do you plan to go about your business on a day-to-day basis? The operations plan is all this and more. In order to get maximum benefit out of the proposed operations plan it is important that small as well as big goals are set and then followed.

Feasibility study

The feasibility study is important to discover the possible hiccups and roadblocks that one may stumble upon. This will also outline a blueprint for the job in hand on a daily basis and eventually for the whole business. A feasibility study acts as a filter, screening out the potential pitfalls that one may fall in. It is analyses the viability of the project. It aims to find out whether the plan made is even worth investing money and time in or not. Without a properly executed feasibility study, it is difficult to assess the possible issues as well the repercussions that one's actions may result in.

Why is your business plan better than others are?

After answering all the above key questions, you are now in a suitable position to answer the most important question of all, why are you better? There are millions of startups out there, trying hard to establish as well as survive the mad world of business. What is so special about you that you think you will succeed? What are your strengths and weaknesses? What sets you apart from the crowd of similar products? It is easy to make a business plan, placing all ideal thoughts on paper. However, the question is how far the ideas and thoughts are feasible.

Contingency planning

What do you call a business plan, which does not come with an emergency button? A failure. No business plan can ever be foolproof. Why? Because there are so many things that can and will go wrong in the course of execution of the plan, and hence without a 'plan B' to tackle them, you are only inviting disaster. Contingency plans are a safeguard against any misstep or mistake and would protect the business against failure.

Elements of a business plan

1. Executive Summary

This section is a concise description of what your business does, and the market needs it fulfills. Keep it brief, but with enough detail to entice readers to learn more about your company. The executive summary should include:

- Your business name and location
- Products and/or services offered
- Mission and vision statements
- The specific purpose of the plan (overview success factors)

2. Company Description

Provide a high-level overview of your business, your goals and objectives, what you've already achieved, the problems your business solves, ideal customers, and any other success factors. This is the place to brag about your company.

This section should also include a profile of the company, containing information like:

- Location
- Legal structure
- Overview of products, services, customers, and suppliers
- Highlights of financial and marketing aspects
- Summary of your short- and long-term goals and plans for profitability

3. Market Analysis

Information in this section will be the summary of thorough market research. It should include analyses of the industry, target customer base, and competitors. Explain what success means in your industry, how competitors achieve goals, and how you can do it better. Details to include:

- Industry description and statistics
- Targeted customers, their demographics, and profile
- Marketing data for your products or services (past, present, and future)
- A detailed evaluation of competitors, including strengths and weaknesses

4. Organization and Management

This section defines how your company is structured and how it will be run. It should describe the legal structure of your business (C or S corporation, general or limited partnership, sole proprietor, or LLC).

Include an organizational chart that depicts the hierarchy of the company, separate departments, and who manages them. If you are governed by a board of directors, list them here. Include profiles of the executive team members. Identify any advisors you use, like accountants and attorneys. Briefly describe their roles and responsibilities, and how they contribute to the company's success.

5. Services or Products

This section should describe in detail what your company offers in terms of products and services and how they benefit your customers. If your products are pending patents or copyrights, explain that here. Include costs, net revenue expected from sales, lifecycle data, research and development, and advantages over competitors.

6. Marketing Strategy

Describe your plan on how reaching target customers, getting leads, and making sales. Define the steps you will take to promote your product or service and the budget you allocate for it. Your marketing strategy is not stagnant; it should be reviewed periodically and evolve based on results.

7. Funding Request

This section is needed if you are planning to request funding for your business. Describe in detail how much money you need and for what purpose. Include plans and timelines for repayment of loans.

8. Financial Plan

This is an important section in your business plan, especially if you are soliciting funding for your business. It is meant to prove your company's viability to investors. It identifies the ways in which your company generates revenues and highlights the key assumptions that govern your financial projections.

The financial plan should include documents that reflect your company's financial forecast, like projected income statements, balance sheets, cash flow statements, and capital expenditure budgets.

Even if you don't need funding in the near term, the information in this section is critical to developing budgets, planning expenditures, and making decisions. The financial statements will document the history of your financial status and track trends to use for better planning and decision making. Including charts and graphs is a great way to visualize this data.

9. Appendix

The last section of your business plan is the appendix, which can include supporting documents for the other sections of the plan. Legal documents, licenses, permits, credit histories, financial projections, customer lists, and more are some examples of documents that could be included.

Business plan failures

Unachievable Goals and Aspirations

Setting high goals and having the best of intentions of making a business plan or a project work doesn't always turn out well in the real world. While it is important to have lofty goals, the path to achieving these goals needs to be realistic and attainable. It is one thing to want to sell a million gadgets; it is quite another to market those gadgets to the public and have them actually sell. In order to have a business plan or a project succeed, it is necessary to have achievable goals and aspirations that can be met, ideally within the first year or first few months of operation. If you have a lofty goal, that doesn't mean you have to scrap your plan – just that you need to set attainable goals along the way and be realistic with your planning.

Lack of Market Research

Market research is a vital part of starting a new business or project. If you don't fully understand the competition and the current situation of your marketplace, you don't have enough information to go forward. Before a business plan is drawn up or a project is begun, thorough market research needs to take place and the results need to be viewed realistically. If your niche is saturated, then you need to come up with a plan that will set your business or project apart and help it succeed. Otherwise, your voice will simply be drowned out in the crowd or never heard because there just isn't a market for it.

Productivity and Motivation Issues

Entrepreneurs are known for their ambition and their drive to succeed. It is these two points that can turn someone without a cent to their name into a multi-millionaire. But along the way determination to succeed, and the ability to stay motivated even when the tide is turned against you, are vital to success in the business world. This motivation needs to extend to employees of your business or members of your team on a project. If they are not productive and motivated, the best idea in the world will not succeed.

Improper Budgeting

Lack of real world budgeting is another important reason why business plans fail and why projects fail. You won't always be able to go to the bank for another loan to get your business or project off the ground. Eventually, your funding may dry up if you cannot get your idea going in the right direction. Research needs to be conducted ahead of time on the approximate cost of starting a business or a project and keeping it running through the first year and through growing pains. Funding sources need to be found ahead of time and eventualities need to be planned for before you get in too deep.

Self Learning Topic

https://www.entrepreneurindia.co/case-studies