



Entrepreneurship Development

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Writing a Business Plan

Lesson Objectives

1 of 2

1. Explain the purpose of a business plan.
2. Discuss the two primary reasons for writing a business plan.
3. Describe who reads a business plan and what they're looking for.
4. Explain the difference between a summary business plan, a full business plan, and an operational business plan.
5. Explain why the executive summary may be the most important section of a business plan.

Lesson Objectives

2 of 2

6. Describe a milestone and how milestones are used in business plans.
7. Explain why its important to include separate sections on a firm's industry and its target market in a business plan.
8. Explain why the “Management Team and Company Structure” section of a business plan is particularly important.
9. Describe the purposes of a “sources and uses of funds” statement and an “assumptions sheet.”
10. Detail the parts of an oral presentation of a business plan.

What Is a Business Plan?

- **Business Plan**
 - A business plan is a written narrative, typically 25 to 35 pages long, that describes what a new business plans to accomplish.
- **Dual-Use Document**
 - For most new ventures, the business plan is a dual-purpose document used both inside and outside the firm.

Why Reads the Business Plan—And What Are They Looking For?

There are two primary audience for a firm's business plan

Audience	What They are Looking For
A Firm's Employees	A clearly written business plan helps the employees of a firm operate in sync and move forward in a consistent and purposeful manner.
Investors and other external stakeholders	A firm's business plan must make the case that the firm is a good use of an investor's funds or the attention of others.

Guidelines for Writing a Business Plan

1 of 5

- Structure of the Business Plan
 - To make the best impression a business plan should follow a conventional structure.
 - Although some entrepreneurs want to demonstrate creativity, departing from the basic structure of the conventional business plan is usually a mistake.
 - Typically, investors are busy people and want a plan where they can easily find critical information.

Guidelines for Writing a Business Plan

2 of 5

- Structure of the Business Plan (continued)
 - Software Packages
 - There are many software packages available that employ an interactive, menu-driven approach to assist in the writing of a business plan.
 - Some of these programs are very helpful. However, entrepreneurs should avoid a boilerplate plan that looks as though it came from a “canned” source.
 - Sense of Excitement
 - Along with facts and figures, a business plan needs to project a sense of anticipation and excitement about the possibilities that surround a new venture.

Guidelines for Writing a Business Plan

3 of 5

- Content of the Business Plan
 - The business plan should give clear and concise information on all the important aspects of the proposed venture.
 - It must be long enough to provide sufficient information yet short enough to maintain reader interest.
 - For most plans, 25 to 35 pages is sufficient.
- Types of Business Plans
 - There are three types of business plans, which are shown on the next slide.

Guidelines for Writing a Business Plan

4 of 5

Types of Business Plans

Summary Business Plan

10–15 pages

Works best for new ventures in the early stages of development that want to “test the waters” to see if investors are interested in their idea

Full Business Plan

25–35 pages

Works best for new ventures who are at the point where they need funding or financing; serves as a “blueprint” for the company’s operations

Operational Business Plan

40–100 pages

Is meant primarily for an internal audience; works best as a tool for creating a blueprint for a new venture’s operations and providing guidance to operational managers

Guidelines for Writing a Business Plan

5 of 5

- Recognizing the Elements of the Plan may Change
 - It's important to recognize that the plan will usually change while written.
 - New insights invariably emerge when an entrepreneur or a team of entrepreneurs immerse themselves in writing the plan and start getting feedback from others.

Outline of Business Plan

- A suggested outline of a business plan is shown on the next several slides.
- Most business plans do not include all the elements introduced in the sample plan; we include them here for the purpose of completeness.
- Each entrepreneur must decide which elements to include in his or her plan.

Outline of Business Plan

- Executive summary
- Company description
- Industry analysis
- Market analysis
- Marketing plan
- Management team and company structure
- Operations plan
- Product design and development plan
- Financial projections

Section 1: Executive Summary

1 of 2

- Executive Summary
 - The executive summary is a short overview of the entire business plan
 - It provides a busy reader with everything that needs to be known about the new venture's distinctive nature.
 - An executive summary shouldn't exceed two single-space pages.

Section 1: Executive Summary

2 of 2

Executive Summary

Key Insights

- In many instances an investor will ask for a copy of a firm's executive summary and will ask for a copy of the entire plan only if the executive summary is sufficiently convincing.
- The executive summary, then, is arguably the most important section of a business plan.

Section 2: Company Description

1 of 2

- **Company Description**
 - The main body of the business plan begins with a general description of the company.
 - Items to include in this section:
 - Company description.
 - Company history.
 - Mission statement.
 - Products and services.
 - Current status.
 - Legal status and ownership.
 - Key partnerships (if any).

Section 2: Company Description

2 of 2

Company Description

Key Insights

- While at first glance this section may seem less important than the others, it is extremely important.
- It demonstrates to your reader that you know how to translate an idea into a business.

Section 3: Industry Analysis

1 of 2

- Industry Analysis
 - This section should begin by describing the industry the business will enter in terms of its size, growth rate, and sales projections.
 - Items to include in this section:
 - Industry size, growth rate, and sales projections.
 - Industry structure.
 - Nature of participants.
 - Key success factors.
 - Industry trends.
 - Long-term prospects.

Section 3: Industry Analysis

2 of 2

Industry Analysis

Key Insights

- Before a business selects a target market it should have a good understanding of its industry—including where its promising areas are and where its points of vulnerability are.
- The industry that a company participates in largely defines the playing field that a firm will participate in.

Section 4: Market Analysis

1 of 2

- Market Analysis
 - The market analysis breaks the industry into segments on the specific segment (or target market) to which the firm will try to appeal.
 - Items to include in this section:
 - Market segmentation and target market selection.
 - Buyer behavior.
 - Competitor analysis.

Section 3: Market Analysis

2 of 2

Market Analysis

Key Insights

- Most startups do not service their entire industry. Instead, they focus on servicing a specific (target) market within the industry.
- It's important to include a section in the market analysis that deals with the behavior of the consumers in the market. The more a startup knows about the consumers in its target market, the more it can tailor its products or service appropriately.

Section 4: Marketing Plan

1 of 2

- Marketing Plan
 - The marketing plan focuses on how the business will market and sell its product or service.
 - Items to include in this section:
 - Overall marketing strategy.
 - Product, price, place, promotions, and distribution.

Section 4: Marketing Plan

2 of 2

Marketing Plan

Key Insights

- The best way to describe a startup's marketing plan is to start by articulating its marketing strategy, positioning, and points of differentiation, and then talk about how these overall aspects of the plan will be supported by price, promotional mix, and distribution strategy.

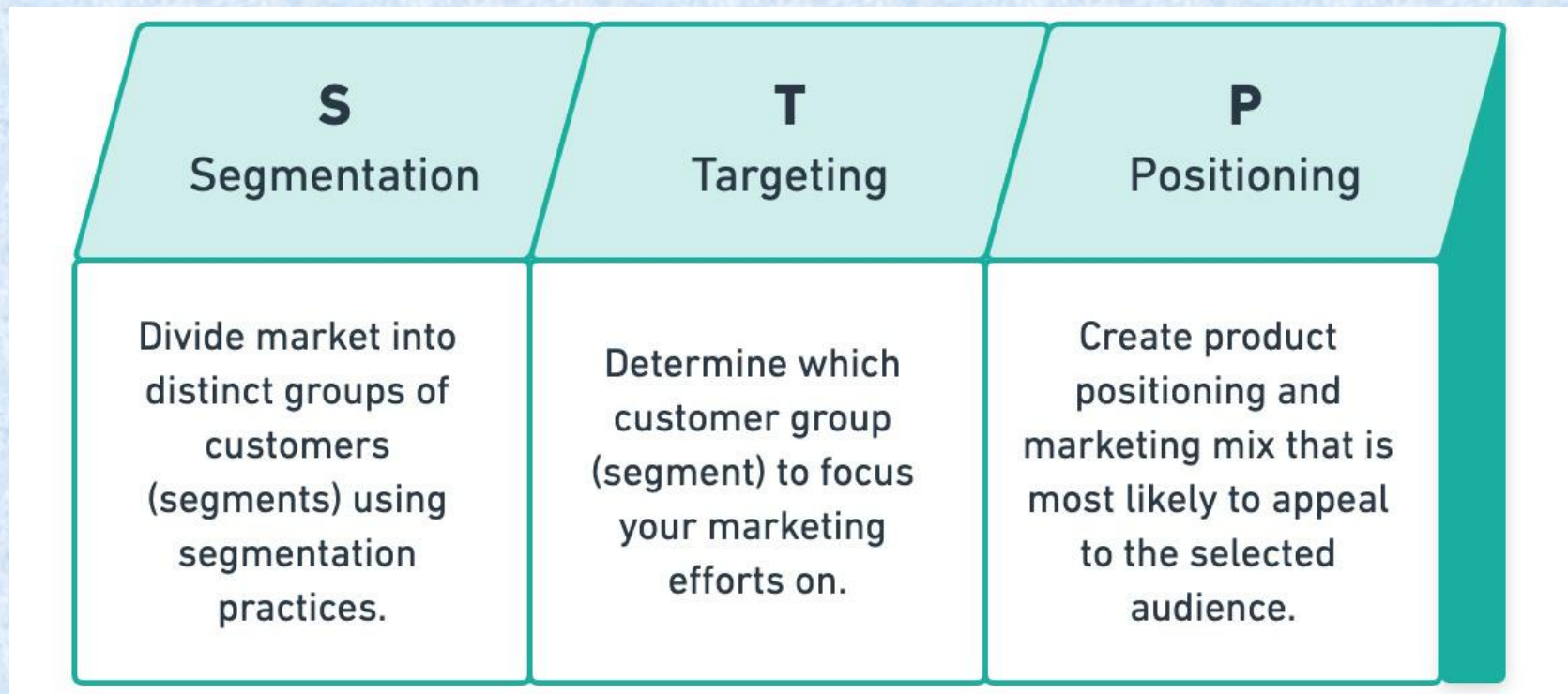
Section 5: Management Team and Company Structure

1 of 2

- Management Team and Company Structure
 - The management team of a new venture typically consists of the founder or founders and a handful of key management personnel.
 - Items to include in this section:
 - Management team.
 - Board of directors.
 - Board of advisers.
 - Company structure.

STP

- STP marketing is an acronym for Segmentation, Targeting, and Positioning – a three-step model that examines your products or services as well as the way you communicate their benefits to specific customer segments.



Segmenting



Demographic
segmentation



Psychographic
segmentation



Geographic
segmentation



Behavioral
segmentation

Targetting

**Top Targeting Criteria Used for
Delivering Personalized Experiences**

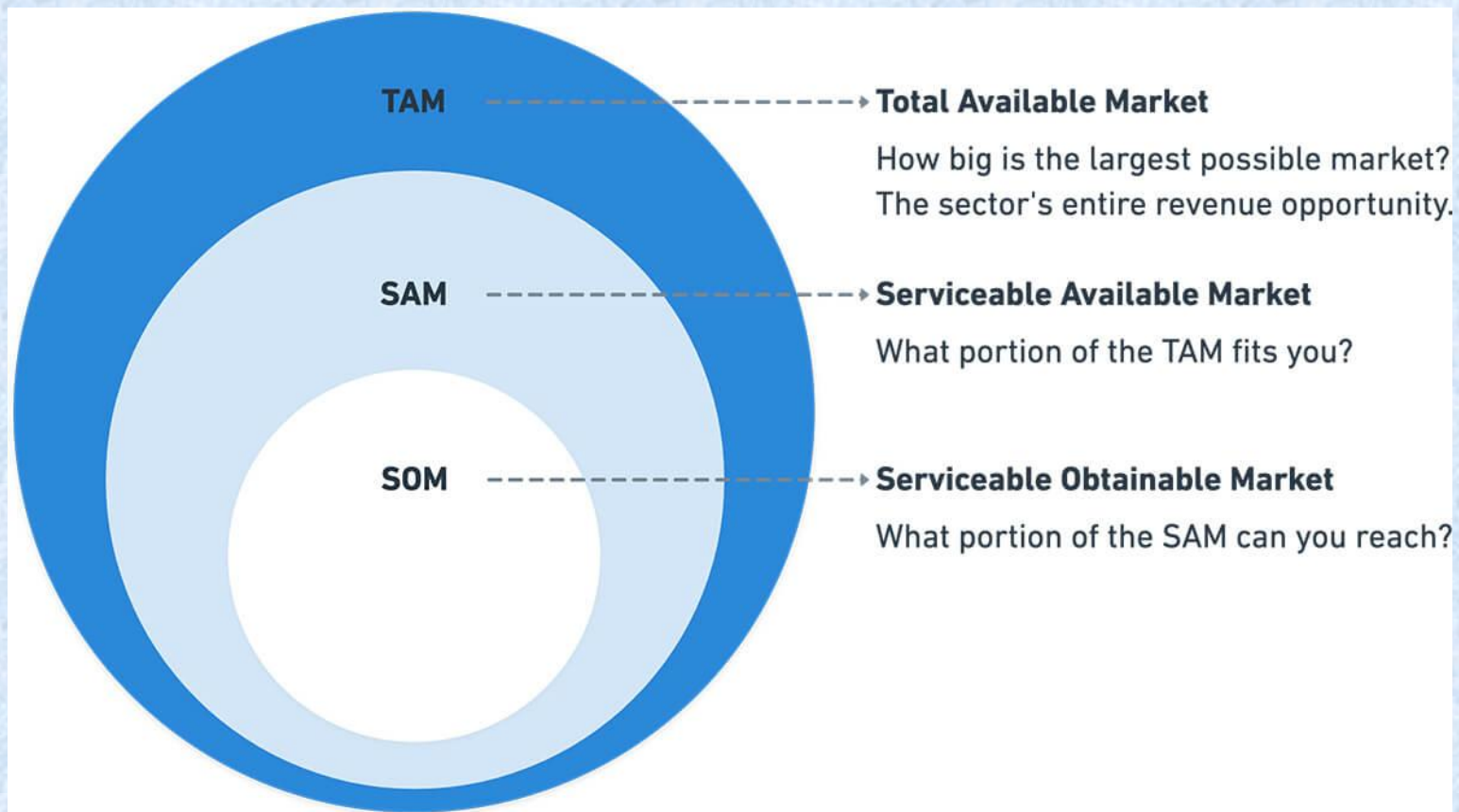
Geography / Region	38%	Device type	25%
Purchase history	38%	Referral source	24%
Segmentation model	33%	Predictive model (manual)	24%
User profile / Preferences	31%	Gender	23%
Age	30%	Session click-stream data	20%
Current geo-location	28%	Ethnicity	15%
Browsing history	28%	Predictive model (AI)	9%
Shopping cart history	26%	Other	1%

Positioning

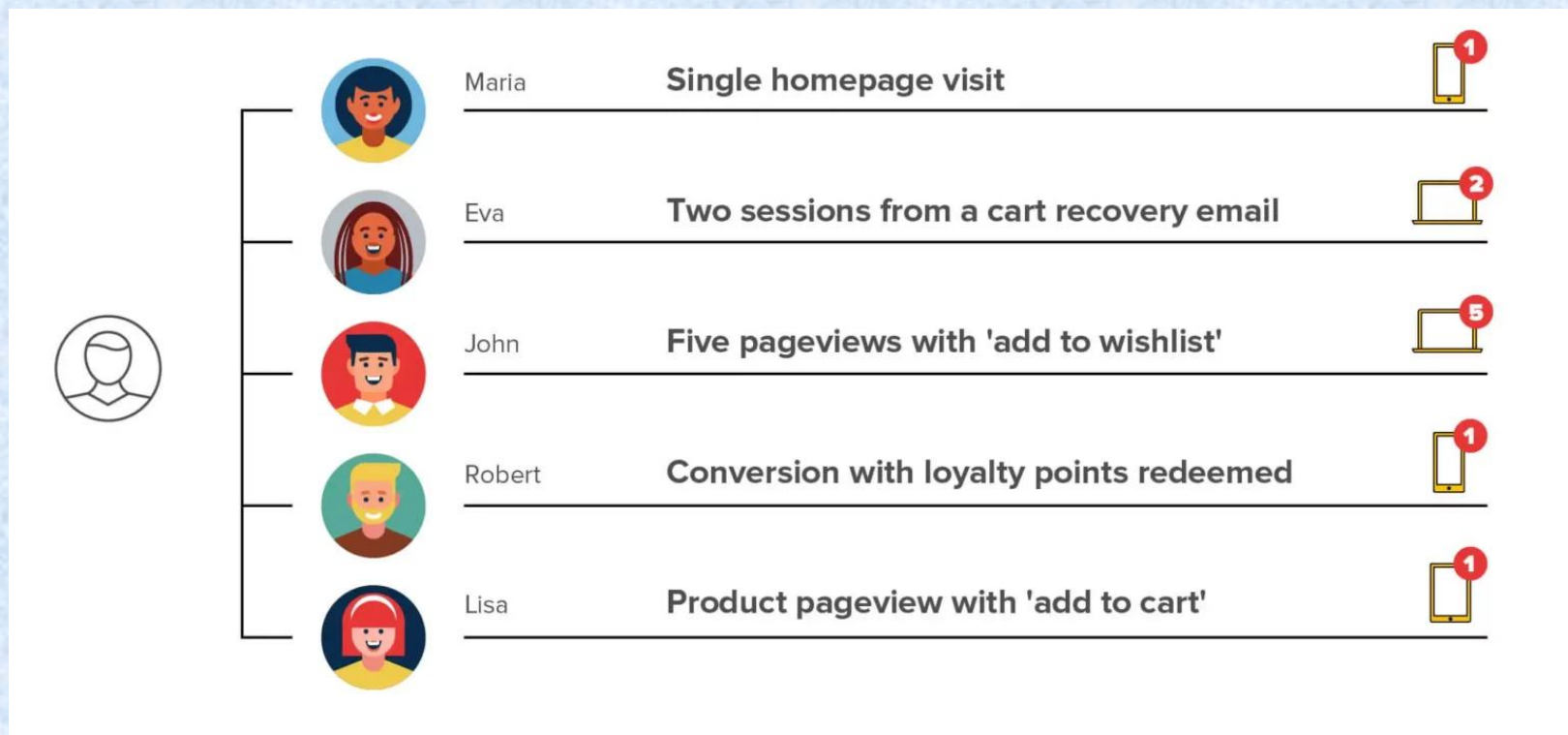


STP marketing strategy

1. Define the market



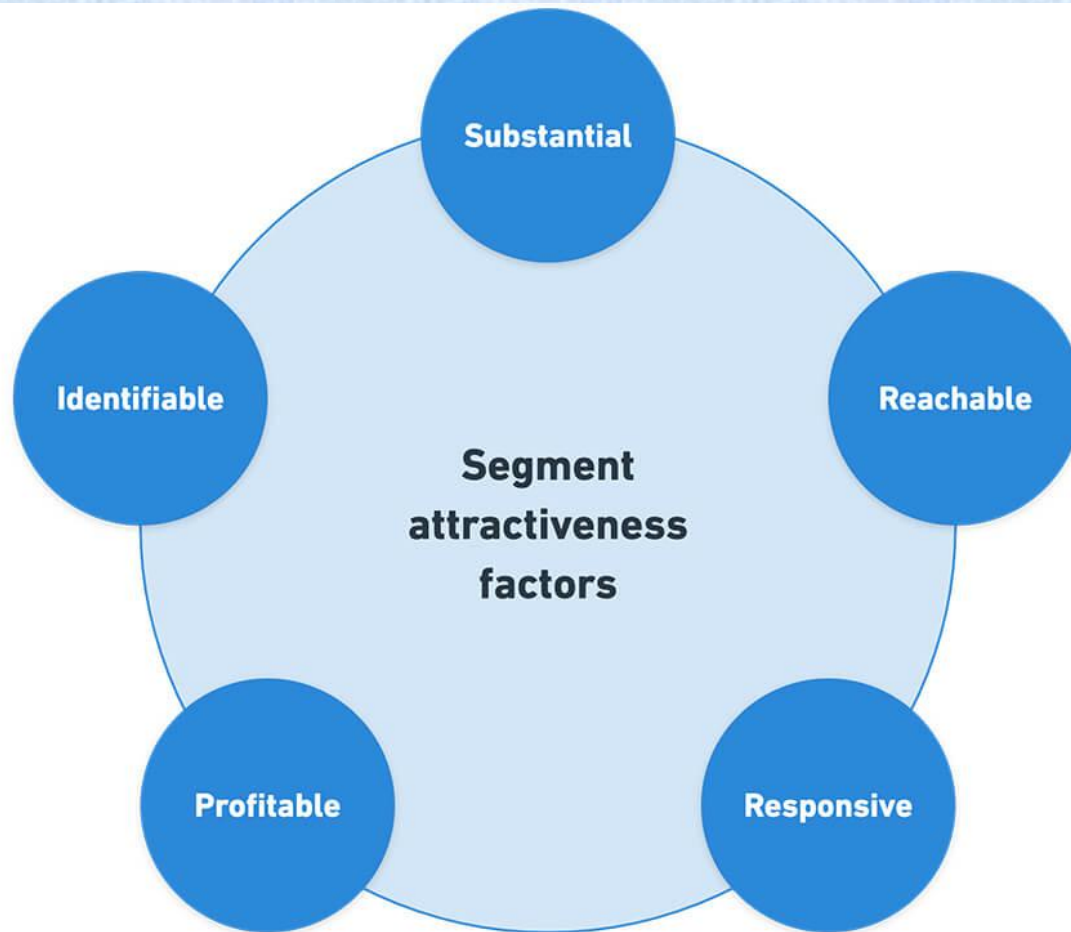
2. Create audience segments



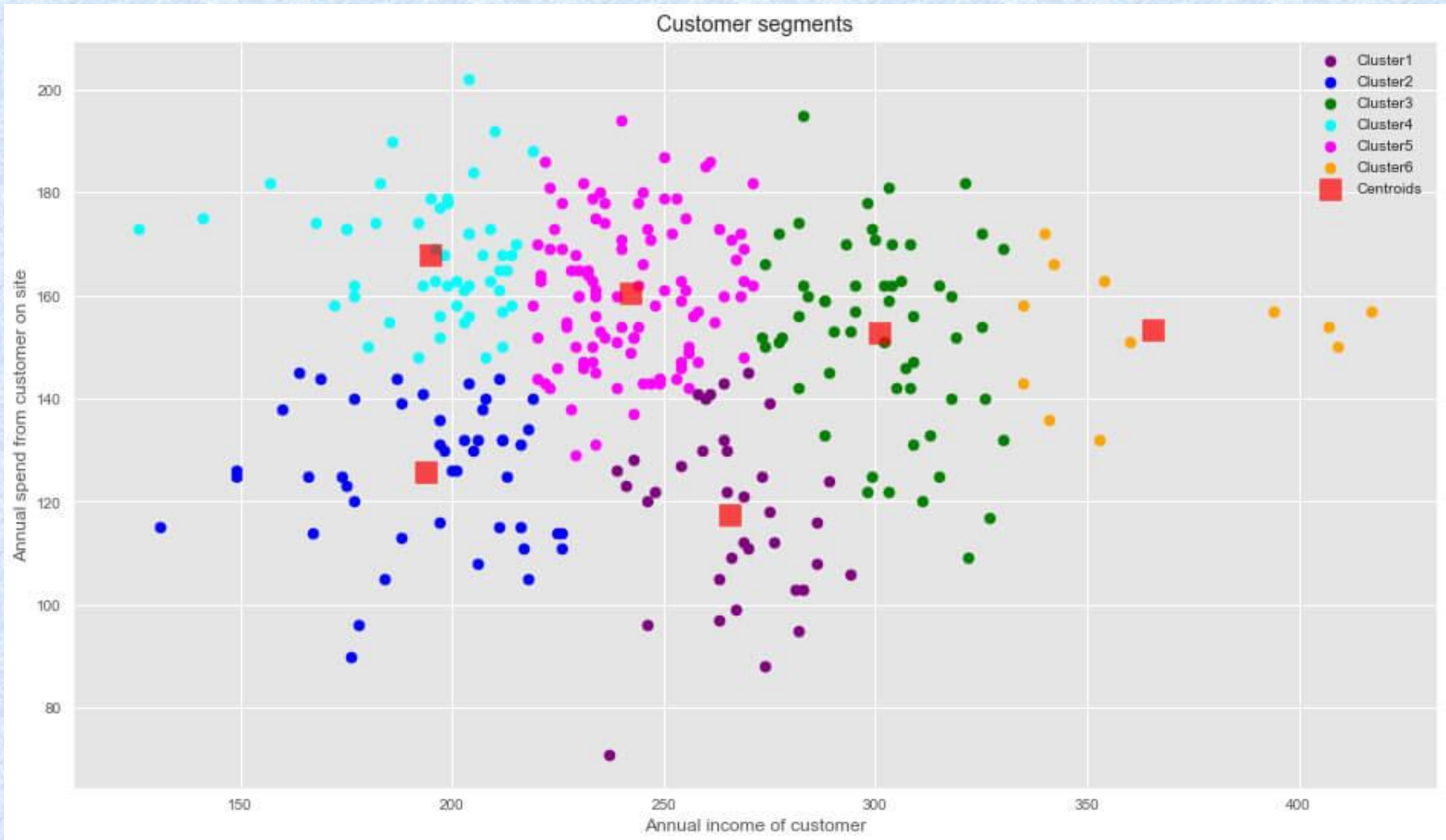
3. Construct segment profiles

- When you've landed on your viable market segments, it's time to develop segment profiles. Segment profiles are very similar to your ideal customer personas but they act as subsets of your main persona – they are detailed descriptions of the people in *each segment*.
-
- Describe their needs, behaviors, demographics, brand preferences, shopping traits, marital status, and any other characteristics. Each profile should be as detailed as possible to give you and your business a good understanding of the potential customers within each segment. This will allow you to compare segments for strategy purposes.

4. Evaluate the commercial attractiveness of each segment



5. Select target audience/s



6. Develop a positioning strategy

- 1.Category-based positioning** – This calls for determining how are your products or services better than the existing solutions on the market.
- 2.Consumer-based positioning** – This calls for aligning your product/service offering with the target audience's behavioral parameters.
- 3.Competitor-based positioning** – This is a pretty straightforward approach that calls to prove you are better than competitor X.
- 4.Benefit-based positioning** – This calls for proving the benefits that customers will get from purchasing your product or service.
- 5.Price-based positioning** – This calls for distinguishing based on the value for the money people get when purchasing your product/service.
- 6.Attribute-based positioning** – Competitors, price, and benefits aside, this calls for zeroing in on a unique selling proposition that makes your product or service stands out from the rest.
- 7.Prestige-based positioning** – This calls for proving that your products supply a certain boost in status to those who purchase.
- 8.Product Positioning Map** – The product positioning map is a technique where the business uses visual display to show their products against competitors. This allows for an easy way of navigating and understanding which products are being represented in comparison with others, ultimately helping them make decisions about what should be prioritized or modified based on company needs.

7. Choose your marketing mix

- **Product** takes into consideration factors like variety, quality, design, branding, features, packaging, services, availability, and convenience.
- **Price** takes into consideration factors like pricing strategy, list price, penetration price, premium, discounting, payment methods, credit terms, and payment period. Are your target audience segments price sensitive?
- **Place** takes into consideration factors like channels, coverage, location, inventory, logistics, and trade channels.
- **Promotion** takes into consideration factors like digital marketing, public relations, social media, sponsorship, [influencer marketing](#), [content marketing](#), product placement, sales promotion and marketing communications. How will you communicate your value proposition to your target audience segments?

Section 5: Management Team and Company Structure

2 of 2

Management Team and Company Structure

Key Insights

- This is a critical section of a business plan.
- Many investors and others who read the business plan look first at the executive summary and then go directly to the management team section to assess the strength of the people starting the firm.

Section 6: Operations Plan

1 of 2

- Operations Plan
 - Outlines how your business will be run and how your product or service will be produced.
 - A useful way to illustrate how your business will be run is to describe it in terms of “back stage” (unseen to the customer) and “front stage” (seen by the customer) activities.
 - Items to include in this section:
 - General approach to operations.
 - Business location.
 - Facilities and equipment.

Section 6: Operations Plan

2 of 2

Operations Plan

Key Insights

- You have to strike a careful balance between adequately describing this topic and providing too much detail.
- As a result, it is best to keep this section short and crisp.

Section 7: Product (or Service) Design and Development Plan

1 of 2

- Product (or Service) Design and Development Plan
 - If you're developing a completely new product or service, you need to include a section that focuses on the status of your development efforts.
 - Items to include in this section:
 - Development status and tasks.
 - Challenges and risks.
 - Intellectual property.

Section 7: Product (or Service) Design and Development Plan

2 of 2

Product (or Service) Design and Development Plan

Key Insights

- Many seemingly promising startups never get off the ground because their product development efforts turn out to be more difficult than expected.
- Its important to convince the reader of your plan that this won't happen to you.

Section 8: Financial Projections

1 of 2

- Financial Projections
 - The final section of a business plan presents a firm's pro forma (or projected) financial projections.
 - Items to include in this section:
 - Sources and uses of funds statement.
 - Assumptions sheet.
 - Pro forma income statements.
 - Pro forma balance sheets.
 - Pro forma cash flows.
 - Ratio analysis (Mainly AAR, NPV and Payback period also some other investment appraisal ratios)

Section 8: Financial Projections

2 of 2

Financial Projections

Key Insights

- Having completed the earlier sections of the plan, its easy to see why the financial projections come last.
- They take the plans you've developed and express them in financial terms.

Presenting the Business Plan to Investors

1 of 3

- The Oral Presentation
 - The first rule in making an oral presentation is to follow directions. If you're told you have 15 minutes, don't talk for more than the allotted time.
 - The presentation should be smooth and well-rehearsed.
 - The slides should be sharp and not cluttered.
- Questions and Feedback to Expect from Investors
 - The smart entrepreneur has a good idea of the questions that will be asked, and will be prepared for those queries.

Presenting the Business Plan to Investors

2 of 3

Twelve PowerPoint Slides to Include in an Investor Presentation

1. Title Slide
2. Problem
3. Solution
4. Opportunity and target market
5. Technology
6. Competition
7. Marketing and sales
8. Management team
9. Financial projections
10. Current status
11. Financing sought
12. Summary

Presenting the Business Plan to Investors

3 of 3



- It's also important to look sharp when presenting a business plan.
- This new venture team is going over its PowerPoint slides one last time before an investor presentation.

SWOT Analysis

TOWS ANAYLSIS OF Hertz

STRENGTHS-S

- Financial Leverage
- Customer Loyalty
- Size Advantages
- Brand Name

WEAKNESS-W

- Out dated Technology
- High-staff Turnover
- Weak Supply chain
- Bad Acquisitions

O-OPPORTUNITIES

- Online Market
- New Services
- New Products
- International Expansion
- New Markets

SO-STRATEGIES

- 1) Increase Market Share
- 2) New market Penetration
- 3) Sustain High Level of Quality.
- 4) Customer Retention

WO-STRATEGIES

- 1) Improvement in IT
- 2) Online Portals for Customers
- 3) Increase efficiency in Supply Chain Management
- 4) Cut-off High-staff turnover by implementing IT services.

T-THREATS

- Bad Economy
- International Competition
- Intense Competition
- Change in Taste

ST-STRATEGIES

- 1) Design New Product Lines to address change in Customer's taste.
- 2) Search of New prospects in market and retaining old customers along.
- 3) Cash its Brand Name by assuring quality product and services.

WT-STRATEGIES

- 1) Improve Technological Inputs.
- 2) Benchmark with strong competitors.
- 3) Hire less but competitive staffs.

SWOT Analysis

Strengths

- Things your company does well
- Qualities that separate you from your competitors
- Internal resources such as skilled staff
- Tangible assets such as intellectual property, capital, proprietary technology, etc.

Weaknesses

- Things your company lacks
- Things your competitors can do better than you
- Resource limitations
- Unclear Unique Selling Point/ market positioning

Opportunities

- Underserved markets for specific products
- Few competitors in your area
- Emerging need for your products or services
- Press/ media coverage of your company

Threats

- Emerging competitors
- Changing regulatory environment
- Negative press/ media coverage
- Changing customer attitudes to your company

The organisation

Stengths – S

1. Existing brand
2. Existing customer base
3. Existing distribution

Weaknesses – W

1. Brand perception
2. Intermediary use
3. Technology/skills
4. X-channel support

Opportunities – O

1. Cross-selling
2. New markets
3. New services
4. Alliances/Co-branding

SO strategies

Leverage strengths to maximise opportunities
= **Attacking strategy**

WO strategies

Counter weaknesses through exploiting opportunities
= **Build strengths for attacking strategy**

Threats – T

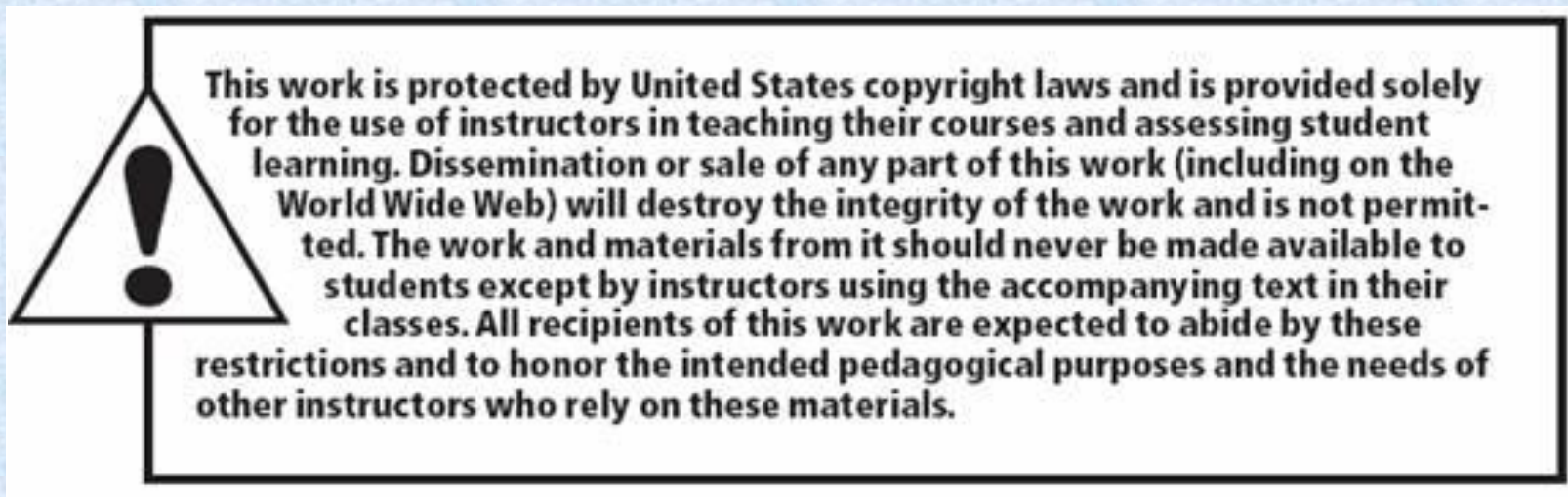
1. Customer choice
2. New entrants
3. New competitive products
4. Channel conflicts

ST strategies

Leverage strengths to minimise threats
= **Defensive strategy**

WT strategies

Counter weaknesses and threats
= **Build strengths for defensive strategy**



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