# Welcome!

## Workshop 3 How to Develop a Business Plan



College of Management

# Agenda

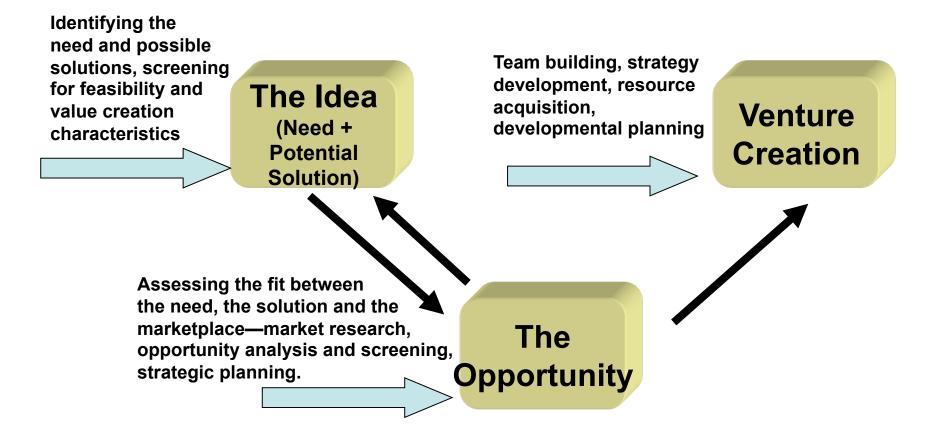
- Overview
- How to Develop a Business Plan
  - How You Can Recognize a Viable Business Concept
  - Things You Need to Know to Write a Business Plan
  - What a Business Plan Looks Like
  - Best Practices in Writing a Business Plan
- 2009 BPC Non-Disclosures
- Finding a Team
- Next Workshop November 5. Speaker: Stephen Fleming

# How You Can Recognize a Viable Business Concept



College of Management

### **The Venture Creation Process**





### **Characteristics of an Opportunity**

- Creates significant value for customers by solving a significant problem Or filling a significant need
- Offers significant profit potential to the entrepreneur and investors (robust market, margin and money making characteristics)
- Represents a good fit with capabilities of the founder and the management team with the right balance of reward and risk
- Is durable/sustainable (not a fad)
- Is amenable to financing (investment)
- Conditions are favorable for entering the market (window of opportunity)

Market Analysis Is an Essential Component of Determining Feasibility



- Identify the market. What specific customer needs does your product satisfy. Why will customers buy your product rather than competitors products
- How have you segmented the market. What is the market size in terms of potential revenues
- How will you reach your customers. What are the distribution channels (specific company names) and are there any barriers to entry here.

What are your competitive advantages.

Research and data are critical. Consider primary and secondary sources.

### Example Framework

Customer (Profile)	Benefit (Value Added)	How to Access	Competitors	Competitive Advantage	Size
18 to 24 year old male extreme snowboarders who Live in Utah, Colorado, California, And New Mexico	Product (performance) Experience (living on the edge)	Ski Shops Internet	Burton Lange	Patent Pending Propulsion system	\$50 million

### Can You Assemble a Team



What are Your Key Risks. Any Showstoppers



Financial Risks. Revenue Model Characteristics, Gross margins, Time to Break-Even, Volume at Breakeven, Time to Positive Cash Flow. ROI, Capital Market Issues.

Operational Risks. Scale Requirements, Access to Supply Chain and People, Ability to Control Costs, Outsourcing Potential.

Market Risks. Competitive Actions, Unfavorable Market Environmental Factors, Uncertainty in Demand, Pricing Flexibility.

Technology/Product Risks. Ability to Protect Intellectual Property, Existance of Blocking Patents, Technology/Product Development Hurtles, Potential of Technological Obsolesce.

# Things You Need to Know to Write a Business Plan



College of Management

## **Things You Need To Know**

### Market Data

- Who is the customer; Probable market and market size
- Revenue potential (includes developing target pricing and estimated demand patterns)
- Competition and likely competitive reaction/strategies
- Industry Characteristics

### Technology/Product Data

- Probable R&D costs to take the technology/product through the product development cycle
- Development timeframe vs. window of opportunity

### Operational Data

- Key resource requirements and likely investment costs
- Likely product costs assuming production volumes driven by the estimated demand patterns; Access to existing supply chain and distribution channel partners

## What a Business Plan Looks Like



College of Management

## What Does a Plan Look Like

Introductory Page **Executive Summary Description of Venture** Industry Analysis/ Market Plan **Product/Technology Production Plan Operational Plan** Management Team Assessment of Risk **Financial Plan** Appendix



#### EXECUTIVE SUMMARY

"Epidemiologic research has identified mTBI [ mild traumatic brain injury ] as a public health problem of large magnitude, while clinical research has provided evidence that these injuries can cause serious, lasting problems." - Centers for Disease Control & Prevention

Market Meed: There are over 1 milion cases of mild traumatic brain injury (mTB) in the U.S. each year, with over 300,000 that are sports related. If an affete nociese is accord boto to be the add boton healing from a previous mTB), then he will be at risk for Secord-Injuect Syndrome, which has a 50% montality rate mTB can only be diagnooid through neuropsychological testing (NP), which is often an impactial option because it injuries and the environment and 2 hours to administer a single test. Examining the sidelines of a sporting event where the return to play docaion is made, these requirements are not met. Coaches and trainers have replaced this test with the "New many fregmes and holding upst," which is indexpate considering the servere consequences. Hence, there is a need to place a quick, partiable technology in the hands of coaches and trainers have assisting the site.

Business Opportunity: immersiTech will commercialize a patent-pending technology that creates an immersive testing environment such that a user can effectively take a neuropsychological test in chaotic environments, including the sidelines of a footbath emergency departments of hospitals and clinical settings for Abheimer's.

Products/Services: DETECT™ is a hardware/software combination device that car used-me assessment of mTBI in environment that have auditionally been ono-condneuropsychological testing. DETECT™ is an efficient diagnostic bot hat is self contained particule, and has an independently powered hardes that and allow owen noises to asses in just 10-minutes. In addition to the real-fire assessment, our desktop application. The ANAVXZER, will allow for advanced regions for use by both an physician in later examinant the tracking of isjury for players and positions. The DETECT™ solution will be sold it and exels targeted based on need and validate leasourias in the organized spote market. At the product will be sold to the end customer, with the option of leasing through a third-party p

Technology: The technology is make up of both hardware and software. The hardw physical hasder, which consists of a hardware display and noise canopilety elementation of the software and the software application with the test via a handh device (much like a wideo game controller). The software application will be run from a 11 exponses in rule lime. The software role the m1BI testing was developed lobioxing at « and consultation with practicing neurophysiologists; the software has converted a 2-bo electronic test with markating effects.

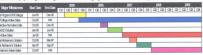
IP: Georgia Institute of Technology filed the DETECT<sup>™</sup> patent application in February 2 placed on the head that creates an immersive environment for neurological tast-taking p two sets of coursel, and we are confident that the patent will issue. Licensing negotiations great promise.

FDA: ImmersiTech will seek FDA clearance on the DETECT™ headset, which will (nonsignificant/low risk). Authority to market will be obtained through establishing equiva devices. We anticipate no clinical trials will be necessary and clearance to be obtained will

Competition: Competitors include CogScreen, CogState, Headminder, Impact, and N the only real-time, immensive sideline assessment for assessing mTBI. ImmersiTech

The Market: indial market: immensiTech will initially target the Organized Sports market due to the high prevalence of mTBI (300,000 sports-related mTBI per year), as well as the significant risk for Second-Impact Syndrome. This market is estimated at \$92 million per year.

Sports related this is prevail, as need as the significant in the or account-impact, syntaxies, means a seamon as the same of the significant market for the hardwork of the significant market for the hardwork of the significant market for the south market for the accession of the significant market for the south market for the accession of the significant market for the significant market



Safets: Inversified value to locue in auties offsets on the capacitant sports market foliatily through a combination of minings assessments by dwarket produced and sports of memory of strategical sports of sports and strategistic strategistic sports and sports and strategistic sports and strategistic sports are and the product has been reduced to the sports areas and the product has been reduced to the sports areas and the product has been reduced to the sports areas and the product has been reduced to the sports areas and the product has been reduced to the sports areas and the product has been reduced to the sports areas and the product has been reduced to the sports areas and the product has been reduced to the sports areas and the product has been reduced to the sport sports areas and the product has been reduced to the sport sports areas and the product has been reduced to the sport sports areas and the product has been reduced to the sport sports areas and the product has been reduced to the sport sports areas and the product has been reduced to the sport sports areas and the product has been reduced to the sport sports areas and the product has been reduced to the sport sports areas and the product has been reduced to the sport sport sport sport sport sports areas and the product has been reduced to the sport sport

Management: ImmersiTech's management team consists of a successful group of Georgia Tech MEA candidates, who collectively have approximately 30 years of appeinson. Through sports-related safu-pe appennions along with maketing, operations, and software development experiency on trans will apped the swerther into position. Or Solar thas been rounded out through the addition of a ventue capitalist, an expert on technology transfer and legal representation with an expertise in commerciation; prevention/bogy.

Financials: ImmeriTech is seeking 51 5 million in initial seed funding to core operational expenses during the first 2 years of operation, in exchange for equity and a sead on the board. This answert can be transhotd based on the success of the pilot program in 2005 or FDA clearance. These financials include sales in the sports, ED and Alzheimer's markets, as well as isability insurance. accountion and RDA coverenses. A their sammarro for dimension lihelihold is as follow:

USD \$	2005	2006	2007	2008	2009	2010
Sales	\$ 75,600	\$2,812,400	\$7,611,600	\$15,132,600	\$24,348,600	\$32,763,600
Net Income	\$ (838,129)	\$ (331,565)	\$2,644,612	\$5,634,837	\$9,859,248	\$13,529,599
Change in Cash	\$ 547,871	\$ (431,565)	\$2,644,612	\$5,634,847	\$9,859,249	\$13,529,599

Exit Strategy: Investors will be able to end once ImmersiTech establishes a substantial market position. We expect that it will baie about 3 years to mach substantial table exits will have about 3 years to mach substantial table exits will have the sale of their company or a merger & acquisiton. Strategic investors may of course choose to stay involved with ImmersiTech and enjoy the dividends and benefits as the company rows.

© ImmersiTech 2005

# Best Practices in Writing a Business Plan



College of Management

## **Best Practices**

Must have an Impactful Executive Summary A well though out idea Good formatting; clear writing; brief and concise Proof of vision (critical for technology ventures) Detailed market research (data but don't bury the reader in it) Detailed competitor research (know your strengths and weaknesses) Descriptions of key decision makers (management team) Clear, realistic financial projections and a demonstrated path to profitability

# Overall the plan must inspire confidence in management's ability to make the venture a success

# Confidentiality Agreements



College of Management

# **Finding a Team**



THE BUSINESS SCHOOL AT GEORGIA TECH

## **Additional Info....**

- http://mgt.gatech.edu/bizplan
- bizplan@mgt.gatech.edu
- Alan Flury- <u>alan.flury@mgt.gatech.edu</u>

