

Welcome!

Workshop 3

How to Develop a Business Plan



Agenda

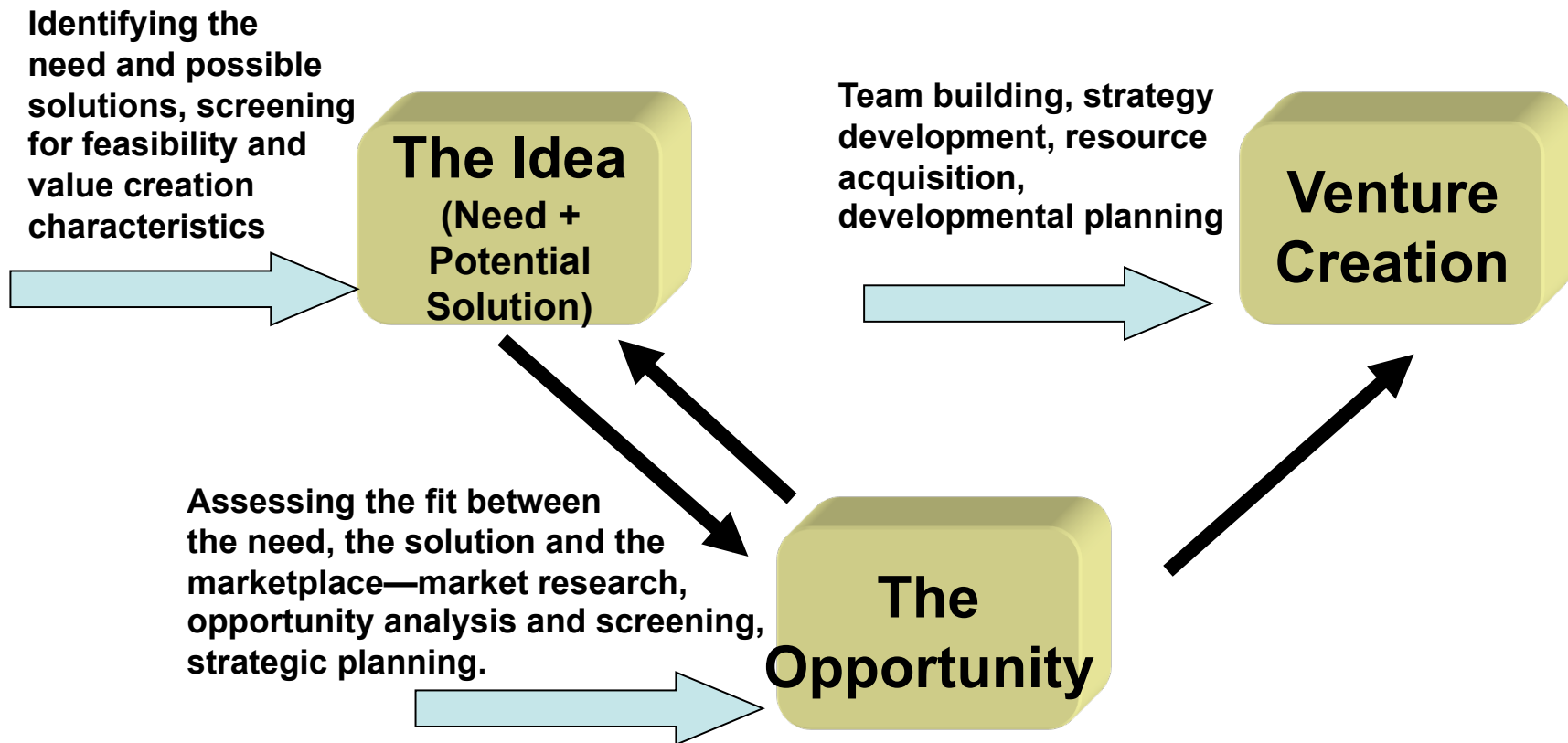
- Overview
- How to Develop a Business Plan
 - How You Can Recognize a Viable Business Concept
 - Things You Need to Know to Write a Business Plan
 - What a Business Plan Looks Like
 - Best Practices in Writing a Business Plan
- 2009 BPC Non-Disclosures
- Finding a Team
- Next Workshop November 5. Speaker: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



How You Can Recognize a Viable Business Concept

Is the Idea Feasible

The Venture Creation Process



Is the Idea Feasible

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)**

Is the Idea Feasible

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.

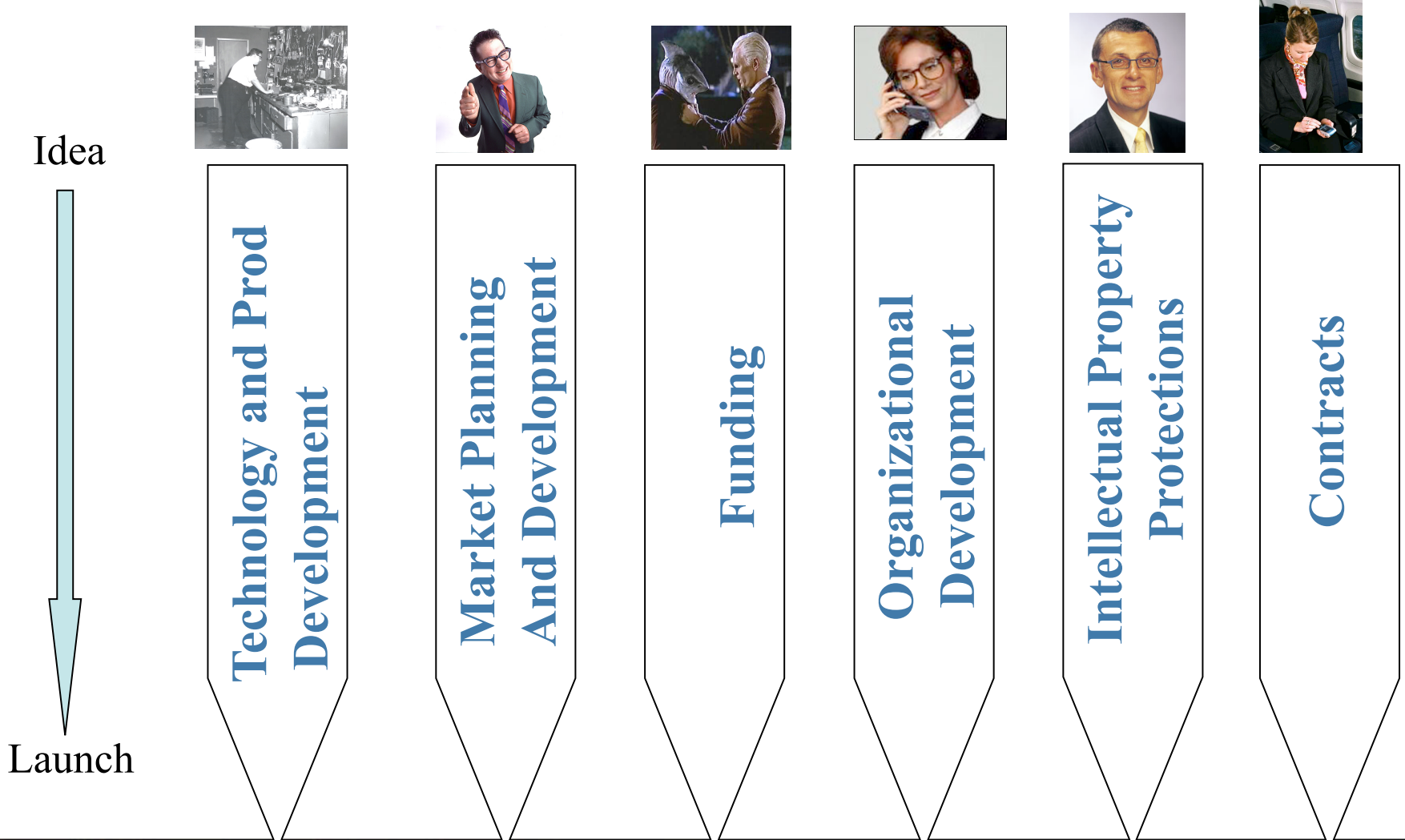
Is the Idea Feasible

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

Is the Idea Feasible

Can You Assemble a Team



Is the Idea Feasible

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, Existence of Blocking Patents, Technology/Product Development Hurdles, Potential of Technological Obsolescence.



Things You Need to Know to Write a Business Plan

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



Best Practices in Writing a Business Plan

Best Practices

Must have an Impactful Executive Summary

A well thought 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

Finding a Team



Additional Info....

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The screenshot shows a web browser window displaying the Georgia Tech College of Management website. The page title is "INTERSECTIONS I2P (Idea to Product)". The navigation menu includes "Home", "Faculty & Research", "Centers & Initiatives", "Business Plan Competition", and "INTERSECTIONS I2P". The main content area features a heading "INTERSECTIONS I2P (Idea to Product)" and a sub-heading "INTERSECTIONS I2P". The text describes a new contest track for current Georgia Tech students and staff, focusing on investment economically, environmentally, and socially. It details the requirements for the competition, including the development of an idea concept, initial business model, and feasibility analysis. The page also lists key areas to be covered in the executive summary: Social or Environmental Issue Problem, The Proposed Solution, and Feasibility. The footer of the page includes the text "THE BUSINESS SCHOOL AT GEORGIA TECH".