



**ONLINECOURSES**

**CONCEPTS**

# Developing your business plan

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# SUMMARY BUSINESS PLAN

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# WORKBOOK BUSINESS PLAN

CONCEPTS



## 1 Introduction

The document you are about to read, represents a Workbook that will guide you during your learning process and it has been developed to be used while you attend the webinars offered by Neurs University.

As the course gets under way, the Workbook will require you to perform certain tests which will enable you to pay attention to the webinar's instructor while at the same time helping you to be actively involved in the course and to build the fundamental concepts we are trying to transmit through the tests.

This course deals with the development of a Business Plan, and it has been designed by experts in the field. As such, it will help you, in a didactic way, to design your own Business Plan. As we have already said, to do so you only have to follow the explanations of the person conducting the webinar with the aid of this Workbook.

**Neurs University offers over 40 courses designed to help the entrepreneur.**

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Be sure to answer the following questions.

**What type of legal business are you going to establish?**

**What is the proposed size of your business? In which sector will you be operating?**

**Is it a new business, an acquisition, or a franchise?**

**What is your product or service?**

**...Your mission describes the why and how of your business**

Below is some advice to follow when creating a mission. They are presented in two columns, but not in order. Please match the concepts in the first column with the corresponding information in the second:

<b>Where am I going?</b>	How will I get ahead of my competitors? Identify the values and philosophy that will be the guides for your business.
<b>Simple and to the point</b>	Business type you are you going to set up and why? ¿What are you going to offer? ¿Which attributes define your business, what are its values or strengths?
<b>What am I offering/supplying?</b>	A well written mission only needs a few phrases.
<b>How do I plan to get there?</b>	How will I get ahead of my competitors? Identify the values and philosophy that will be the guides for your business.
<b>Who am I?</b>	Which are the objectives and goals of your business?

**describe the consumer´s need and how you are going to satisfy it.**

## 2.2 Problem / market Opportunity

A market opportunity is normally developed based on a product or service aimed at the solution of a specific problem. This is the reason why a description addressing the needs of the consumer is needed, as well as a description indicating how the product will be positioned to satisfy those needs- You identified this as part of your "market opportunity".



You can identify that opportunity through investigation stemming from two main sources: Primary and Secondary.

**Primary Sources:** those that are obtained directly from the market with techniques such as surveys or focus groups.

**Secondary Sources:** those available through online studies or from companies dedicated to conducting investigations. These sources provide a global vision of the market.

## 2.3 Solution

This is where we present our proposal to solve the problem dealt with in the section above. We must place an emphasis on the uniqueness of our product or service. In other words, it is a description of “what you are selling, your sale proposal and the way to gain an advantage over your competitors”.

**...we should emphasize the product or service and what it does that makes it unique.**

*It is necessary to offer a detailed description of the products or services you are selling, through a list indicating the key functions and benefits to your customers. Make sure to always answer the following questions:*

- ¿How will the products be manufactured? ¿How will the services be offered?
- ¿What are you going to do for the customer?
- ¿What differentiates the product or service offered by your business?
- ¿How does your product increase value for the customer?
- ¿What differentiates your business from other market venues?

In the following exercise, we present information in two columns: the first contains the areas of information mentioned above, while the second column contains more detailed descriptions of each area. Please match the corresponding information in both columns.

<b>Competitive Strengths</b>	¿How can I enhance the products I am currently offering in order to eliminate my competitors? ¿Do you have a I+D plan for the future?
<b>Development Plan</b>	¿What is the strength of the product you are offering as compared to your competitors'? ¿Do you have a price or other advantage that sets you apart?
<b>Product development stage</b>	¿Is it necessary to have intellectual property rights such as patents, brands, or similar?
<b>Intellectual Property</b>	¿What stage is your product in: is it an idea, a prototype, or is it ready to be sold? ¿how long would it take to introduce it to the market? ¿has the product been tried or evaluated?

## 2.4 why now?

**The market analysis, the trends, and the conduct of your competitors will determine when.**

This aspect is directly related with section 2.2, where we described market opportunity. The investigation you have conducted will help you to identify the trends that help to make your proposal feasible and which lends the necessary support which will help us determine if this is the optimum moment to enter the market.

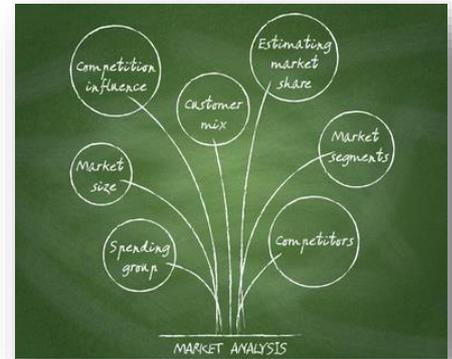
Accordingly, the question you should ask yourself is:

***Isn't this the best moment to introduce this offer to the market?***

## 2.5 market size

The success of your plan depends on the correct preparation of this section. You can give it an in depth treatment, but a simple approach is better and can be summarized in two aspects: **sector analysis and market analysis**.

In the following exercise, we show you the relation of aspects related with the Market Analysis (MA) and with the Sector Analysis (SA). Place the initials MA or SA besides each line you believe belongs to either analysis.



1. General vision of the industry.
2. Competitive Structure of the industry
3. Market Segmentation
4. Critical Factors needed to compete in the industry
5. Objective market

And now, tell us which of the 5 aspects we showed you in the exercise above is compatible with the following definition:

Size, tendencies and perspectives (¿what do industry and economic analysst predict for the sectors future).

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## 2.6 Competitive Analysis

**Analyze your competitors base on their competency according to their sales, theirs antecedents, sales, product**

It is important to prove that you have analyzed your competition and that you understand its strengths and weaknesses, because this competitive analysis will help you to establish your strategies to compete effectively in your sector.

Michael Porter, a well-known teacher from Harvard´s School of Business and who is recognized as an authority in the field of business strategy, presents the following approach for the analysis of competitors based on four key points:

- Competitor´s goals
- Competitor´s What ifs
- Competitor´s strategy
- Competitor´s capabilities

These four points can be grouped in smaller units based on the competitor´s current and/or future activities. Classify the four points within the following two groups:

## 2.7 Product

This section is a detailed description of the product or service offered. If you assume that the person who will be reading this business plan has some knowledge about the sector, you can provide more information in the description of your products or services. But, even so, it would be good to define your offer in simple terms, instead of using jargon specific to the field, because this will allow you to draw closer to possible investors.

Providing an answer to the following questions will give you a clearer vision of your offer:

- Which is the product or service that you are supplying? Which are its main characteristics? Why should people buy your product (s) / service (s) over others? Does it offer better benefits, price, quality or services?
- What place do you have in the market and which are your competitive strategies?
- Which market deals with your product? Which problem does it solve?
- Who is going to buy it? Who are your customers?
- How will your product or services benefit the customers? What will it do for the customers? What benefits does your product offer the customers that are different from other products? What sets your company apart from the rest?
- How is the product or service you supply used?
- How are the products manufactured or provided in the market?
- What are you going to do in order for your products to stand out in the market?
- Which after-sales support services will you offer? (For instance, delivery, warranties, support, follow-up, or reimbursement policy). Explain how you propose to review the product / service you are selling, and describe how it will affect your customer support. This also includes the operations hours.
- Does your product / service have propriety rights? Which ones? Patents, copyrights, commercial secrecy, non-competitive agreements? Do you own the product or technology, or are they under your patent or copyright?
- Which is your price strategy?
- Which is the sale price of your product? How much does it cost and what will be your revenue margin?
- Are there other providers or partners involved? If so, ¿Who are they and how do they fit into the company? Will they enjoy commissions or discounts?
- Which are the product risks you are facing? Could there be problems in the supply of components?

## 2.8 Risk Assessment

Risk assessment involves the analysis of various problems, i.e. new competitors entering the market, changes in consumer habits, and other factors not in your control; and which can affect your business. That is why a risk analysis is so fundamental for the success of your business.



To perform a risk assessment, you must follow the steps listed below. Place them in order them by placing the corresponding ordinal number in the box below each sentence:

Estimate how risks affect your business

Review the system, making sure that risks are still covered.

Manage risks, to know them and understand them, enhance your systems, and also having a contingency plan

**Identify all threats** - human, operative,, dealing with procedures, financials, technical project procedures accidental or political.

Develop a strategy in case of possible market treats, prices, products and management

## 2.9 Team

The human resources of the business are described here; including staff personnel and the management team, along with their responsibilities and the business' organizational structure. This is very important to prove that you have the required team to guarantee that your business will be able to develop your products and/or services.

This topic can be structured as follows, please arrange each type with the corresponding definitions:

<b>Property Structure</b>	Responsible parties and their functions, business areas, etc.
<b>Management Team</b>	Management of personnel, salaries, benefits, etc
<b>Human Resources</b>	Legal structure of the company

**...includes aspects such as manufacture, transportation, etc.**

## 2.10 Business Model

This business model should cover various elements, from operations to marketing strategy and pricing, sales and distribution policies. Following is a summary of the most important aspects.

### Operations

To cover this part, the business plan should answer the following questions:

- How is the product manufactured?
- Where do the supplies originate?
- Do you have agreements with distributors or providers?
- Are you going to contract out part of the operation (i.e. delivery)?
- Which facilities and equipment are needed?
- Which are the operating expenses?
- Which are your investment requirements (equipment, machinery, vehicles)?
- How much inventory should there be in stock (for instance, in the case of product supply)?

### Marketing And Sales Strategy

The marketing plan should show that you have the necessary methods to reach your customers and it should cover the following elements:

- Market Segmentation Strategy – includes the strategy for different customer’s segments.
- Strategy focused on Goals – which is your target market?
- Positioning – how are you going to position your business in regards to other market competitors, supply, the target market and the price of your products?
- Product or Service Strategy – Which customer needs will you complete, what differentiates you, etc.?
- Pricing Strategy – how will you manage to make your product is competitive and profitable at the same time?

- Distribution channels - how are you going to meet your market's demand?
- Advertisement Strategy – what will be your strategy for your customers to keep you in mind and to generate sales?
- Communication channels - how are you going to reach your target audience?
- Advertisement budget – how much money will you spend on these ads and how are you going to allocate it?
- Sales Strategy – How are you going to sell your products? Through direct sales, by mail, or through third parties?
- Sales Forecasts - How much do you think you will sell?

## 2.11 Finances

This is a key element in your business plan because it will determine the feasibility of your business idea, and its probability of attracting other investors.



In this section, we will deal with the estimated financial position (balance) and the income and expenses balance sheet. These documents will help us to formulate the corresponding budgets.

In addition, we should also prepare the cash flow report, which indicates the way money enters and exits the company, along with the corresponding balance sheets to establish the business' ongoing control points.

**The Income Sheet** is a fixed image in your business and it shows income, expenses and benefits, notwithstanding if they are generated by the business or not (for an active business) or future benefits (for a new business, based on the forecasts we spoke about before).

The Income and Expenses Sheet could be as follows:

**The projection of cash flow can tell us the expenses are too high**

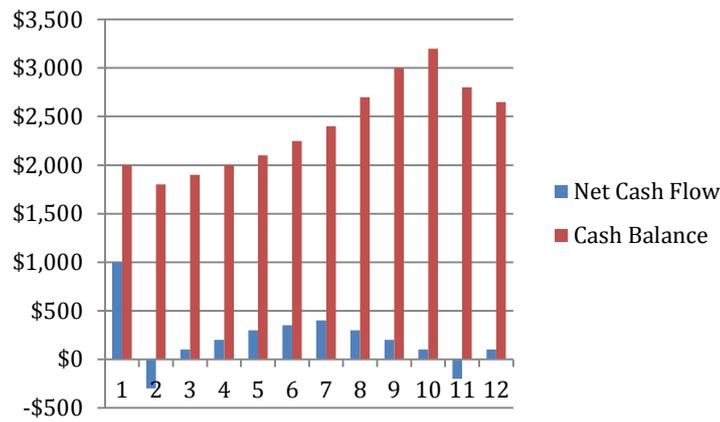
	Year 1	Year 2	Year 3	Year 4	Year 5
Income					
Product Cost					
Net benefit					
Operation costs					
Administration and finances					
Sales and marketing					
<b>Total Expenses</b>					
Earnings before taxes					
Less Taxes					
<b>Net Earnings</b>					

The **Balance** sheet shows the financial position at the end of each year.

Date	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Assets</b>					
<b>Liabilities</b>					
<b>Capital</b>					

The projected cash flow for each account shows the amount of liquid cash we can generate, which gives us an idea of how much capital is needed in our business.

A cash flow projection is often presented in a graph similar to the one below:



## 2.12 The Agreement

**The Business Plan should get straight to the point.**

The business plan should be the first impression the potential investor will use to form an opinion of your business idea and it is only a basis to ascertain its feasibility and probabilities of success. If the plan is incomplete, any possibility of success disappears after a first review.

We will now present a series of aspects you should and should not do for your proposal to disappear. According to your belief, place the words SHOULD or SHOULD NOT after each sentence.

- Tell the reader to go to your business as soon as possible in the document. \_\_\_\_\_
- Be too technical. \_\_\_\_\_
- Describe your objectives and strategies to reach those goals. \_\_\_\_\_
- Investigate – making sure that the investigation is complete. \_\_\_\_\_
- Prepare your business plan manually. \_\_\_\_\_
- Be clear about the facts – the problem, the solution, the size of the market, the packaging, and the way in which you will sell, how you are going to fight against your competitors, and/or how you are going to make money. Make sure that everything you are offering is clear. And, above all, do not fool anyone. \_\_\_\_\_
- Overestimate your income or underestimate costs and expenses. \_\_\_\_\_
- Focus – have a simple offer to cover concrete needs. This is better than trying to solve all needs in the market. \_\_\_\_\_
- Get to the point. Investors do not have time to read an encyclopedic plan. A good size would be from 10 to 20 pages. \_\_\_\_\_
- Show your fiscal control management abilities. \_\_\_\_\_
- Send your plan to an expert for review and advice. \_\_\_\_\_

## 2.13 Exit Strategy

A good business plan should include a section indicating the strategy, should you decide to leave the company. Potential investors want to be sure that you have a plan prepared should there be any changes in the business structure.

The plan should include:

- Sale of the business.
- Purchase by shareholders.
- Taking the company public in order for the advice of others to be the guide for managing the business.
- If you are thinking on leaving the business to your children.

## 2.14 Executive Summary

The executive summary is prepared at the end, when we have finalized the business plan. This summary is a general oversight of the key or fundamental aspects of the company. The following aspects should be included:

- Brief description of your offer
- Define the target market
- Which is your competitive advantage?
- What is your positioning?
- Which are the sale forecasts, benefits, and Market quota?

## 2.15 Final Ideas

Once you have finished with your business plan, the last step is to package it in the most attractive manner for the reader, and to ensure that it has a logical format.

In order to ensure this, you need to include do the following:

- **Title:** Title of the plan with a brief description, name of the author, date and non-confidentiality agreement.
- **Content Pages:** A list of the content showing the number of pages and the annexes or appendices included.
- **Introductory Page:** Introduction and goal of the plan
- **Executive Summary:** Underscore key points of the plan.
- **Body of the Plan:** includes the bulk of the content we have described in this document.

- **Appendices:** any information related to the material included in the business plan of a specific company.