

# **5<sup>th</sup> IMS Workshop,**

Ankara, March 2017

## **Development of Business Plans**

### **Session 4**

Philip Sowden – SME Key Expert

# Purpose of the session...

- What is business planning?
- How do we start?
- What should be in a business plan?
- Business planning and SMEI Phase I
- Your turn!
- Some particular needs for SMEI Phase 2
- Then it is your turn again!

# Why do we need business plans?

Our sessions are discussing Business Plans in relation to Horizon 2020; but don't forget they are also needed for;

- Shareholders
- Direct investors
- Bankers
- Key employees
  - Marketing
  - Sales
  - Production
  - R&D
  - Human Resources
  - Etc.

# Yesterday...

- We saw how structured tools and questions/discussions could be used to begin reviewing a business
- We could see that companies often miss obvious ways of developing their business
- We saw how they could be attracted towards taking actions which are not right for them
- All of the presenters stressed the need for in-depth strategic planning leading to robust business plans before companies even consider applying for funding

# Many companies lack a strategic view

- Not fully aware of their potential – facilities, expertise, etc.
- Too easily satisfied with ‘more of the same’
- Little awareness of what the competition are doing until it is too late
- Short-sighted on customer needs, markets and what influences them
- Little investment in marketing, product development or R&D

# So, on to Business Plans...



# Business planning

- It should not simply be seen as a paper exercise to satisfy funding bodies
- Requires in-depth look at business, products, markets, resources
- Should be achievable
- Should be widely discussed to ensure buy-in
- Should be regularly re-visited and changed if necessary – monthly monitoring; quarterly review
- 5 year rolling plan with 1 year detailed plan is recommended

# Typical Business Plan

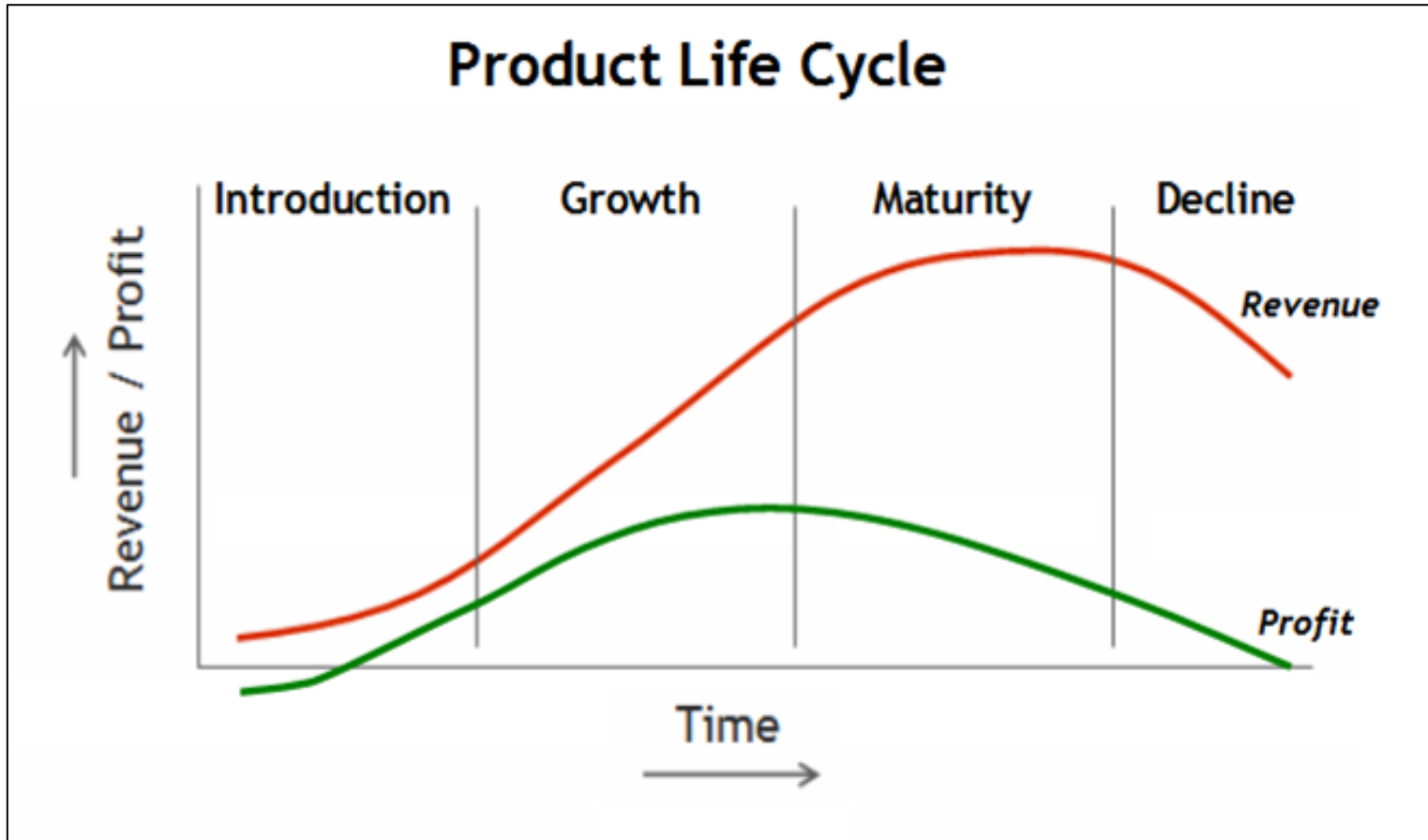


# Over 23 million references on Google!

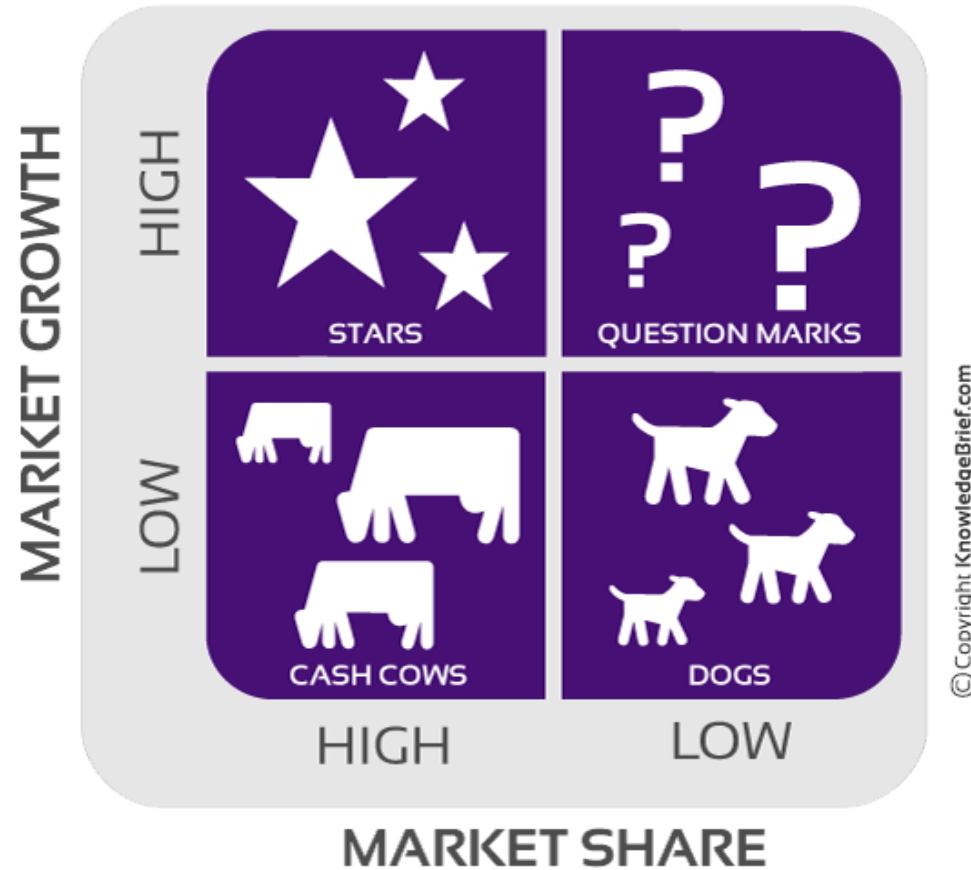
## Business Planning Tools



# Product life cycle analysis



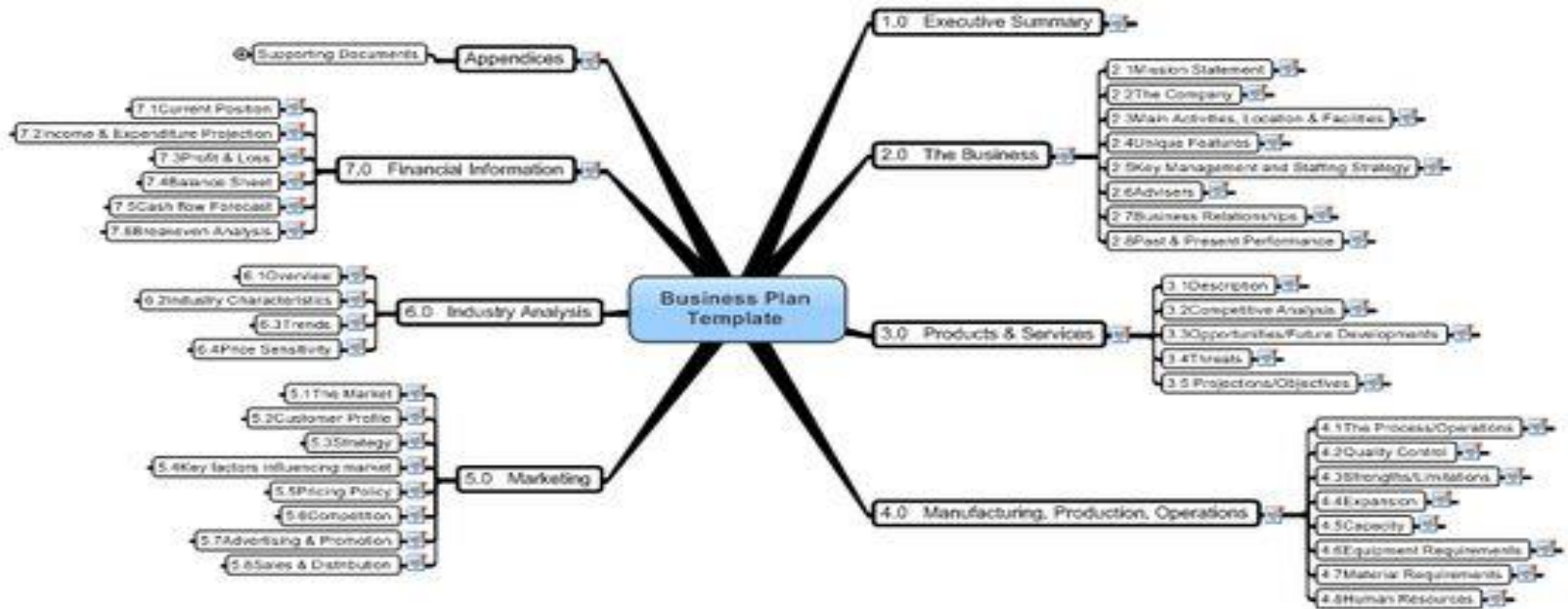
# Boston Matrix



# Financial Planning



# Google software



# Amazon has over 90,000 books listed!



# Typical Business Plan



## EXECUTIVE SUMMARY

- Short summary of the whole plan summarising key points
- **Written when the plan is completed**

## MISSION STATEMENT

- Overall ambition for the business;  
***‘To be recognised as the leading Turkish business in the manufacture of paraffin wax’***

## COMPANY BACKGROUND

- Short summary of company history – how it got to where it is today

## PRODUCT DESCRIPTION

- Description of present and planned product range; product introductions and deletions, along with data tables of production, sales, stock
- Details of the sector(s) that the company sells into

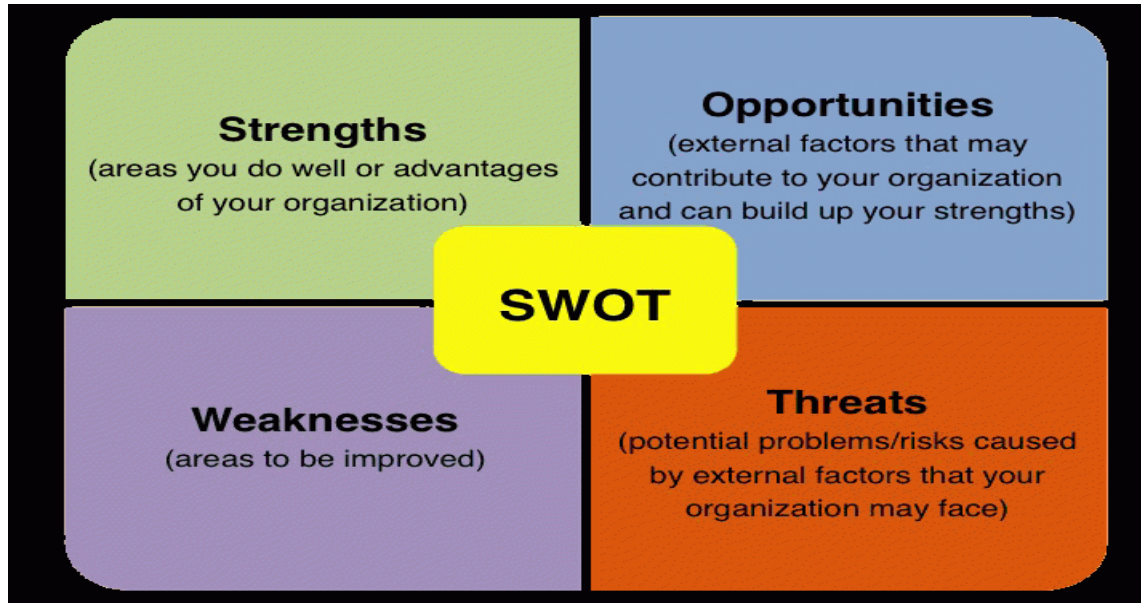
## MARKETING PLAN

- Past, present and planned markets and associated customers against the company's product(s)
- Past, present and projected sales to respective markets and customers
- Values of sales to markets and customers
- Factors that will influence markets, sales and pricing, especially any risks

## COMPETITOR ANALYSIS

- Who are they? Any comings and goings?
- Find out as much as possible of the above information about the competition!

# SWOT ANALYSIS



## OPERATIONS

- Effect of previous headings on buildings, equipment, staff, management, etc. and any associated risks

## FINANCIAL PLANNING

- Money IN versus money OUT – hopefully showing more in than out!
- Key Performance Indicators (KPIs)
- Financial risks
- Should result in figures for monthly/quarterly/annual projected performance with upper and lower base lines

## TIMELINE

- What should happen, by when, and by whom
- Key milestones to achieving plan

# Executive review

- Usually at executive board level
- Board decide what they need to achieve to satisfy shareholders
- Usually upper and lower targeting
- Discussed and agreed with those responsible for delivery
- Achievement is often linked to bonus payments – and job security!
- Revisited every quarter and revised (usually downwards)
- Reviewed at the end of the year, ahead of the next year's planning process

# Typical Business Plan



# Business plan is essential feed into SMEI Phase I

Phase 1 feasibility study needed to:

- Verify technological/practical and economic viability
- Specify innovative idea with 'considerable novelty' in sector
- Risk assessment
- Market study
- User involvement
- IP management
- Specifies a more elaborate business plan (Ph. II)

# Blood component separation device



- Well established business in blood separation to produce plasma, etc.
- Identified a faster way to separate products
- Higher quality products
- Lower risk of contamination
- Working prototype developed
- Cash-rich company

# Business planning process completed



# Blood separator



- Business could benefit from H2020 involvement, ideal for SMEI Phase II
- Fits all criteria – innovative, fills a need, has global market potential, etc.
- **Decision made; SMEI Phase 1 ahead of Phase 2 application!**

# Verify technological/practical/economic viability

- **TECHNOLOGICAL**

Working prototype developed; shown to be faster and produces higher quality results. Company are specialists in field, so they know

- **PRACTICAL**

Working prototype and field trials prove practical use

- **ECONOMIC**

Savings in processing time, replaces 3 separate machines, saves wastage

# Innovative idea/considerable novelty

- **INNOVATIVE IDEA**

Combines 3 processes into 1. Uses innovative technology to do so

- **CONSIDERABLE NOVELTY**

Nothing like it on market. New principle in blood separation



# Innovation

- **INCREMENTAL**

Small changes which influence market share; the progressive advance of a product

- **STEP-CHANGE**

More significant changes by adding new technology to give a major market lead

- **DISRUPTIVE**

Creates new markets and value networks by disrupting the existing ones

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# 'Novelty'

**Originality**

**NEWNESS**

*Freshness*

**Unconventionality**

**Unusualness**

**Difference**

**Imaginativeness**

**Creativity**

**Modernity**

*Break with Tradition*

# Blood separator - risk assessment

‘ A systematic process of evaluating the potential risks that may be involved in project activities’

## RISKS

- Field trials may not prove quality & reliability
- Device may not meet current regulations
- Other devices may be under development
- Say how these risks will be mitigated

# Blood separator – MARKET STUDY

- Look at key European markets initially and take into account the need for formal approval in some countries
- Find out volumes of blood processed in laboratories
- Current sales of separation equipment
- Work up volumes and cost savings based on market data
- Use external help?
- Be realistic about market potential even if it is promising!

# Blood separator – **USER INVOLVEMENT**

- Company is already a user and can give feedback
- Early field trials will also give feedback
- Ensure user views are collected
- Important to also get views on quality and speed by plasma supply services

# Blood separator – IP PROTECTION

- Information on patents applied for and granted
- Who actually owns them?
- Where applied for and granted?
- Any copyrighted items
- Any other IP involved?
- How will IP be handled?
- Any additional IP protection needed?

# Blood separator – next steps

- Develop all this into a specially tailored version of the business plan
- Use this and the content outlined earlier in the main business planning process as a basis for an SMEI Phase 1 application
- Continue developing in anticipation of winning and eventually applying for a Phase 2 grant – if not successful the work will still be of value for business angels, banks, national grants, etc.

Thank you for listening - any questions?

# Teamwork Session

# So how do we start the planning process?

- Ideally seek help from outsiders if you are new to the process
- Discuss the three steps:
  - Where are you now?
  - Where are you going?
  - How will you get there?
- Develop data and a plan of action leading to a draft business plan
- Discuss, debate, amend, argue
- Reach a consensus and draft the plan
- Once in place, revisit regularly

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# Purpose of the session



- To start the process of business planning
- Assume you are the management team and try to fill in any gaps in the information provided
- Work as a team
- Open discussion on results
- We will then look in more detail at a Phase 2 application

# Discussion

# **5<sup>th</sup> IMS Workshop,**

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## **Business Plan: Key Questions for SMEI Phase 2 Workshop 2**

Philip Sowden – SME Key Expert

# Purpose of the session



- To develop what we know about the company into an analysis for a Phase 2 proposal
- Assume you are the management team and try to fill in any gaps in the expanded information provided
- Work as a team
- Open discussion on results
- Remember – it is impossible to do months of work in 45 minutes based on a fictitious company!!

# Analysis document – page 1

<i>Koli-Klere Water Testing – SMEI Phase II Proposal</i>	
<b>1. EXCELLENCE</b>	
1.1 OBJECTIVES Specific objectives – clear, measurable, realistic & achievable	
1.2 RELATION TO WORK PROGRAMME Indicate Work Programme topic	
<b>1.3 CONCEPT &amp; METHODOLOGY</b>	
(a) CONCEPT Current stage of development of project and key milestones so far – proof of concept, field trials (feasibility results from Phase I)	
(b) METHODOLOGY Describe concept and activities to be implemented during project – testing, prototyping, etc.	
1.4 AMBITION Explain novelty of project; key market applications that differentiate project. Expected performance/impact on defined needs	

# Analysis document – page 2

<b>1. IMPACT</b>	
<b>2.1 EXPECTED IMPACTS</b>	
<p>(a) <b>USERS/MARKET</b> User needs identified? Main economic benefits? Effect on climate change/environment? Niche or high volume market? Main competitors? Relevant market segments? Market barriers? Targeted users?</p>	
<p>(b) <b>COMPANY</b> Alignment with business strategy? Growth potential resulting from project? Will coaching services be used? How? Funding needed to commercialise?</p>	
<b>2.2 MEASURES TO MAXIMISE IMPACT</b>	
<p>(a) <b>DISSEMINATION &amp; EXPLOITATION OF RESULTS</b> Which stakeholders? Steps needed before results are ready for market? Commercialisation strategy? Draft plan needed.</p>	
<p>(b) <b>IPR, KNOWLEDGE PROTECTION AND REGULATORY ISSUES</b> Key knowledge items and who owns them; measures to allow commercialisation; current IP status, strategy for knowledge management and protection; regulations or standards which need to be complied with; how multiple participants will deal with IPR</p>	

# Analysis document – page 3

(a) COMMUNICATION Proposed communication methods for promoting the product	
<b>3.0 IMPLEMENTATION</b>	
<b>3.1 WORK PLAN – WORK PACKAGES, DELIVERABLES &amp; MILESTONES</b> Structure of WP; content of each package; timing; Gantt chart	
<b>3.2 MANAGEMENT STRUCTURE, MILESTONES AND PROCEDURES (SINGLE ENTITY PROPOSALS)</b> Organisational structure and decision-making process? Risks?	
<b>3.3 CONSORTIUM AS A WHOLE (IF APPLICABLE)</b> Structure and responsibilities? How will expertise be shared? How do members complement each other?	
<b>3.4 RESOURCES TO BE COMMITTED</b> Table showing number of person months required.	

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# Discussion

# Any Questions?

# Thank you!