



**Universität
Zürich** UZH

Department of Business Administration - Chair for Entrepreneurship

The Practice of Entrepreneurship

Prof. Dr. Ulrich Kaiser

Chair of Entrepreneurship

Universität Zürich

Fall 2011



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The Practice of Entrepreneurship

Business Plan Writing


Part 2

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Last Week

- 
- ✓ 4.1 BUSINESS IDEA
 - ✓ 4.2 BUSINESS TEAM
 - 4.3 MARKET & POSITIONING
 - 4.4 BUSINESS SYSTEM
 - 4.5 PLANNING
 - 4.6 RISKS
 - 4.7 FINANCIAL PLANNING



4.3 Market and Positioning

It is important to analyze the relevant market and competitors in order to define a clear unique selling proposition and design a proper marketing mix.





4.3 Market and Positioning

MARKET ANALYSIS

In order to depict the market, data about total revenue, sales, and volume needs to be collected and estimated.

size

growth rate

market trends

other characteristics

**Clearly state the
assumptions behind
your estimates!**



4.3 Market and Positioning

● MARKET ANALYSIS

It is more difficult to enter a new market than an established market.

	Existing market	New market
Situation	Improved product in an existing market. Market data is available and published in business journals, official documents or on the internet.	New product in a new market, no data available.
Proceeding	<ul style="list-style-type: none">• Gather statistics from diverse sources.• Check if the data is consistent and plausible• Extrapolate market growth by means of historical data	<ul style="list-style-type: none">• Do market research (e. g. survey)• Estimate market size by means of demographical data and survey results• Logical deduction of the estimation and clear differentiation between data and assumption

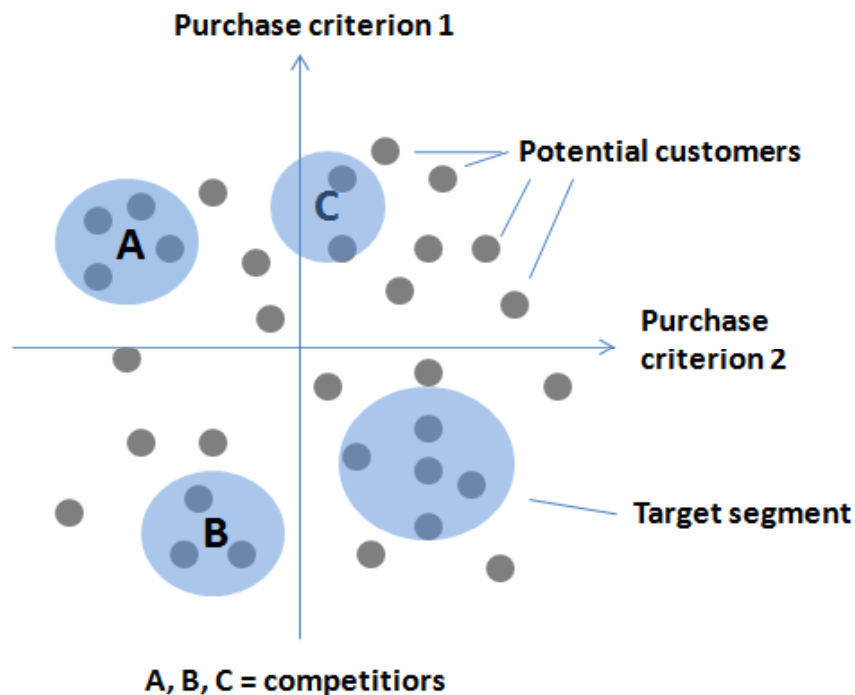


4.3 Market and Positioning

● SEGMENTATION

Dividing the market into homogeneous subgroups of customers enables the development of targeted marketing strategies.

Selection of the segment



Evaluation criteria

- Size and growth of the segment
- Profitability of the segment
- Conformity of product and customer needs
- Possibilities to differentiate the own product from the competitors' products
- Intensity of the business competition
- Market risk
- Customer structure



4.3 Market and Positioning

● **COMPETITION**

An analysis of the competitive situation helps to detect strengths, weaknesses, opportunities, and threats.

analysis of

target group
product
market share
growth
cost item
distribution channel
etc.



4.3 Market and Positioning



● POSITIONING

In order to differentiate from the competition you need to design an unique selling proposition.

SELLING PROPOSITION

- specific
- clear
- unique
- strong



4.3 Market and Positioning

<http://www.youtube.com/watch?v=mJ7mL5CUAno>

● **MARKETING MIX**

It is essential to design a proper marketing mix which takes into account the product's properties, pricing, distribution and promotion.



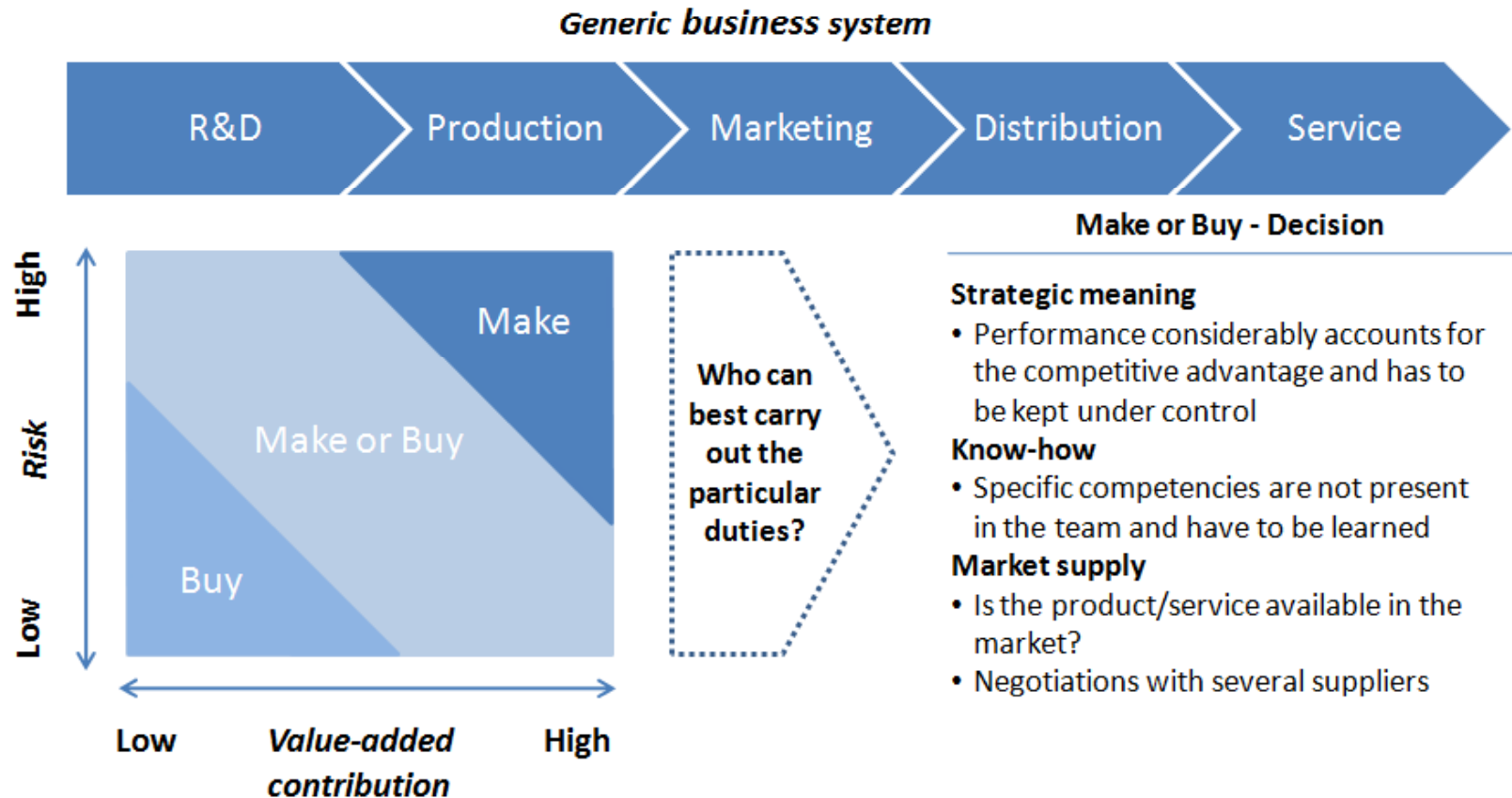
4.4 Business System





4.4 Business System

BUSINESS ORGANIZATION





4.4 Business System

STRATEGIC PARTNERSHIPS

Strategic partnerships are strategic assets.



PARTICIPATION

MOTIVATION

SELF-INTEREST

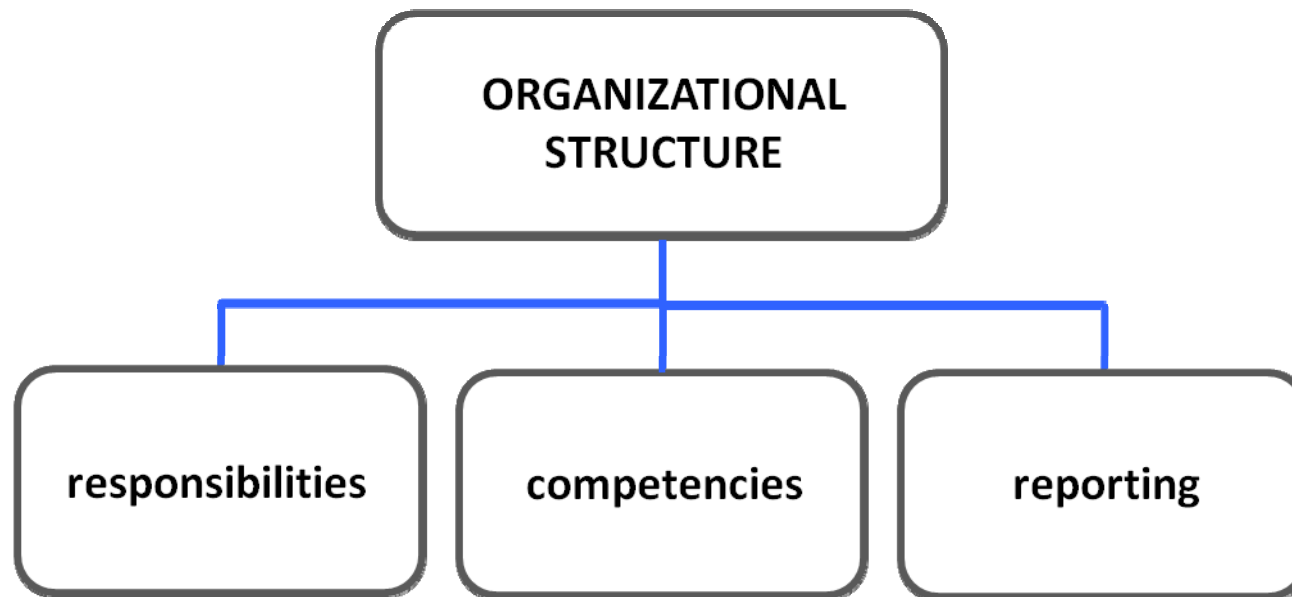
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4.4 Business System

ORGANIZATIONAL STRUCTURE

You should decide who is responsible for what
and who reports to whom early on.

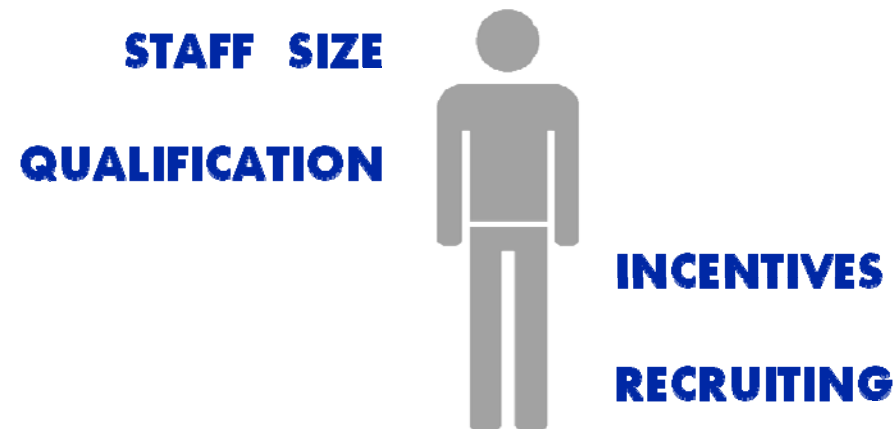




4.4 Business System

PERSONNEL PLANNING

Since growth requires staff, you need to plan in advance how to recruit qualified labor.





4.4 Business System

LOCATION

It is important to evaluate the economic, legal and political aspects of the location where you plan to situate your business.



ECONOMIC

LEGAL


POLITICAL



4.5 Planning

Planning helps you to gain credibility among investors and partners as long as you find the balance between overly optimistic and overly pessimistic planning.

OVERLY OPTIMISTIC



The business grows
more slowly
than projected.

OVERLY PESSIMISTIC



The business grows
faster
than projected.



4.5 Planning

Simple rules help to plan realistically.

**SUBDIVIDE
TASKS**

**DEFINE
MILESTONES**

**CONSULT
EXPERTS**

**REDUCE
RISKS**

**Who monitors that the plan is met ?
What do you do if not ?**

Are your targets realistic ?



4.6 Risks

Risks need to be carefully identified and permanently evaluated.



**Risks lurk in ... your own business;
... the market environment.**



4.6 Risks

In order to be prepared for different scenarios, three kinds of projections should be elaborated.

There are three different cases ...

BEST

BASE

WORST

Each projection should contain information about

- financial requirements,**
- the break-even point, and**
- the internal rate of return.**



4.7 Financial Planning

This section of the business plan should include an earnings statement, balance sheet and a cash flow analysis.

Attach numbers to each of the issues discussed in the preceding sections.

KEY QUESTIONS

What amounts of sales and profits will the business generate at each point of time ?

How much cash does the business need at each point of time ?

On what assumptions do the projections rest ?

**The assumptions
you make are key !
Communicate and explain
the assumptions you made !**



4.7 Financial Planning

There exist several forms of financing, but each one has both advantages and disadvantages.

FRIENDS & FAMILY	limited resources	BUT easy to raise
PRIVATE INVESTORS	good terms	BUT less time & energy in times of trouble
GOVERNMENT SUPPORT	favorable terms	BUT very bureaucratic
MORTGAGES	long term	BUT requires collateral
LEASING	complete financing	BUT high interest rates
BANK LOANS	very flexible	BUT requires collateral
VENTURE CAPITAL	active management	BUT difficult to get



Overview

