



**Universität
Zürich** UZH

Department of Business Administration - Chair for Entrepreneurship

The Practice of Entrepreneurship

Prof. Dr. Ulrich Kaiser

Chair of Entrepreneurship

Universität Zürich

Slides designed by Rabea May Flatow

Fall 2011



About the seminar



WHAT
WHY
HOW



About the schedule of the seminar

current tentative course schedule (all speakers and dates are tbc)

date	speaker
23.9./ 30.9.	Ulrich Kaiser
07.10./14.10./21.10	Jan Fülischer
28.10.	Herbert Reutimann (unitectra)
04.11.	Eduardo Theiler (Phytoceuticals)
11.11.	Francesco dell'Endice (QualySense)
18.11. (14-18 pm)	<i>Mid-term exam</i>
25.11.	Florian Kapitza (Aiducation International)
02.12.	Erika Puyal/Andreas Schweizer (ZKB)
09.12.	Christoph Adrian
16.12.	Sylvain Santamarta (BCG Energy Practice)
23.12. (14-19 pm)	<i>Final exam</i>



About your participation in the seminar

Course Material

All course material can be found in the OLAT course website.

Questions

If you have any questions, please post them on the OLAT course website “forum”.

Attendance

Class attendance is mandatory.

You are welcome to bring fellow students to the lecture.



About grading your performance in the seminar

Grading

- ➔ **"Elevator speech" - a three minutes short presentation of the project**
25 percent in total (slides 40 percent, oral presentation 60 percent).
- ➔ **Full business plan**
65 percent in total (written full plan 40 percent, oral presentation 60 percent).
- Please note:** You will have to hand in your business plan and presentation slides before the date of examination. The deadline will be announced to you well enough in advance.
- ➔ **Oral participation**
10 percent; oral participation is measured both in terms of quantity and quality.

All grades except for the ones for oral participation are for each team, not for individual team members.



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The Practice of Entrepreneurship

Business Plan Writing

Part 1

Prof. Dr. Ulrich Kaiser
Chair of Entrepreneurship
Universität Zürich

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1. What is a Business Plan ?

A business plan is a written narrative that describes what a new business intends to accomplish and how it intends to accomplish it.

Summary Business Plan

- 10-15 pages;
- early stage;
- test the waters;
- see if interest can be caught

Full Business Plan

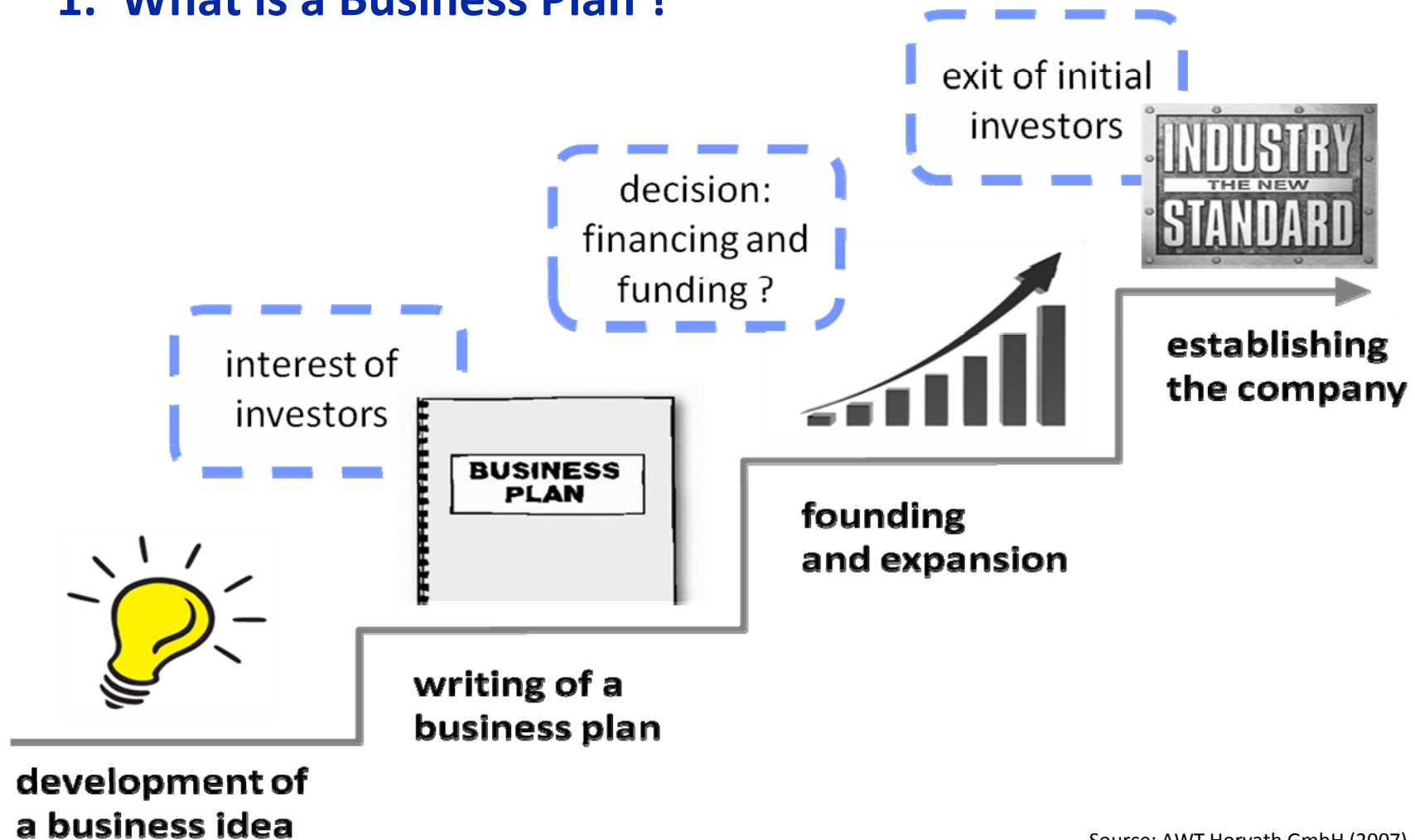
- 25-35 pages;
- when funding is needed;
- blueprint for firm's operations

Operational Business Plan

- 40-100 pages;
- internal audience;
- blueprint for operations;
- guidance for operational managers



1. What is a Business Plan ?



Source: AWT Horvath GmbH (2007)



1. What is a Business Plan ?

Both investors and employees are interested in a business plan, but they have different expectations.

Employees expect the business plan to provide

- clear articulation of the vision and future plans;
- help for operating in sync and move forward.

Investors/ other external stakeholders expect the business plan to provide

- feasibility analysis which explains why the firm is a good use of an investors' funds or the attention of other external stakeholders.

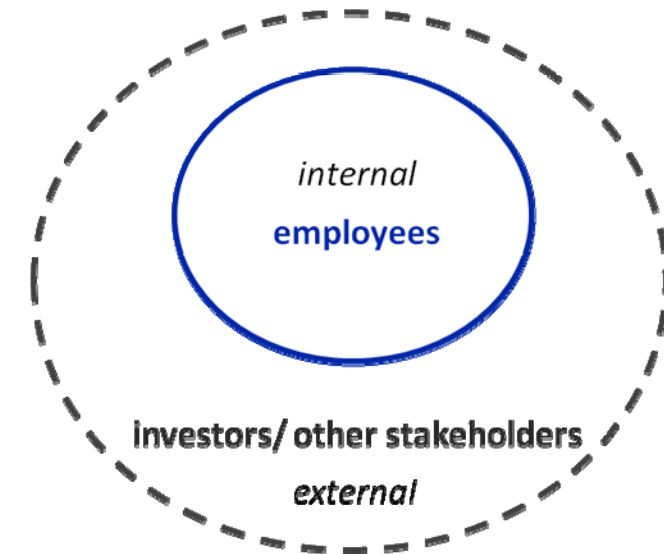


figure: audience of a business plan



2. Why is a Business Plan Needed ?

A business plan introduces potential investors and other stakeholders to the business opportunity the firm is pursuing and how it plans to pursue it.



NO business plan



NO funding



2. Why is a Business Plan Needed ?

A business plan is not only central means of communication to investors but also helps entrepreneurs to recognize risks, make decisions and test the idea.

THINK

flaws
risks
obstacles
strategy
decisions

TEST

dry run

COMMUNICATE

investors
employees
founders

PLAN

resources
budgets
financing



2. Why is a Business Plan Needed ?

A business plan is a decision making tool.

PROFITABILITY	costs and earnings? gross margin? investments? internal rate of return	$NPV = \sum_{t=0}^n \frac{C_t}{(1 + \bar{r})^t} = 0 \quad ?$
CONSUMER UTILITY	solution to a problem? consumer needs? consumer satisfaction?	
MARKET / POSITIONING	target market? size and growth? differentiation and USP?	



3. Guidelines for Writing and Presenting a Business Plan

In order to sell your idea properly and to appeal to the audience (i.e. investors) a business plan should be written according to some basic guidelines.

CONTENT No More - No Less: It contains just all an investor needs to know.

STRUCTURE It needs to be clearly structured.

LANGUAGE Simple language: No tech talk or jargon is used.

LENGTH It has a maximum of 30 pages including Appendix.

FORMAT It has to be reader friendly: pitch 11/ line break 1.5/ 2.5 margin.
It contains a maximum of four simple and clearly presented figures.



3. Guidelines for Writing and Presenting a Business Plan

Some final advice ...

... BE CLEAR AND CONCISE !

... SELL YOUR IDEA !

... DO NOT FORGET THE CONFIDENTIALITY STATEMENT !





4. The Business Plan in Detail

A business plan should be well structured and contain all relevant information.

The following slides shall present to you the basics of writing a business plan, what you need to consider and which information should be included.

- 
- 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**



4.1 Business Idea

This chapter should describe how you plan to turn the idea into practice by providing information about the idea, customers, the founding team and the idea's money making potential.

APPEAL & INNOVATIVENESS

CUSTOMERS & MARKET

FOUNDER & TEAM

REVENUE & COSTS



4.1 Business Idea

APPEAL & INNOVATIVENESS

What problem is to be solved ?

What consumer need is fulfilled ?

What (quantifiable) consumer utility is obtained ? Consumer appeal ?

What product/ services do you want to sell ?

What is it that you offer exactly ?

In what sense is the idea unique ? How to protect it ?

Where is the innovation ?

What is the degree of innovativeness – truly novel/ already protected ?

How can it be applied ?



4.1 Business Idea

APPEAL & INNOVATIVENESS

Product / Service	Innovation	New product → Microsoft	New industry → Netscape
	Existing	Existing industry → handicrafts enterprise → engineering company	New business system → Dell
		Existing	Innovation

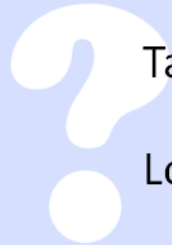
Business system

Source: AWT Horvath GmbH (2007)



4.1 Business Idea

CUSTOMERS & MARKET



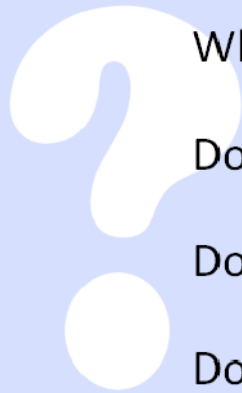
Target market: What consumers/ consumer group do you want to target ?

Location: Where do you want to establish my business ?



4.1 Business Idea

FOUNDER & TEAM



What does your founding team look like ?

Do you have the required strength and experience ?

Do you have the right communication skills ?

Do you have the will to turn your idea into a successful business ?



4.1 Business Idea

REVENUE & COSTS

What price do you ask for ?

For how long will your product meet strong demand ?

How do you plan to further develop your product/ service ?

What development steps do you expect ?

How large have been development costs so far ?

What are the costs for earning a livelihood of the team members ?

What are the costs of production ? Make or buy ?

Do you need “seed money” ?

Do you want to put an investor into the co-pilot seat ?



4.2 Business Team

In this chapter the founding team is presented to investors.

**Investors invest in people,
not so much in the idea.**



4.2 Business Team

A team is more than the sum of it' pieces.

A FOUNDING TEAM ...

- ... can assign tasks in accordance with members' competencies;
- ... stands in for you in case of need;
- ... provides mutual assistance;
- ... has a bigger network;
- ... are equipped with a wider variety of competencies;
- ... reduces the danger of getting on the wrong track.





4.2 Business Team

It is important to demonstrate to investors that the founding team is 100% supportive.

DEMONSTRATE THAT YOU ARE A GOOD TEAM

- 3 to 6 team members
- CVs of team members
- education
- reputation
- previous success
- complementary (relevant) skills and strengths
- shared vision
- commitment to the firm
- experience in working together
- ownership structure and team members' roles

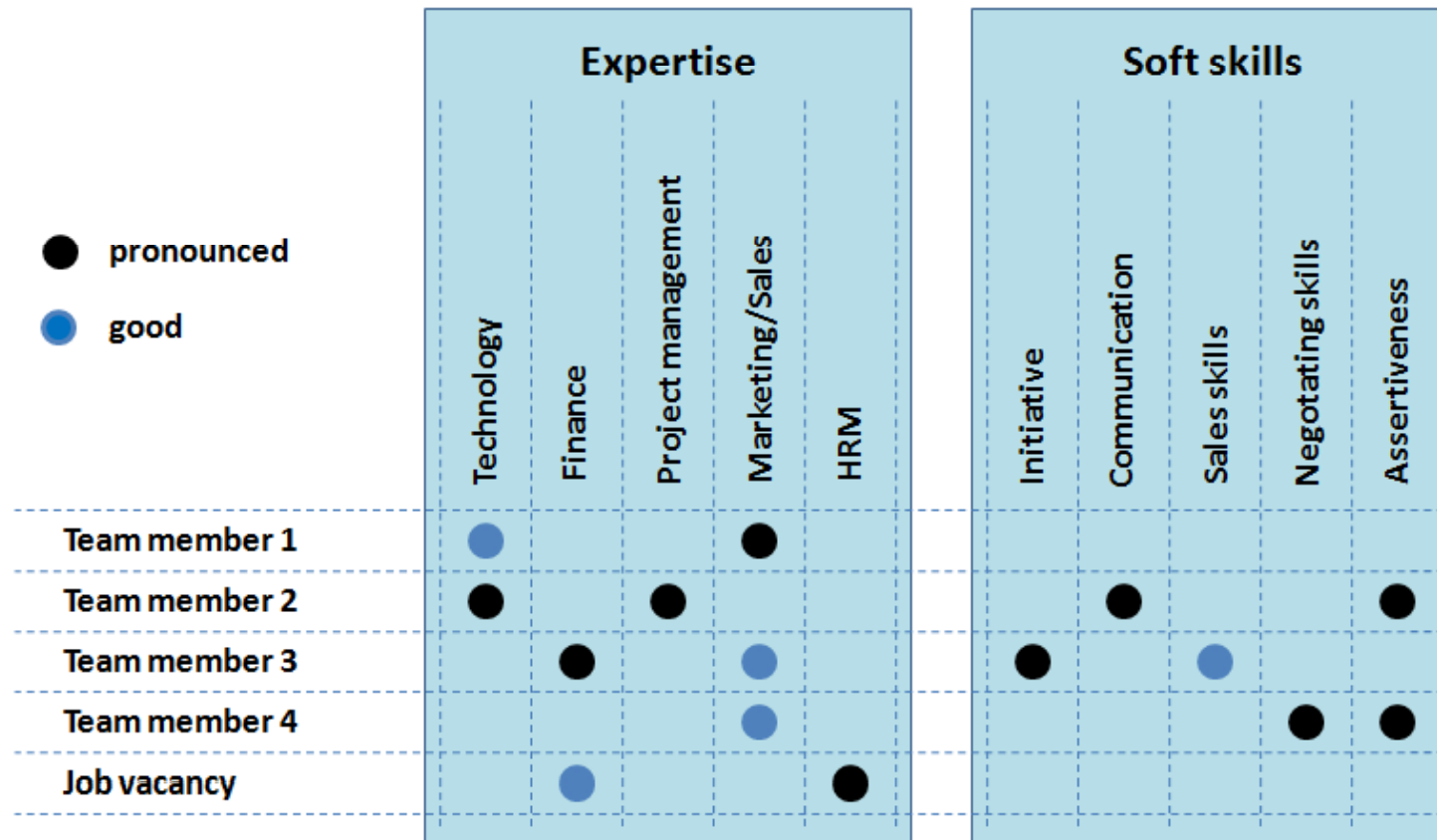
SHOW STRENGTH AND WEAKNESSES OF THE TEAM

SEND POSITIVE SIGNALS



4.2 Business Team

The investors' view



Source: McKinsey & Company, Inc. (2002)



Today you got to know...

- ... what you may expect from this seminar and what is expected of you;
- ... what a business plan is and why it is needed;
- ... which basic guidelines need to be followed when writing a business plan;
- ... what the structure of a business plan should look like;
- ... which questions have to be discussed when describing your business idea ;
- ... which information should be included when presenting the founding team.

Next week we will discuss...

- ... what the remaining sections (marketing, business system, planning, risks and financial planning) of a business plan should look like.



Sources

Barringer, B.R. and R.D. Ireland (2008), Entrepreneurship: successfully launching new ventures, Pearson, Upper Saddle River.

Businesstools (2008), Businessplan – professionell gemacht.

McKinsey & Company, Inc. (2002), Planen, gründen, wachsen: Mit dem professionellen Businessplan zum Erfolgs, ueberreuter redline Wirtschaft.

AWT Horvath GmbH (2007), Der optimale Businessplan: Handbuch Münchner Business Plan Wettbewerb [available at http://www.mbpw.de/fileadmin/Redaktion/Standard_Dateien/e_Handbuch_MBPW.pdf]