GENIUS PROJECT:
Business Plan

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ISPGAYA
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• Introduction (some definitions)

• Business Plan

• Business Model CANVAS

• Conclusion / Final Remarks
Innovation:

The creation of a new way of doing something, whether the enterprise is concrete (e.g., the development of a new product) or abstract (e.g., the development of a new philosophy or theoretical approach to a problem). Innovation plays a key role in the development of sustainable methods of both production and living because in both cases it may be necessary to create alternatives to conventional ways of doing things that were developed before environmental consideration was central to most people’s framework for making decisions.

https://www.britannica.com/topic/innovation-creativity

Introduction (some definitions)
Entrepreneurship:

The capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. The most obvious example of entrepreneurship is the starting of new businesses. In economics, entrepreneurship combined with land, labor, natural resources and capital can produce profit. Entrepreneurial spirit is characterized by innovation and risk-taking, and is an essential part of a nation's ability to succeed in an ever changing and increasingly competitive global marketplace.

http://www.businessdictionary.com/definition/entrepreneurship.html
Project:

Planned set of interrelated tasks to be executed over a fixed period and within certain cost and other limitations.

http://www.businessdictionary.com/definition/project.html
Business Plan:

Set of documents prepared by a firm's management to summarize its operational and financial objectives for the near future (usually one to three years) and to show how they will be achieved. It serves as a blueprint to guide the firm's policies and strategies, and is continually modified as conditions change and new opportunities and/or threats emerge. When prepared for external audience (lenders, prospective investors) it details the past, present, and forecasted performance of the firm. And usually also contains pro-forma balance sheet, income statement, and cash flow statement, to illustrate how the financing being sought will affect the firm's financial position.

http://www.businessdictionary.com/definition/business-plan.html
Business Plan Structure/Index:

• Executive Summary
• Business Model
• Management and Organization
• Marketing Plan
• Financials
• Appendix
Executive Summary:
The executive summary is an overview of the entire business plan and will either capture the readers attention or make them lose interest before reading any further. A crucial part of the business plan, the summary will basically tell readers the history of your company/project, where it is today and what direction it is headed.

The executive summary is where you sell others on the potential success of your business idea.
Business Model:
A Business model describes the rationale of how an organization creates, delivers and captures value.

The business model is where you explicitly state what is exactly the value added by your project.

Business Model CANVAS (later)
Management and Organization:
Brief description of your company (or the company to be constituted) including details about ownership, management and board of directors (if applicable). Qualifications, experience and education are important to provide readers with an insight as to how these individuals fit into the organizational structure and what they can bring to the table in their designated roles.
Marketing Plan:
Description of the marketing strategy and how you intend to drive sales. Departing from a broad set of quantitative goals (return, growth, etc.), with support of a wide set of analysis, the marketing plan aims at define the overall strategy for the firm, namely, the market penetration strategy, growth strategy, distribution strategy and communication strategy. Sales strategies should also be included to provide information on sales staff and activities.
Marketing Plan: 4P

Business Plan: How to build a business plan
Marketing Plan: 4P

- **Product**
  - Variety
  - Quality
  - Design
  - Brand name
  - Features
  - Packaging

- **Price**
  - List prices
  - Discounts
  - Payment period
  - Credit terms

- **Place**
  - Advertising
  - Personal selling
  - Sales promotion
  - Public relations

- **Promotion**
  - Channels
  - Coverage
  - Locations
  - Inventory
  - Transportation
  - Logistics

**Business Plan:**
How to build a business plan
Marketing Plan: PEST Analysis

Business Plan: How to build a business plan
Marketing Plan: PEST Analysis

<table>
<thead>
<tr>
<th>POLITICAL</th>
<th>ECONOMIC</th>
<th>SOCIAL</th>
<th>TECHNOLOGICAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>ecological/environmental issues</td>
<td>home economy situation</td>
<td>lifestyle trends</td>
<td>technological</td>
</tr>
<tr>
<td>current legislation home market</td>
<td>home economy trends</td>
<td>demographics</td>
<td>competing technology</td>
</tr>
<tr>
<td>future legislation</td>
<td>overseas economies and trends</td>
<td>consumer attitudes and opinions</td>
<td>development</td>
</tr>
<tr>
<td>international legislation</td>
<td>general taxation issues</td>
<td>media views</td>
<td>research funding</td>
</tr>
<tr>
<td>regulatory bodies and processes</td>
<td>taxation specific to product/services</td>
<td>law changes affecting social factors</td>
<td>associated/dependent technologies</td>
</tr>
<tr>
<td>government policies</td>
<td>seasonality/weather issues</td>
<td>brand, company, technology image</td>
<td>replacement</td>
</tr>
<tr>
<td>government term and change</td>
<td>market and trade cycles</td>
<td>consumer buying patterns</td>
<td>technology/solutions</td>
</tr>
<tr>
<td>trading policies</td>
<td>specific industry factors</td>
<td>fashion and role models</td>
<td>maturity of technology</td>
</tr>
<tr>
<td>funding, grants and initiatives</td>
<td>market routes and distribution trends</td>
<td>major events and influences</td>
<td>manufacturing maturity and capacity</td>
</tr>
<tr>
<td>home market</td>
<td>customer/end-user drivers</td>
<td>buying access and trends</td>
<td>information and communications</td>
</tr>
<tr>
<td>lobbying/pressure groups</td>
<td>interest and exchange rates</td>
<td>ethnic/religious factors</td>
<td>consumer buying mechanisms/technology</td>
</tr>
<tr>
<td>international pressure groups</td>
<td>international trade/monetary issues</td>
<td>advertising and publicity</td>
<td></td>
</tr>
<tr>
<td>wars and conflicts</td>
<td></td>
<td>ethical issues</td>
<td></td>
</tr>
</tbody>
</table>

Business Plan: How to build a business plan
### Marketing Plan: SWOT Analysis

<table>
<thead>
<tr>
<th>S</th>
<th>W</th>
<th>O</th>
<th>T</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STRENGTHS</strong></td>
<td><strong>WEAKNESSES</strong></td>
<td><strong>OPPORTUNITIES</strong></td>
<td><strong>THREATS</strong></td>
</tr>
<tr>
<td>Things your company does well</td>
<td>Things your company lacks</td>
<td>Underserved markets for specific products</td>
<td>Emerging competitors</td>
</tr>
<tr>
<td>Qualities that separate you from your competitors</td>
<td>Things your competitors do better than you</td>
<td>Few competitors in your area</td>
<td>Changing regulatory environment</td>
</tr>
<tr>
<td>Internal resources such as skilled, knowledgeable staff</td>
<td>Resource limitations</td>
<td>Emerging need for your products or services</td>
<td>Negative press/media coverage</td>
</tr>
<tr>
<td>Tangible assets such as intellectual property, capital, proprietary technologies etc.</td>
<td>Unclear unique selling proposition</td>
<td>Press/media coverage of your company</td>
<td>Changing customer attitudes toward your company</td>
</tr>
</tbody>
</table>

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**Business Plan:**
How to build a business plan
Marketing Plan: Porter 5 Forces

Business Plan:
How to build a business plan
Financials:
Departing from the previous set of analysis, intends to evaluate the financial feasibility of the project. Therefore, it includes an investment plan, an operational plan (from a financial perspective) and a financing plan.
It will generate future expected financial statements, cash flow statements and financing needs. Ultimately, it will generate a "value" for the project.
Appendix:
Additional information not disclosed in the business plan that is presented to everybody. The financial statements referred to previously, the complete set of analysis produced and not the only the final output of them. If requested by a potential investor, they should be made readily available.

Business Plan:
How to build a business plan
Business Model:

A Business model describes the rationale of how an organization creates, delivers and captures value.

## Business Model CANVAS:
The 9 building blocks to build a business model

<table>
<thead>
<tr>
<th>Key Partners</th>
<th>Key Activities</th>
<th>Value Propositions</th>
<th>Customer Relationships</th>
<th>Customer Segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key Resources</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Channels</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost Structure</th>
<th>Revenue Streams</th>
</tr>
</thead>
</table>
Block 1: Customer segment

An organization serves one or more customer segments

A customer segment defines the different groups of people or organizations an enterprise aims to reach and serve.

Customer groups represent separate segments if:

- Their needs require and justify a distinct offer
- They are reached through different distributions channels
- They require different types of relationships
- They have substantially different profitabilities
- They are willing to pay for different aspects of the offer

Business Model CANVAS:
The 9 building blocks to build a business model
Block 1: Customer segment (examples)

- Mass market: Consumer Electronics Sector
- Niche market: SUV vehicles (in the very beginning)
- Segmented: Bank Industry
- Diversified: Rolls-Royce
- Multi-sided platforms: VISA
Block 2: Value propositions

An organization seeks to solve customer problems and satisfy customer needs with value propositions

Value proposition describes the bundle of products and services that create value for a specific customer segment. They solve a customer problem or satisfy a customer need.
Block 2: Value propositions (examples)

- **Newness:** Cell Phones
- **Performance:** Personal Computers
- **Customization:** Online Advertising
- **Getting the job done:** Rolls-Royce Airplane Engines
- **Design:** Fashion
- **Brand/Status:** Rolls-Royce Cars
- **Price:** Low-Cost Airlines
- **Cost reduction:** Industrial Cleaning (outsourcing)
- **Risk reduction:** Guarantees
- **Accessibillity:** Net Jets
- **Convenience/Usability:** iPod and iTunes

**Business Model CANVAS:**
The 9 building blocks to build a business model
Block 3: Channels

Value propositions are delivered to customers through communication, distribution and sales channels.

Channels building block describes how a company communicates with and reaches its customer segments to deliver a value proposition. It is the company interface with customers, how they reach them.

<table>
<thead>
<tr>
<th>Channel Types</th>
<th>Channel Phases</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. Awareness</td>
</tr>
<tr>
<td>Direct</td>
<td>How do we raise awareness about our company’s products and services?</td>
</tr>
<tr>
<td>Own stores</td>
<td>2. Evaluation</td>
</tr>
<tr>
<td>Web sales</td>
<td>How do we help customers evaluate our organization’s Value Proposition?</td>
</tr>
<tr>
<td>Own stores</td>
<td>3. Purchase</td>
</tr>
<tr>
<td>Partner stores</td>
<td>How do we allow customers to purchase specific products and services?</td>
</tr>
<tr>
<td>Wholesaler</td>
<td>4. Delivery</td>
</tr>
<tr>
<td></td>
<td>How do we deliver a Value Proposition to customers?</td>
</tr>
<tr>
<td></td>
<td>5. After sales</td>
</tr>
<tr>
<td></td>
<td>How do we provide post-purchase customer support?</td>
</tr>
</tbody>
</table>

Business Model CANVAS:
The 9 building blocks to build a business model.
Block 3: Channels (examples)

- Sales Force: Automotive Industry
- Web Sales: Amazon
- Own Stores: Nespresso
- Partner Stores: McDonalds
- Wholesaler: Other Coffee Brands
Block 4: Customer relationship

*Customer relationships are established and maintained with each customer segment*

Customer relationship describes the types of relationships a company establishes with specific customer segments. They can range from personal to automated. It can be driven by:

- Customer acquisition
- Customer retention
- Boosting sales (upselling)
Block 4: Customer relationships (examples)

- Dedicated Assistance: Private Banking
- Personal Assistance: Vodafone (call center)
- Self-service: Ryanair (kind off…)
- Automated services: Booking.com
- Communities: Aptamil
- Co-Creation: Youtube

Business Model CANVAS: The 9 building blocks to build a business model
Block 5: Revenue stream

*Revenue stream result from value propositions successfully offered to customers*

Revenue stream represents the cash (revenues minus costs) a company generates from each customer segment. What price should we set to each particular customer segment? A business model can involve two different types of revenue streams, the first where transaction revenues result from one-time customer payments and the second where transaction revenues result from on-going payments to either deliver value proposition to customer or provide post-purchase customer support.
Block 5: Revenue stream

<table>
<thead>
<tr>
<th>Pricing Mechanisms</th>
<th>Fixed “Menu” Pricing</th>
<th>Dynamic Pricing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Predefined prices are based on static variables</td>
<td>Prices change based on market conditions</td>
</tr>
<tr>
<td>List price</td>
<td>Fixed prices for individual products, services, or other Value Propositions</td>
<td>Negotiation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(bargaining)</td>
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<tr>
<td></td>
<td></td>
<td>Price negotiated between two or more partners</td>
</tr>
<tr>
<td></td>
<td></td>
<td>depending on negotiation power and/or negotiation skills</td>
</tr>
<tr>
<td>Product feature dependent</td>
<td>Price depends on the number or quality of Value Proposition features</td>
<td>Yield management</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Price depends on inventory and time of purchase</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(normally used for perishable resources such as hotel rooms or airline seats)</td>
</tr>
<tr>
<td>Customer segment dependent</td>
<td>Price depends on the type and characteristic of a Customer Segment</td>
<td>Real-time-market</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Price is established dynamically based on supply and demand</td>
</tr>
<tr>
<td>Volume dependent</td>
<td>Price as a function of the quantity purchased</td>
<td>Auctions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Price determined by outcome of competitive bidding</td>
</tr>
</tbody>
</table>

Business Model CANVAS:
The 9 building blocks to build a business model
Block 5: Revenue stream (examples)

- Asset Sales: Automotive Industry
- Usage Fee: Hotel Industry
- Subscription Fee: Vodafone
- Renting/Leasing: Rent-A-Car
- Licensing: Media Industry
- Brokerage fee: Real Estate Agents
- Advertising: News Platforms
Block 6: Key resources

*Assets required to offer and deliver the previously described elements...*

Key resources describes the most important assets required to make a business model work. They can be owned or leased by the company or acquired by key partners.
Block 6: Key resources (examples)

- Physical: Santiago Bernabéu / Allianz Arena
- Intellectual: Brand (Proprietary Knowledge/Patents)
- Human: Cristiano Ronaldo / Robert Lewandowski
- Financial: Vodafone (equipment acquisition)
Block 7: Key activities

... by performing a number of key activities

Key activities describes the most important things a company must do to make its business model work. These are the most important actions a company must take to operate successfully.
Block 7: Key activities (examples)

- Production: BMW
- Problem Solving: Consultancy
- Platform/Network: UBER
Block 8: Key partnerships

Some activities are outsourced and some resources are acquired outside the enterprise

Key partnerships describes the network of suppliers and partners that make the business model work. Companies create alliances to optimize their business models, reduce risk or acquire resources. It can be seen that the motivations to develop a partnership are:

- Optimization and economy of scale
- Reduction of risk and uncertainty
- Acquisition of particular resources and activities
Block 8: Key partnerships (examples)

- Strategy: Benfica / Adidas
- Coopetition: VCR / Blu-Ray
- Joint venture: VW / Ford
- Buyer-supplier: Android (which phones run it?)
Block 9: Cost structure

*The business model elements result in the cost structure*

Cost structure describes all costs incurred to operate a business model. Having set the other aspects, definition of a cost structure can be made relatively easily. The costs can be split between fixed and variable, related to their dependency on sales. If we have cost advantages with higher production, we have economies of scale. If we have cost advantages with diversified production, we have economies of scope.
Block 9: Cost structure (examples)

- Cost-Driven: Ryanair
- Value-Driven: NetJets
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**Business Model CANVAS:**
The 9 building blocks to build a business model
Business Model CANVAS:
The 9 building blocks to build a business model
Business Plan:

A business plan is not just a lengthy document that helps you get a loan or secure backers, even though that might be the reason you’re putting it together. A business plan is a thorough examination of whether your business idea is viable. Preparing your business plan in the early stages of developing your company can save you a great deal of time, money and heartache by showing you where the weaknesses in your idea lie and giving you a chance to correct them before you make any serious mistakes, whether with your money or someone else’s.

Business Model CANVAS:

The Business Model Canvas is useful for driving the conception of new products and services through its nine basic elements from both rational and emotional perspectives. It also allows the teams to brainstorm insights, ideas and opinions around the product, enabling a common understanding among the stakeholders as well as generating strong performance indicators towards a strategic innovation.


Conclusion / Final Remarks
GENIUS:
Business Plan

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