

Business Plan Preparation Is This a Real Business? Assignment

You have identified a concept that you believe is a viable business and formed a team to write a business plan. As part of the business planning process the team will establish the following:

Validation

Prove the viability of your venture by conducting the following research:

1. Face to Face Research (F2F-R). See separate document for details.
 - Step 1: Gut Check - Determine concept potential
 - Step 2: Reality Test I - Get preliminary feedback on your concept from experts
 - Step 3: Sniff Test - Determine target customer interest
 - Step 4: Reality Test II - Get feedback on the entire business venture from experts
 - Step 5: Customer Surveys
2. Secondary Research of the Market and Industry.

The Leeds School Library is a great source for conducting research. You have access to a wide range of databases that provide market, industry and financial information. Please refer to Leeds School librarian Gene Hayworth's Guideline (on my website) for conducting research. Gene is quite willing to provide assistance with your research.
3. Financial Performance

Look at comparable companies and industry financial data to develop measures of key ratios, profitability, cash flow, returns and trends. Refer to the COMPS section in the Financial Projections Model which can be downloaded from my website.

Viability

Establish the fundamentals of your venture to set the stage for writing the business plan:

- Market
 - Identify potential entry points by segmenting the market. Why are they attractive?
 - What trends are driving the market? What is the size and is it growing?
 - Are there alternative target markets that should be considered now or in the future?
 - What problem is being solved?

- Industry
 - Identify the direct, indirect and future competitors and evaluate them. Prepare a competitive matrix.
 - What are the barriers to entry?
 - What is the nature of competition in your industry?
 - What could be your potential competitive advantages?
- Profitability
 - Describe the revenue model. What are the key assumptions?
 - What are the financial comps for your industry?
 - What are the potential gross margins? How determine?
 - What operating leverage will your business have?
- Product/Service
 - What are the important features?
 - What alternative products and/or services could you offer now or in the future?
 - How would the offerings be differentiated from the competition?
 - What are the potential benefits to the target market? Does the target market understand the benefits? Will they buy?

This Is a Real Business

Prepare the following for Week 6:

1. Make a 10 minute PowerPoint presentation of your venture to a panel of entrepreneurs and investors (max 10 slides). Your focus should be on proving that your concept is viable and that you have established a sound basis for writing the rest of the business plan.
2. Submit in a three-ring binder the following:
 - Copy of PowerPoint slides from presentation
 - MARKET – draft of the business plan section in DECK format
 - INDUSTRY – draft of the business plan section in DECK format
 - PRODUCT/SERVICE – draft of the business plan section in DECK format
 - Profitability
 - Revenue Model variables
 - Financial COMP's
 - Gross Margin preliminary estimate
 - Competitive Matrix
 - F2F-R Step 4: Reality Test II