

# Checklist Phase 3 – Business Plan



**Deadline: March 27th 2012 at 1 PM**

**Content: Complete Business plan**

**Pages: 8-20 pages**

**File size: Maximum of 10 MB**

Below you will find a short summary of what a submission for Business plan should contain. This check list is available in order for you to get as much constructive feedback as possible from the jury and to assure that you have covered the essential aspects of your business plan. The jury will use this check list when making their judgment and will in their assessment consider both the potential of the business idea as well as the plan itself (the written document).

## Summary

- Have you described the important parts in the business plan in an interesting manner?
- Is the summary written in such a way that it stimulates further reading with regard to potential sustainability and uniqueness?
- Does the summary provide sufficient information for an evaluation of the business plan?

## Business Idea

- Have you described the fundamental idea of your product (goods/service) and its uniqueness?
- Is the customer value and the problem your product solves clearly described?
- Is the customer proposition clearly described? Does it create customer benefit?
- Have you described how the company will generate revenue?
- Have you described the company's growth potential?

## Market Plan

### Market Description

- Have you described your initial customer? How many are they? What do they do? How do they respond to your offer?
- Have you communicated with your customer?
- Have you described the potential market? Size? Growth potential, trends and development? Have you described where this market information comes from (references)?

### Industry Analysis

- Have you described the industry? Who are the major actors/competitors? Who are profitable and how do they make money? Is it an attractive industry?
- Have you described the interactions between suppliers, distributors, customers, competitors and possible substitute goods, and the entry barriers?
- Have you described where your company fits within this industry?



# Checklist Phase 3 – Business Plan



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## Market Strategy

- Have you described and motivated your choice of customers and target segment?
- Have you described and motivated the differentiation of your offer? Will you be able to compete in the areas of technique, design, service, availability or price?
- Have you described the market barriers and how you will circumvent these?
- Have you described the marketing strategy and costs for planned marketing actions?

## Sustainable Competitive Advantage

- Have you described how to create a sustainable competitive advantage? Are there other companies that can benefit from your establishment on the market?
- Have you described how you can protect your product (registered design, patent, innovation speed, design registration, marketing etc.)
- Have you investigated whether existing patents or other legal protection will prevent you from selling your product at the market?
- Have you described how your company in a long term perspective will be sustainable regarding environment and social aspects?

## Business Model

(Hand book: "Affärssystem och organisation")

- Have you described your company´s business model? What does the value chain look like?
- Have you described your key activities? What should be done within/outside the company?
- Have you described potential collaboration partners (suppliers, delivery, manufacturers, marketing, sales etc)?
- Have you described your revenue streams? From what/whom do you get the money, how will you be profitable (direct sales, distributors, advertising sales, service agreements, licensing ring, franchising, subscriptions, etc.)?
- Have you described your cost structure?
- Have you described the most important resources to provide your offer (staff, website, machinery, buildings, vehicles, patent, trademark, etc.)?

## Organization

(Hand book: "Ledningsgrupp samt Affärssystem och organisation")

### Management Team and Staff

- Have you described key associates, roles within the company and who is behind the business idea?
- Have you described the owner structure?
- Have you described how the experience and knowledge now lacking within the company can be recruited to the organization?

### Values

- What values shall permeate the company activities (culture, mission, sustainability, development, motivation, sales etc)?
- Have you described the future vision of the company?

# Checklist Phase 3 – Business Plan



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## Implementation

- Have you made an implementation plan which considers the cost and time aspects?
- Have you described the key activities the company needs to implement?
- Have you analyzed which activities that are dependent on each other and that constitute the "critical line" in your business?
- Have you focused thoroughly on sales and customer?
- Have you described the developmental status of you product?

## Profitability and Financing

- Have you made an analysis of total costs (e.g. for the next 3 years)?
- Have you made an income statement/budget, a balance sheet and a plan for liquidation?
- Have you commented your calculations in the text? What assumptions are you calculations based on?
- Have you described how much capital that will be required and from what sources you will obtain it?

## Risk Analysis

- Have you described an evaluated the risks that may threaten the success of your company (technical, economical, market, environmental, staff etc)?
- Have you described how you will handle these risks and how you will limit their potential negative impact?
- Have you described different economical scenarios for the company, including base case, best case and worst case?

**In the Venture Cup handbook, "Affärsplanering – En handbok för nya tillväxtföretag" (ISBN: 9789170920424), you will find a detailed description of the contents in a business idea and an example.**

## Glossary

**Assumption** – the adopted values which budgets and calculations are based on. It is important that these values are realistic and based on comparable companies and adjusted to the start-up company's opportunities

**Balance sheet** – a financial presentation of the company's assets and liabilities at a given time.

**Business model** – describes the company's value chain, from production to recycling, but also how the company should generate revenue, how the production works and how the offer is delivered to the customers.

**Capital requirement** – the amount of money a company needs to establish all activities and grow according to the business plan until the revenues covers the costs.

**Critical path** – a set of activities where each delay slows down the entire project.

**Customer benefit** – the benefits a customer receives by using your product.

**Customer value** – advantages and values experienced by the customers by using the product. The customer value must always be larger than the cost of the product (the price of the product and its incidental expenses). Reason for experienced value can be: time and cost savings, lessened anxiety, increased satisfaction and flexibility etc.

# Checklist Phase 3

## – Business Plan



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### Glossary contd.

**Design registration** – an intellectual property protection that will give you the right to prevent others from copying the shape or the design of your product.

**Differentiation** – The product must diversify from already existing ones on the market. One example is to establish the company as the most service-friendly or the most technically advanced company on the market.

**Economically sustainable** – to run a company in a way that economize with human and material resources and on the same time generate sufficient income and capital to create a stable and sustainable activity over time.

**Environmentally sustainable** – to run an organization without systematically depleting the earth destroying its natural resources. The company evaluates the environmental effects deriving from its own activities as well as that from both customers and suppliers and aims to reduce or eliminate climate effects, amount of waste and consumption of natural resources.

**Income budget** – presentation of the gross amounts of revenues and expenses during a certain period.

**Industry analysis** – description of actions within a certain industry. An attractive industry should be: possible to enter, immature and contain stable relationships between customers, suppliers, distributors and producers.

**Innovation rate** – the speed with which a company can create new products or offer new versions of their products.

**Liquidity budget** – an arrangement of the company's incoming and outgoing payments to evaluate the short-term payment ability. It is used to make sure that a sufficient amount of cash is available.

**Market entry barrier** – situations on the market that makes it difficult for new companies to establish, e.g. customers can be obligated to buy consumables from the original supplier in order for the guarantee to be valid

**Outsourcing** – involves contracting a business function (e.g. recruitment or delivery) to an external provider.

**Patent** – an intangible asset that gives the patent holder the right to prevent others from exploiting the invention in a particular market.

**Product** – the goods or service that the company offers. The product can be a service, goods or a combination of both.

**Profitability** – a measurement of the company's ability to earn money based on its capital.

**Scenario** – a series of actions and activities concerning the company that affects the company result and liquidity. One scenario can describe the base-case and another one can describe the worstcase or best-case.

**Segmentation** – the introduction of the total market in particular groups of customers (segments) with different characteristics, such as geographic, demographic, social and / or behavioral.

**Socially sustainable** – a company that is operated with concern towards the human dignity and health, regardless if they are employees, subcontractors, business partners or consumers.

**Sustainability** – the business plan render possible to in time develop a sustainable company regarding economical, environmental and social aspects.

**Sustainable competitive advantage** – the initial advantage with a new product must be prolonged by new innovations, patents, or strategic alliances to maintain an advantage towards competitors in the future.

**Value chain** – a series of actions for a company that involves e.g. production, idea generation, logistics or recycling. The chain of activities creates value for customers, suppliers, collaborators and the company itself.

# Checklist Phase 3 – Business Plan



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## Tips

All business plans are unique and structure is optional. Some of the questions in this checklist might not be applicable on your area and your development phase. However, you will always need to reflect about these questions. The jury's feedback and assessment are based on the content in the checklists. Write so that people with different backgrounds and skills are able to understand your business idea.

***Write in such manner that it becomes obvious for the reader that you can create growth.***

**Title page:** A front page provides for a professional impression. Include the entry's name, name of all members of the entry, confidentiality clause (see below) and if possible a picture of the product or service.

**Summary:** The summary should state a clear customer benefit, value and how the company will create revenue.

**Business model:** Highlight unique benefits of the product with bullets. Quantify customer value in figures. Rather focus on benefits than technology.

**Marketing plan:** Base the market description on facts, verified numbers and market surveys. Make sure to motivate your actions. Consider how to protect your idea through patents, design registration, trademark protection, copyright, confidentiality agreements or rapid implementation etc. There are always competitors!

**Business model:** Feel free to use illustrations to clarify the business model. An established way to describe your business model is by using Alexander Osterwalder's Business Model Canvas, where you describe your business from nine different building blocks: customer segments, value proposition, distribution channels, customer relationships, revenue streams, key resources, key activities, key partners and cost structure. His model is available on the Internet at <http://www.businessmodelgeneration.com/> or in the book Business Model Generation.

**Organization:** It is important that different skills are represented within the company. Be honest, identify the gaps you have in your competence profile and state a solution. If you are a small company, focus on the competences that are crucial for success. Use a competence chart to illustrate your profile.

**Implementation plan:** Feel free to use illustrations to clarify the implementation plan. An perspicuous way to present the plan is by using a schedule (Gantt chart) that includes milestones and critical activities and associated costs.

**Profitability & financing:** Feel free to read more in Venture Cup's handbook and feel free to use the models for income budget and a balance sheet contained at the Venture Cup website.

**Risk analysis:** Make an assessment of risks, probabilities and effects. Make sure to indicate solutions for the highlighted risks.

**Appendices:** Include e.g. budgets, charts, scenarios, product descriptions, illustrations and offer to investors as separate attachments. Should include interest, costs and likely returns for the investor with reference to the business plan that determines whether that assessment is correct.

### **Confidentiality Clause (for use on the title page):**

"This business plan is confidential. The business idea itself or information from this description may not be used, reproduced or made available to third parties without prior written permission of [your name or the entry name]."

Good luck!

