Proxy Marketing Solutions Ltd.

IICA Indian Institute of Corporate Affairs
Partners in Knowledge. Governance. Transformation.

Business Plan Preparation

Exclusive Virtual National Level Capacity Building Program

IICA – CENTRE for MSME

December 2020

Masterclass 6

Moti BLAU 鮑慕禪 CMktr, MBA motib@proxy-ms.co.il

Managing Director, Proxy Marketing Solutions Ltd. **© 2020**

Moti BLAU

- Entrepreneur & international marketer, 28+ years of international business, marketing & sales experience.
- Pioneered numerous international entrepreneurial, sales, marketing & business development endeavors in over 100 countries.
- Executed thousands of lectures and training hours on business & technical subject matters around the world.
- MD of Proxy Marketing Solutions Ltd. – international sales & marketing training, e-learning & consulting.
- CMktr, MCIM, MBA, BA, HND Elect. Eng., Certified Instructor.

CHARTERED MARKETER

LinkedIn: il.linkedin.com/in/motiblau

Proxy Marketing Solutions Ltd.

- Established 1997 as Limited company in Israel.
- Assisting companies (mainly SMEs') in maximizing their international business performance.
- Specializing in international marketing, sales & entrepreneurship.
- Consulting, mentoring & supporting executives on international business challenges & projects.
- Delivering training - courses, workshops and e-learning on international sales, marketing & business development topics.
- www.proxy-ms.co.il

LinkedIn: il.linkedin.com/in/motiblau

Objective & Agenda

- Understanding a critical factors for MSME success – business planning & business plan preparation.
- Agenda:
  - Business planning – context and purpose.
  - The process of business planning.
  - Types of business plans.
  - In-depth analysis for business planning.
  - Business plan structure & content.
  - Business plan delivery & presentations.
  - Summary, Q&A.

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Business Planning – Context & Purpose

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Business Planning & Business Plans – Context

- Business *Planning* is the process of analyzing the business environment, setting business goals and deciding on the details on how to achieve them.
- In existing business, business planning should be an on-going business management activity (i.e., annual update).
- In new ventures it must be done prior to setting up any new business (+regular updates). A significant effort.
- Business *Plan* is the outcome of business planning. A written document that describes how business goals will be achieved within a time period (1-5Y).

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Business Planning – Purposes

- The ultimate reason for business planning is to increase the chances for business success, and to achieve its goals. It is critical for risk minimization.
- Common purposes are to evaluate & plan (business / project):
  - Resources required and timeframes,
  - In-depth business feasibility and go-no go decisions,
  - Financial investment requirements and returns (ROI),
  - Selection between investments / opportunities / projects.
  - Restructuring; succession; exit.
- Business plans are used for internal business decisions, attracting investors, business partners and key personnel.

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MSMEs' Business Planning Shortcomings

- In *practice* many MSMEs do not plan their business properly. This results in low business performance & high failure rates.
- Common symptoms for poor business planning:
  - Difficulties to raise funds / loans.
  - Funds are not enough, cash flow problems.
  - Not achieving objectives, forecasting far from reality.
  - Poor risk mitigation. Many negative 'surprises'.
  - Poor profitability, even business closure, debts / bankruptcies.
- Common mistakes in business planning:
  - Poor analysis – unfounded assumptions.
  - Lack of business focus & competitiveness (strategy / marketing).
  - No marketing or sales plans. Incomes forecsts are too optimistic.
  - Financials are not balanced – missing expenses.
  - Not taking into account risks.
- Main reasons for poor business planning are lack of planning knowhow, lack of founded information & details, time pressure.

The costs of not having a BP is much greater than the cost of having one.

For MSMEs it can be life savings.

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The Process of Business Planning

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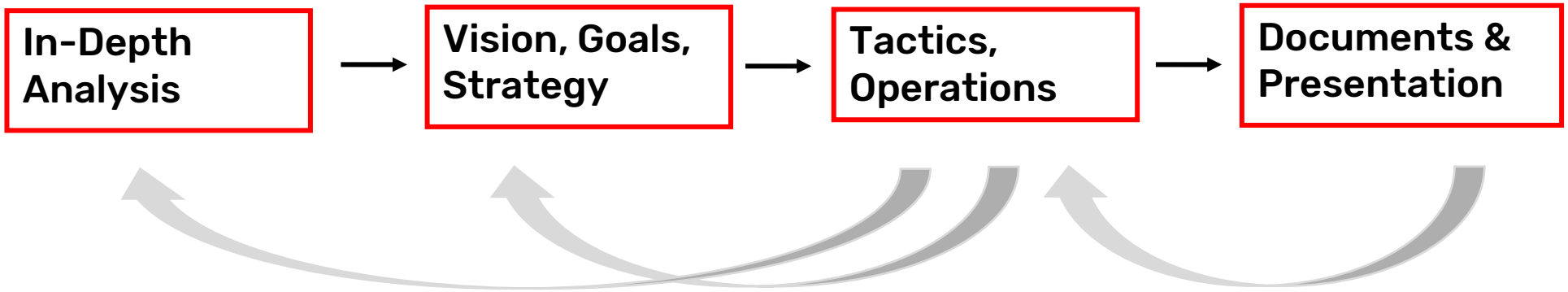
Business Planning Process - Overview



- In *practice* the process includes many iterations, adaptions, improvements and growing level of analysis.
- This is a crucial and an integral part of organizational learning & development for improved performance.
- Methodical planning significantly reduces costs & mistakes while improves business effectiveness and efficiencies.

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MSMEs' Business Planning Basic Guidelines

- Allocate enough time and resources for the planning.
- Assign a small (but balanced) team to assist.
- Take a holistic business approach – not only financials.
- It is not just an 'Excel exercise' but about business decisions.
- Don't assume – collect information, analyze and validate.
- Review other similar business plans, if possible.
- Be realistic as much as possible. When not sure – check.
- Ask someone to be a critic of your plan and improve.
- A not perfect plan is much better than no plan at all.

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Types of Business Plans

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Business Plans Types & Shortcomings

- Different types of business plans – depending on key purpose, main target audience, type & stage of business.
- Point of emphasis, focus, structure & level of details (length) is contingent on, and **MUST** be fitted to, target audience and the specific purpose of the plan.
- In *practice* many business plans are not fitted properly to the purpose and the target audience. Results – low 'Buy-In".
- Many MSMEs business plans are not founded (limited analysis), not structured, not consistent (conflicting), too detailed or not detailed enough, difficult to understand and very poorly presented.

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Business Plans Types & Features - Examples

Purpose	Audience	Emphasis
New venture key team members recruitment	Potential co-founders, key executives, board	Opportunity, feasibility, team, personal returns.
New venture risk funds recruitment	VC funds , Private investors	Opportunity, innovation / IP, R&D, risks, ROI, team, exit.
Existing business loan for financing expansion	Banks, loan funds, government credits	Past performance, growth feasibility & risks, fund requirements, cashflow projection
Set up of new Joint Venture (R&D, Market entry etc.)	Potential partners for R&D / Marketing / Production	Opportunity, risks, operational plan, resources requirements, investment, ROI, future growth, exit.
Owner's exit from existing business, succession, 2nd gen	New owners – private, enterprises, family	Current performance & challenges, future cashflow, transitioning processes.
International expansion	Existing owners, investors,	Foreign market opportunity, competition, entry strategy, investment, MROI, alternatives.

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In-depth Analysis For Business Planning.

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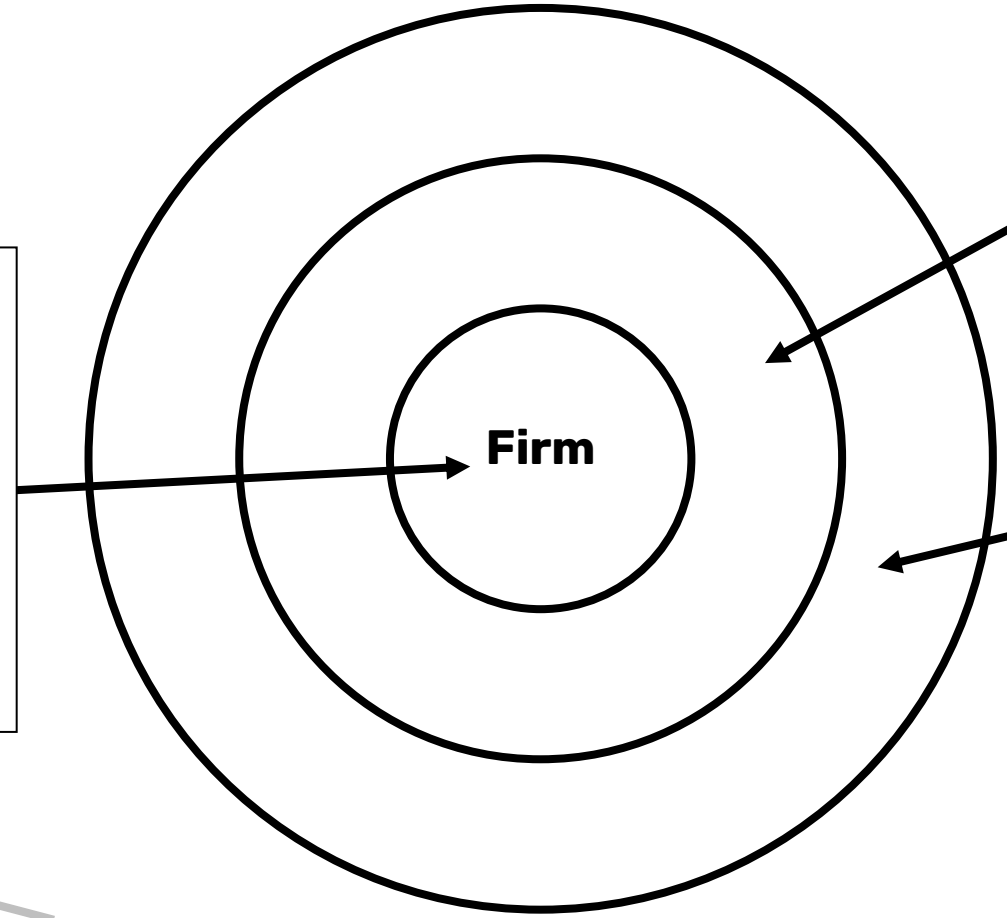
Business Environment Components



Internal Environment
- Performance
- Strategy
- Advantages
- Human Resources
- IP / Brands
- Competencies
- Financials
- Other resources

External Microenvironment:
- Customers
- Competitors
- Channels

External Macro Environment:
- Political
- Economical
- Social
- Technological
- Environmental
- Legal

Strengths & Weaknesses

Opportunities & Threats

SWOT

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Analysis for Business Planning – Dimensions

- End users: profile, needs, wants, buying behavior, usage.
- Market: size, growth, segments, trends, drives.
- Competition: direct, in-direct, future; company & product.
- Supply-chain: structure (supply & distribution), players, dynamics, margins, barriers.
- Macro: political, economical, social, technological, environmental, legal (PESTEL).
- Internal: performance, finance, competitive advantages, HR, agreements, brands, IP, competencies etc.
- SWOT: Strengths, Weaknesses, Opportunities, Threats.

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Analysis for Business Planning – MSME Common Mistakes

- Market is wrongly defined.
- Customer buying behavior is ignored.
- Competitive landscape is too shallow.
- Missing industry barriers & dynamics.
- Channels structure and constrains are ignored.

Case example:

- A medium food ingredient producer does not realize distribution channels dynamics and related margins changes among different tiers.
- Result: wrong pricing and wrong revenue forecast base. Total BP Financials are miscalculated.

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Analysis for Business Planning – MSME Guidelines

- Limit the scope of your analysis to relevant areas – market, industry, company status.
- Start by collecting info already existing in the company and make note what critical info is missing. Assign someone to identify quality sources and collect missing info.
- Each dimension needs to be analyzed in view of SWOT concept. Focus on the most important factors.
- Summarize key findings – get management feedback, 2nd and 3rd opinions on main SWOT conclusions.
- Remember – your plan MUST be connected to SWOT results.

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Business Plan Structure & Content

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Business Plan Main Components

- Cover
- Disclaimer
- Executive Summary
- Lists of Content & Figuers

- Analysis
- Objectives
- Business Strategy
- Marketing & Sales
- Products & Services
- Research & Development; IP

- Operations
- Risks & Mitigation
- Ownership & Management
- Finance
- Project Plan & Milestones.
- Annexes

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Business Plan – Executive Summary

Summarizes (1-2 pages) key points of business plan:

- Plan’s purpose & scope.
- Who we are & key achievements.
- The business opportunity.
- Objectives & business model.
- Why us? the team.
- Financial summary.
- What do we need & what we offer.

Common mistakes: summary is too long. Lacking headlines. Complex. Must be read in less than 5 minutes.

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Executive Summary – Bio Tech Company Example

Need for rapid detection of new water contaminants	Wide range rapid (<15min) field Xyz test kits	EU, 100 million tests executed annually	3 main competitors – X.Y.Z Slower, less sensitive.
The Problem	Our Solution	The Market	Competition
Water biology experts. 60 years of combined experience.	Leasing testers, selling reagents.	6M US$ in 5 years. 5th year - GP = 55%, OP = 18%.	2M US$ for new kit R&D 15% equity shares.
Who we are & Achievements	Business model	Financial & ROI	What we need & our offer

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Business Plan – Analysis

Summarizes (~2 pages) key points of analysis:

- End User – needs & wants, gaps.
- The Market – definition, size, trends, drives.
- The Industry – competitors, supply chain.
- Internal – key strengths and weaknesses.
- Conclusions – Short SWOT.

- Refers to annexes:
  - Analysis effort & sources.
  - Analysis details (as needed).

Common mistakes: missing or poor analysis, assuming everyone agrees on the basic assumptions. Everyone might have different ideas of the market, industry, competition etc. This effect business plan credibility.

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Business Plan – Objectives & Strategy

- Mission, vision, values.
- Business objectives: financial, customers, internal, etc.
- Business strategy / model:
  - Background, value proposition, target market / industry,
  - Value chain, position in value network.
  - Revenue sources, cost structure & profit potential,
  - Competitive advantage, CSF, core competencies,
  - Future growth directions.
- Organization: structure, overall HR.
- 1-2 pages.

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Objectives & Strategy – MSMEs Common Mistakes

- Single dimensions business objectives.
- No business strategy at all / not based on SWOT.
- No significant competitive advantage.
- Organization does not support strategy.

Case example:

- A small tool manufacturer wishes to have a significant revenue growth during next 5 years, however lack of competitive advantage to justify an increased share of its competitive market.
- Result: objectives can not be achieved unless a realistic competitive advantage can be developed. Alternative must be chosen. Strategy bases must be developed. This can take 2-3 years.

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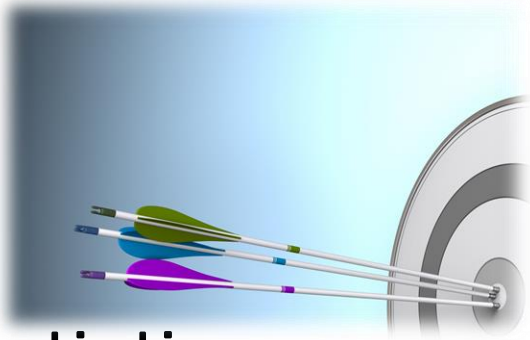
Business Plan – Marketing & Sales



- Marketing objectives.
- Marketing strategy: segmentation, targeting, differentiation & positioning. Entry mode (international).
- Marketing Mix: product (summary), pricing, channels, communications (mix & funnel). Branding.
- Sales: strategy, processes, timing.
- Market research: tests, pilots, feedback.
- Marketing & Sales Operations: organizations, IS, HR, budget.
- 1-2 pages.

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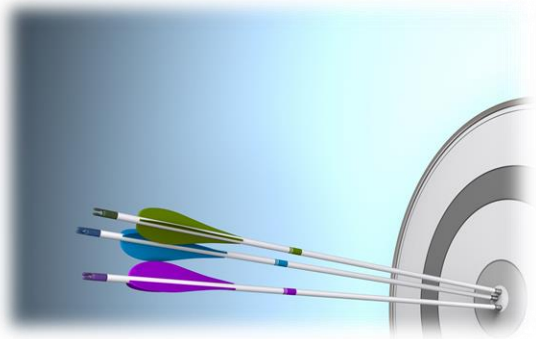
Marketing & Sales – MSMEs Common Mistakes

- Most neglected part.
- Marketing objectives are not realistic.
- No marketing strategy; no creativity.
- Lacking segmentation / targeting / positioning.
- Very poor sales planning – especially timelines.
- No validation. All theoretical. No MROI consideration.



Case example:

- An Agri-tech start-up (drones for field monitoring, Go to market stage) wishes to raise funds for market entry stage but GTM plan is not realistic (too quick, trying to cover a very large market).
- Result: investors are not convinced by such large numbers and prefer a more realistic and focused marketing strategy and go to market plan.

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Business Plan – Products & Services

- Overview – need, value, benefits, product vision.
- Key features, specifications & uniqueness.
- Additional features, related services.
- Current status (alfa, beta, pilots…).
- Future directions (product lines, NPD).
- Brand (if not covered in marketing).
- Costs – current & future.
- Product pictures, drawings.
- 1-2 pages (+ annexes).

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Products & Services – MSMEs Common Mistakes

- Value proposition is not sharp enough.
- Missing many important elements (services, packaging, etc.).
- Product development plans / portfolios are missing.
- Lacking competitive comparison & advantages.
- House of Quality / QFD considerations are missing.

Case example:

- A vendor of water quality monitors seek funds for development of new line of monitors. However, customers' specific requirements for such new products are not clear and not founded enough. Will this product bring a competitive advantage?
- Result: investors are afraid that customers will not value enough the features of the new products and that there might no justification for this investment. Management was sent to investigate further the market and provide proof that the new product, as planned, is what customers want, and that it will have advantages vs. competitors.

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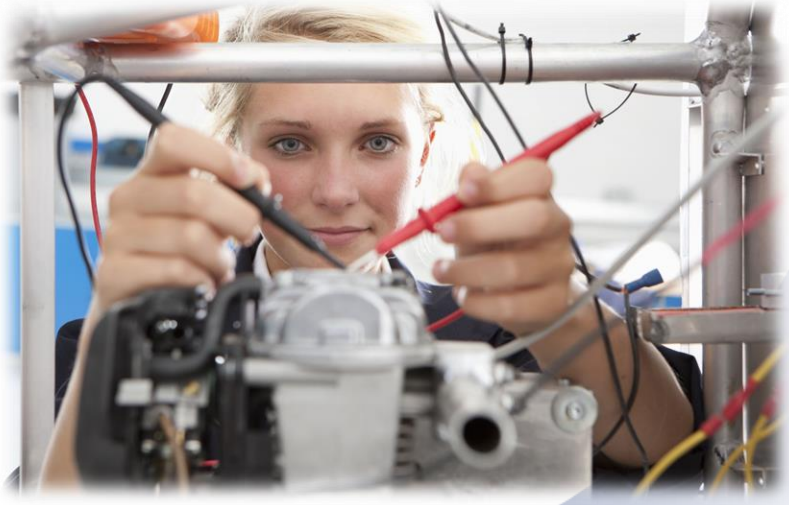
Business Plan – Research & Development

- Objectives and strategy.
- Overall roadmaps.
- Progress & efforts to date.
- Plan processes, possible bottlenecks, KSF.
- The technology, uniqueness.
- IP strategy & IP assets (patents etc.).
- Certification & validation.
- Future R&D directions.
- R&D organization: HR & budget.
- Support financing and joint R&D programs.
- 2-3 pages (depends on plan type).



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Research & Development – MSMEs Common Mistakes

- R&D efforts and investment are underestimated.
- In-hours vs. outsourcing is not considered.
- R&D management bottlenecks and risks are disregarded.
- None or poor IP strategy.
- Timelines and budgets are not realistic

Case example:

- A vendor of water quality monitors finally recruited funds and started developing new monitor prototype, but underestimated failure of R&D subcontractors to deliver in quality and in time. R&D system integration was neglected not having the appropriate R&D project manager in place.
- Result: R&D milestones were missed by one year, R&D costs almost doubled as such further investment requirements. Owners have lost additional 25% of their shares.

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Business Plan – Operations

- Objectives and strategy.
- Manufacturing / production.
- Suppliers & outsourcing, critical inputs.
- Service delivery & QOS.
- Supply chain management.
- Quality management.
- Information systems.
- Organization: HR & budget.
- 1-2 pages (depends on plan type).

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Operations – MSMEs Common Mistakes

- Operations is perceived narrowly – mainly manufacturing.
- No overall supply chain management considerations.
- Quality issues are not analyzed at depth.
- IT requirements & costs are not planned correctly.

Case example:

- A medium vendor of branded toiletries (shampoos, soaps etc.) has decided to grow by export and leverage on its brand.
- The plan was to outsource production to a foreign manufacturer (in order to increase capacity and reduce costs). Products are shipped to a 3rd country directly from the production plan. His plan did not account for manufacturer's capacity fluctuations, quality issues and additional certifications requirements.
- Result: angry customers for not receiving in time their orders, quality issues, additional certification costs delays and costs. Need to establish additional suppliers as backup and for seasonality fluctuations. Costs savings was far from planned. Re-writing BP.

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Business Plan – Risks & Mitigation

- External & internal risks.
- Listed by priority.
- Mitigation approaches.
- Critical requirements.
- 1 page

Many **MSMEs** fail to really consider key risks and have a realistic mitigation plan.

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Business Plan – Ownership & Management

- Founders & owners.
- Shares distribution & options plan.
- Company legal status.
- Directors & managers (CV in annexes).
- Other key personnel.
- Special agreements.
- Regulatory issues, licenses.
- Pending litigations.

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Business Plan – Financial Plan

- Forecasts: Income, expenses.
- Pro Forma P&L.
- Forecast cash flow.
- Break even points.
- Sensitivity analysis.
- Investment valuation: return period, NPV, IRR.
- Funds required: strategy, sources, use, exit.

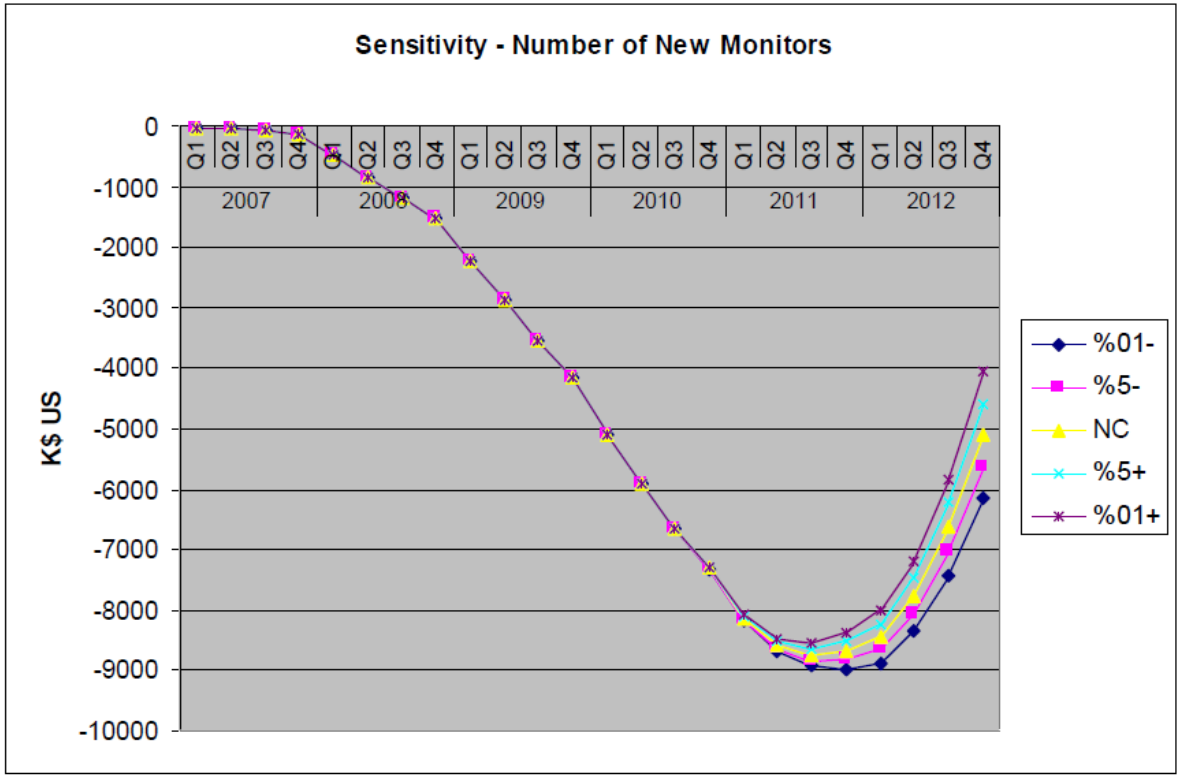

Figure 10.3 Cash flow sensitivity to changes in number of new monitors

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Financials – MSMEs Common Mistakes

- Most financial plans are just too optimistic.
- Sales are arriving too fast, expenses are missed.
- HR and other time related expenses are not trajected forward.
- Sensitivity analysis are missing. Time as factor is overlooked.
- Lack of backup financing for contingencies.

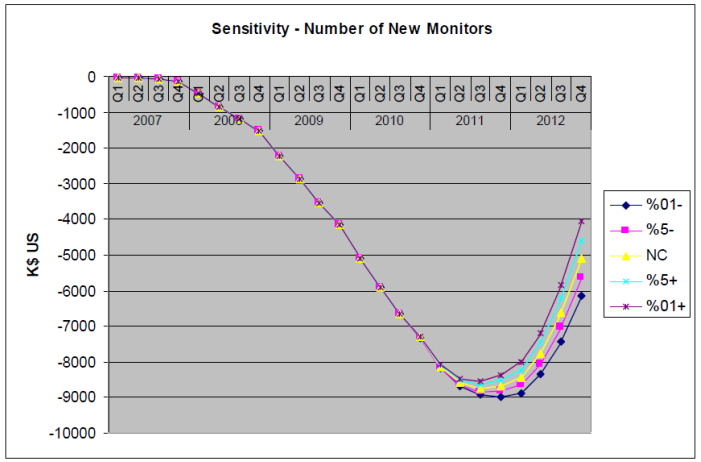

Figure 10.3 Cash flow sensitivity to changes in number of new monitors

Case example:

- A medium vendor of home gardening equipment has signed 3 new distribution agreements with distributors in Asia. Plan was needed to prepare assembly stocks and increase assembly line capacity. These were planned based on order forecasting sales department prepared. Distributor credits (cost and time), quaintly discounts and currency exchange (low USD) were not carefully considered.
- Result: cash flow delays & reduced income forced the company to take another loan at higher rates and start using exchange rate insurance. Sales forecasting system was updated with net pricing and collection forecasting.

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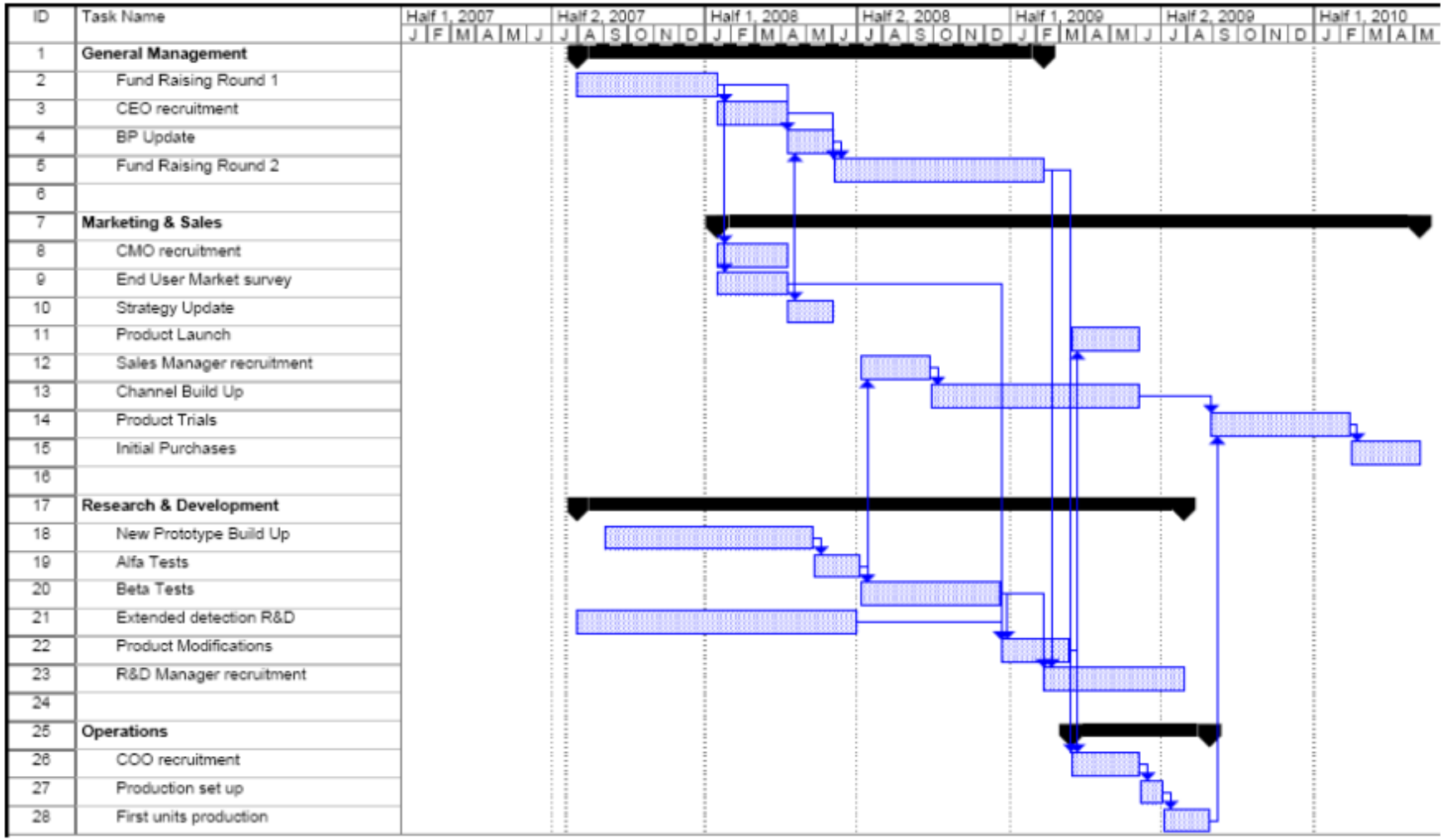
Business Plan – Project Plan



ID	Task Name
1	**General Management**
2	Fund Raising Round 1
3	CEO recruitment
4	BP Update
5	Fund Raising Round 2
6	
7	**Marketing & Sales**
8	CMO recruitment
9	End User Market survey
10	Strategy Update
11	Product Launch
12	Sales Manager recruitment
13	Channel Build Up
14	Product Trials
15	Initial Purchases
16	
17	**Research & Development**
18	New Prototype Build Up
19	Alfa Tests
20	Beta Tests
21	Extended detection R&D
22	Product Modifications
23	R&D Manager recruitment
24	
25	**Operations**
26	COO recruitment
27	Production set up
28	First units production

Figure 12.1 Project Plan - Gantt

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Business Plans Delivery & Presentation

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Business Planning Delivery & Presentation

- Different audiences, purposes and forums…
- Delivery: documents / oral. In person / remote. 1 on 1 / 1 to many.
- Formats:
  - Elevator pitch.
  - Executive summary (1p) / One-pager (1p).
  - Business presentation (5-10 slides).
  - Short / Mini Business Plan (10-12 pages).
  - Full Business Plan (25-30 pages + Annexes).
- Levels of disclosure (NDA)?

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‘One-Pager’ Examples

Market

Our primary solution addresses patients suffering from acquired brain injuries, which experience a motor deficit of the upper limb.

80% There are approximately 800,000 stroke victims in the U.S per year, 80% of which will need fine motor skills rehabilitation.

$10B Governmental expenses on stroke rehabilitation in the U.S are over $10 Billion per Year.

1,200 There are more than 1,200 stroke rehabilitation clinics in the U.S.

Competitive Advantage

We bring together the latest technologies in multiple fields into one turnkey solution.

Transferring the rehabilitation process to the VR space will offer the patient an imersive experience and allow us to manipulate the visual feedback to the brain in a specific way unique to our algorithm, leading to faster rehabilitation. Current solutions that work on non-VR screens do not have the ability to recruit the power of presence, and are unable to manipulate the perception that way to benefit rehabilitation.

Our experience with the development and design of the latest generation of VR is unparalleled. VR development and design requires a unique skill set which is different than conventional development.

Company Stage & Funding Requirements

We have an operating technological POC. We seek seed money to continue our product development, develop a clinical POC and to conduct and publish a clinical study in the U.S.

Capital Seeking

$1,300,000

Team

Omri Berg | CEO & Co-Founder

Entrepreneur, electrical engineer, software developer and a VR expert - organizer of the Israeli Virtual Reality community.

Ethan Kay | CTO & Co-Founder

Full stack engineer from the security industry, with over ten years of hands-on experience in the software industry.

RECOVR.iO

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RECOVR.iO

A new reality for the injured brain

Using the power of Virtual Reality (VR) to provide a better rehabilitation process for people following brain injury

Opportunity

Rehabilitation following brain injury is an expensive, time consuming and frustrating process.

Rehabilitation clinics face many challenges, including:

- Limited mobility of the patients.
- Limited time of the therapists.
- Decreased motivation of the patients.
- Limited means to record and analyze the patient's progress.

New government funds (Obama care) open the possibility for rehabilitation clinics to increase their reimbursement payments through adaptation of new technologies.

Our Unique Solution

Our solution offers the patient a rehabilitation process in an engaging VR environment, leading to higher compliance and better results. By combining advanced motion capture and data analysis, our solution will not only increase the patient's motivations but will also allow us to quantify the progress of the rehabilitation process. This will enable us to offer both the patient and the physician meaningful insights about the process.

Our first product is focused on the rehabilitation of the upper limb motor functions. We will next address additional motor function and in later stages our system will also enable rehabilitation of cognitive functions.

As our technology can be used in the clinics or at home, the clinics will be able to offer patients continuum of care, while saving time and money.

Business Model

Our solution will be provided to the clinics as a full operative system that will include the VR headset, motion capture sensors, a computer and our software solution.

B2B

Targeting rehabilitation clinics in the U.S. Using an annual, pay-per-seat model.

B2B2C

The clinics will sell our remote rehabilitation solution, offering a continuum of care to their patients.

Joinnus

Platform that connects people with the same interests, allowing users and companies to create, promote and manage events and charge customers in an effective way

Contact Information
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domingo@joinnus.com
Twitter: **@Joinnus_**

FOUNDING

US$ 300,000

Investment	
Marketing (40%)	$ 120,000
Operations (25%)	$ 75,000
Staff (25%)	$ 75,000
Development (10%)	$ 30,000

TEAM

Carolina Botto Bar
Co-funder - CEO
Architect with 9 years of experience in design and project management.
Master of Strategic Design Lab Madrid specializing in Business Innovation.

Domingo Seminario De Col
Co-funder - COO
Independent architect with 9 years of experience.
Co-founder of the design and strategy studio NODO with 7 years experience in graphic design and user experience.
Master of European Design Lab Madrid specialized in design processes.

Alfredo Granda del Águila
Co-funder - CTO
Software Engineer with 9 years of experience as an independent consultant.
Software Engineering Professor at UPC University.
Currently employed by Microsoft (2014) in Seattle.

PROBLEM

Local residents are often **unaware** of all the possibilities their city offers because the **information is scattered** across different media.
Event **organizers** are not proficient in **promoting** their events or **engaging customers** in need of **e-commerce** solutions.

OPPORTUNITY

Nowadays **everyone** is **connected** through the **Internet** and smartphones, so if you want to participate in a **group activity** and you need **people to participate** with, it should be easier to find people in your city who would like to **join you**.

SOLUTION

Web and mobile Platform that connects people with the same interests to perform group activities.
This platform allows **users** and **companies** to **create, promote, charge** and **manage** free or paid activities or **events**.

WHY INVEST?

>It is an easy global scalable business, Joinnus is a multiregion and multilanguage platform ready to expand.
>We are a high qualified multidisciplinary team who got together to solve a common problem with Joinnus.
>There is great potential in Latam because we provide an easy solution to charge online and face to face payments.

ADVANTAGE

>Our platform was designed and developed for the **optimal user experience.**
>Joinnus provide **all the content** of **events** and **activities** in the city.

TARGET MARKET

1. **Local citizens** between the ages of 22 and 45, who are familiarized with social networking and digital technologies, and want to participate in offline activities.
2. **Companies** that organize **group activities** who want to attract more customers.

BUSINESS MODEL

1. **Fee** for ticket sold.
2. Selling **custom platform** to manage massive corporate activities.

ACHIEVEMENTS

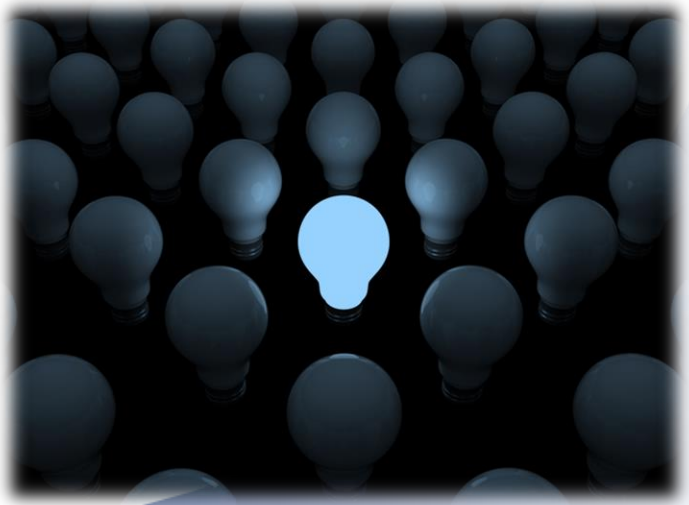
>Full platform launched.
>More than **4700** registered users, and more than **570** activities created.
>We have a revenue of more than **$.10,000** in the first month.
>Strategic partnerships with large companies, groups and clubs that organize group activities.

www.joinnus.com

Summary & Q&A

- Key Points discussed:
  - Business planning need & process.
  - Business plans types & components.
  - Content highlights.
  - Presentations & delivery..

- Questions ?



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