

Business planning 101: From idea to action

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WISE conference

April 8, 2010

Whitman
SCHOOL of MANAGEMENT
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“Those who fail to plan,
plan to fail.”

- *Proverb*

Why NOT write a business plan?

- Takes a long time?
- Inflexible?
- Predicting the unpredictable?
- Self-fulfilling prophecy?

Why write a business plan?

- Communication!
 - Necessary to get loans, investment, supplies, employees, etc.
- Analysis!
 - Thinking/finding critical areas before investing cash, time
- Guide to action!
 - How to do things, when, and with what

"...I have always found that plans are useless, but planning is indispensable."

-Dwight Eisenhower

When to do it?

- Before you get started
- When you need money, 'stuff' & people
- As a regular part of running your business
- Caveat:
 - All depends on what you are doing, your goals, and what you need

What's in the plan?

- | | |
|------------------------------|---------------------------|
| 1. Industry description | 7. Management team |
| 2. Your concept | 8. Risks & assumptions |
| 3. Market analysis | 9. Timeline |
| 4. Economics of the business | 10. Financial projections |
| 5. Marketing strategy | 11. Offering |
| 6. Operations | |

Priorities?

1. Concept
2. Market
3. Economics
4. Risks & assumptions

The concept

- Your basic idea... what you do & why!
- Opportunity = Problem + Solution



Opportunity = Problem + Solution

↑
Is the 'pain' real?

How do you know?

Opportunity = Problem + Solution

↖
As compared to what?

Customer value?

A GREAT

Opportunity = Problem + Solution

↑
That is 'real'

↑
That blows
away the
alternative



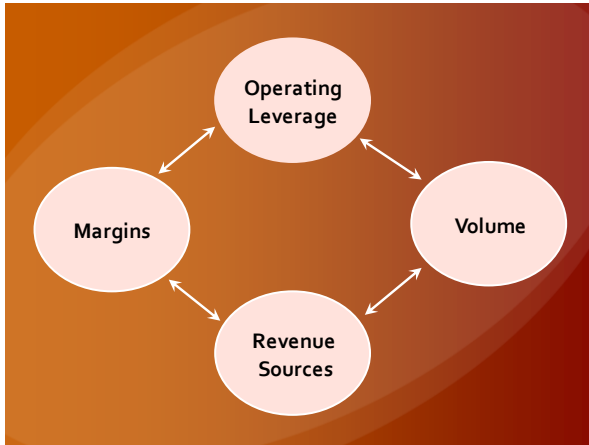
Market

- *Identify* – Who are they?
- *Segment* – How are they different? What characterizes them? (demographics, geography, lifestyle)
- *Quantify* – How many are there? How many will there be? How many have the incentive/ability to give you their money?

- How do you know???
- 'Secondary' data
- Talk to your customers!
 - Friends & family!!!
 - Surveys Blogs
 - Focus Groups Interviews
 - Trade Shows Be Viral!
 - Product Demonstrations
 - Give-aways

Economics

- What kinds of resources do you need?
- Where are the main 'costs'? Are they fixed or variable?
- What's the price of this product? How much profit do you make per item sold?
- How many customers do you need to breakeven? To achieve the profit you want?
- Which items can you make a profit on? How can you expand this?



Risks & assumptions

- Difference between expected and actual outcomes
- Addresses adverse possibilities
- 'Keeps it real'
- Magnitude of loss X Probability of loss
 - Where are the main sources of risk?
 - How do you decrease this?



Important actions

- What do you really want to accomplish?
 - Determines what will go into process
- Use your network (who, what, how)
 - Both social & professional networks are important
- Get immediate feedback
- Ask important 'what if?' questions and think of how to potentially solve them
- Get ready to change!!!

Questions? Comments?

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For more:

www.whitman.syr.edu/Centers/Falcone/pdf/NUTS%20AND%20BOLTS%202009-10.pdf