Business Plan & Alternatives To Business Plans (Canvas Models)
Who am I?

- Instructor at Bilkent since 2002...
- Major: Computer Science...
- Spent 10 years at CTP and CTE departments...
  - Programming courses combined with business activities...
- Member of FBA (Faculty of Business Administration) since 2011...
A Business Plan...

* Your concerns & worries while implementing an innovative idea...

- Is there a **NEED** for it? What are the encountered **PROBLEMS** & your predicted **SOLUTIONS**?

- Am I the **first** in the marketplace who is inventing that idea? Do I have **competitors**? Are they strong?

- **Incorporation**! Do I need an **organization**? What type of?

- How can I **sell**? What will be the **correct price**?

- Who are my **CUSTOMERS**? Are they **REALLY** my customers?

- What will happen in the future? Can I survive in the market?

- What is the way of bringing the product to market? How can I form the **supply-chain process**?

- Is it possible to make a **profit** in short run? How much time (weeks, months or years) do I need to reach the **break-even**?

*In order to find the answers of these questions you need a **BUSINESS PLAN**!*

Business Plan by Tolga Baycan
A Business Plan Report (~25-40 pages)

* **Executive Summary (2-3 pages)**
  * Must be written last, basically a process that is summarizing everything in 2 pages!

* **Organizational Plan (3-7 pages)**
  * Goals & Objectives, Mission / Vision, Business Type, Corporate Identity, Management, Organizational Chart etc.

* **Marketing Plan (10-15 pages)**
  * By applying SWOT; Marketplace, Industry, Product/Service, Customer, Competitor etc.  
    **ANALYSIS** → Develop a **STRATEGY** (Sales, Target Market, Product/Service, Pricing, Distribution etc.) on them.

* **Operations Plan (2-3 pages)**
  * How you will run your business and deliver value to your customers. Processes used to deliver the product to market in accordance with Marketing Plan.

* **Development Plan (2-3 pages)**
  * How to make future goals real. The way you intend to increase demand on products/services of your business.

* **Financial Plan (5-10 pages)**
If the assumptions, suggestions & foresights **FAIL**?

* **Not flexible and action oriented!**
  There may be changes in plans, strategy etc.

* **If you are saying:**
  It is too long! **At that moment**, I just want to **reflect and validate** my innovative idea...

«Is there a way to verify my idea first?»
Canvs Model
(Step 1 – Validation of an innovative idea)

<table>
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UBER LONDON - PASSENGERS

PROBLEM
- Difficult to find a cab when you need it
- Minicabs need to be booked in advance
- Never know who is driving the minicab, and cars are often old and not in decent conditions
- Black cabs are expensive
- Cabs mostly don’t accept cards

SOLUTION
- Guaranteed fast pick up from a car through an app tracking your location
- See who the driver is and his rating, car plate and car model in advance
- Pay a reasonable price directly from the app, automatically

UNIQUE VALUE PROPOSITION
- We allow Londoners to get from A to B in a comfortable, safe and reasonably priced ride by hailing a car through an app in 1 click

UNFAIR ADVANTAGE
- 40K drivers already active
- Brand awareness 84% among adults (2016)

CUSTOMER SEGMENTS
- Young (18-24 yo are 30%), internet-savvy Londoners and tourists
- 25-44 yo young adults (26%) Londoners and tourists

EXISTING ALTERNATIVES
- Black cabs and minicabs
- Public transports
- Own means of transport

KEY METRICS
- Apps installed
- Accounts created
- Journeys booked
- Money spent on trips per month
- Users referred

CHANNELS
- PR
- Referrals - invite friend and get discount
- Outdoor adverts

EARLY ADOPTERS
- American tourists opening the app
- Wealthy and busy professionals

HIGH-LEVEL CONCEPT
- Like taxi but cheaper, easier and safer

COST STRUCTURE
- IT infrastructure and development
- Marketing, PR and legal costs
- Drivers recruitment and management

REVENUE STREAMS
- 25% of a fare based on route and idle time
What is a Business Plan?
(Step 2 – Let’s talk about the details!)

* A formal statement of:
  * A set of business goals & objectives...
  * Reasons (why you believe that they are attainable)...
  * Action Plan for reaching those goals...
  * Background information about the organization or team attempting to reach those goals...
  * A decision making tool so, NO fixed content!
  * The content is determined by the goals and audience...
Who is responsible (stakeholders) for this Plan?

* Company owners...
* People who make inventions, entrepreneurs, founders...
* New partners
  * Merger Process (Not having enough capital so, offering a partnership to a company)
* Professionals, consultants may need for the development phase.
  * Why? – Not an easy process! Especially some further marketing and financial skills may be necessary...
Why do we need this Plan?

* As soon as there is no finished product in hand, this is simply a **written brainstorming** issue...

* The value lies in the **process of researching** and **thinking about the business** in a systematic way...

* This process helps to avoid potential **future unplanned costs** and **unsolvable problems**...
When do we need this Plan?

* **Starting up** a new business with a **new product/service**...
  - From innovators perspective of view, in order to explain the **necessity of an invention**...

* **A major change process** in the existing business...
  - **Selling/Buying** a division or a product line
  - **Adding a new item** to the product range
  - **Outsourcing** *(Transfer of manufacturing or other tasks to countries where labor and supplies are less expensive)*

* **Money is needed! / Raising capital**
  - Bankers
  - Investors
    - *(a 3 to 5 year financial plan is required, since investors will look for their annual return in that timeframe...)*
Executive Summary

- Summarizing everything in 2 pages!

Organizational Plan

- Goals & Objectives, Mission/Vision, Business Type, Management, Corporate Identity, Organizational Chart etc.

Marketing Plan

- By applying SWOT; Marketplace, Industry, Product/Service, Customer, Competitor etc. ANALYSIS → Develop a STRATEGY on them.

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Development Plan

- How to make future goals real. The way you intend to increase demand on products/services of your business.

Financial Plan


How?

A Business Plan Report
Constructing a Financial Plan...

• What’s mentioned till now;
  • you've outlined a great business concept,
  • demonstrated a real need in the marketplace,
  • shown how you will execute your ideas,
  • proven that your team is just right to manage the venture,
  • and now you will show «how much money everyone is going to make»

• To construct your financials: «start with your operations and development plans to create a schedule or timetable of development and operational activities»

• You can then create cash-flow projections, income statements, and pro-forma balance sheets for at least three years (sometimes five) into the future...

• As a rule, your financial projections «should extend far enough into the future to the point where your business has achieved stable operations»

• The first year of your financial statement projections should be month-by-month since cash flows are critical in the early stages of any startup.

• Second and third year financial statements may be quarterly, and fourth and fifth years may be annual.

• It is useful to include best, expected and worst case scenarios with your financials. This allows you to explore the upside potential and downside risks of your venture.
Conclusion: Canvas or Business Plan?

Canvas Model:
- Visual, Strategic, Dynamic, Action oriented and focuses on Key Activities based on an idea, innovation, entrepreneur facility etc.

Business Plan:
- Reflects the **financial structure** in detail.
- Conveys the **organizational structure** of your **business**, including titles of directors or officers and their individual duties.
- Acts as a **management tool** that can be referred regularly to ensure the **business** is on course with meeting **goals, sales targets or operational milestones**.
- Daily business operations and decisions should be aligned to **long term company objectives and strategies**, which are emphasized in a detailed business plan.
Assume that you are generating a mobile application that helps the students to find an empty space at parking lots. Please form a suitable ‘CANVAS’ to test and reflect your innovative idea.

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