

Business plan preparation

Manual for Entrepreneurs

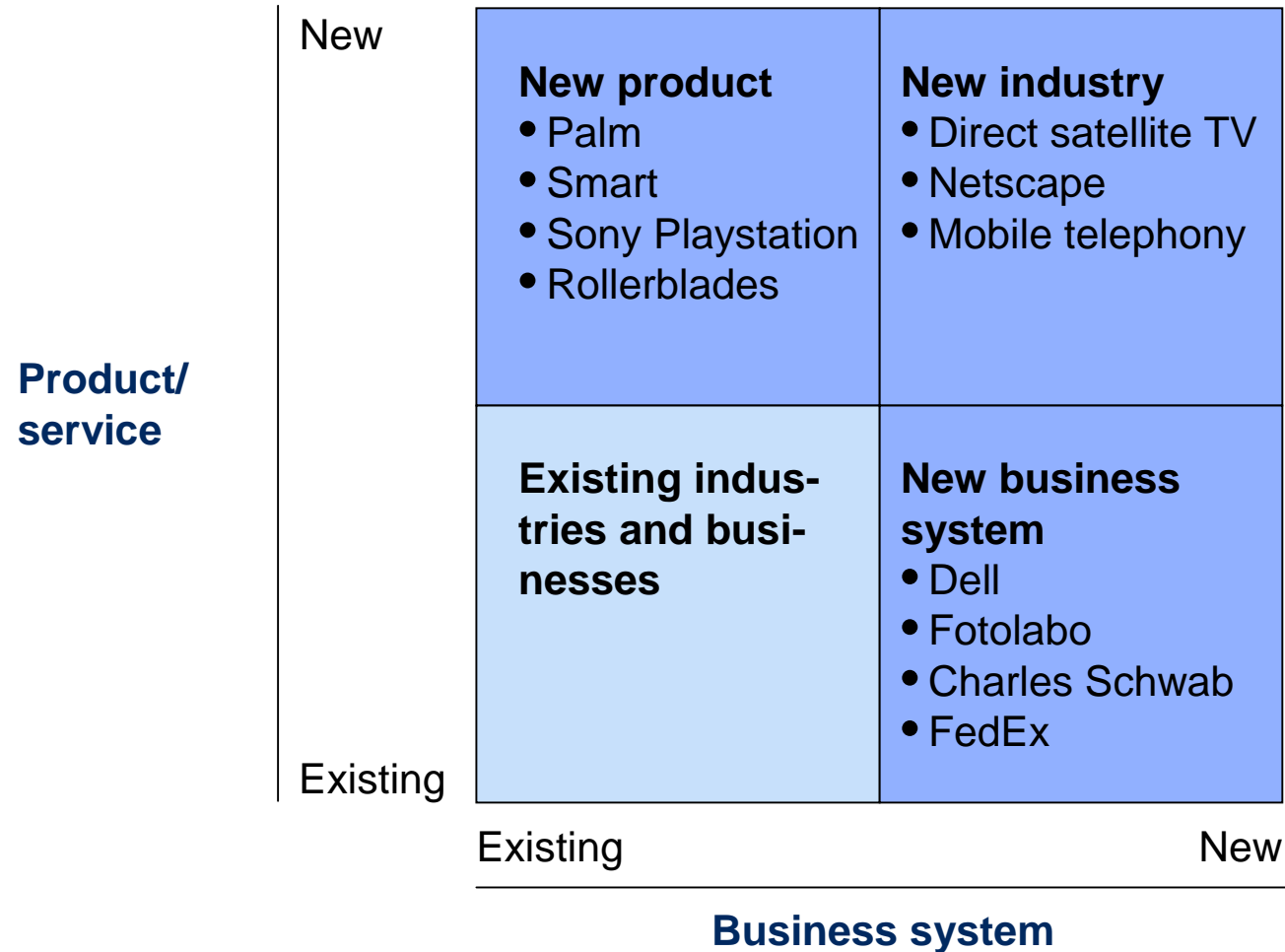
AGENDA

-
- **Short introduction to the use of business plans**

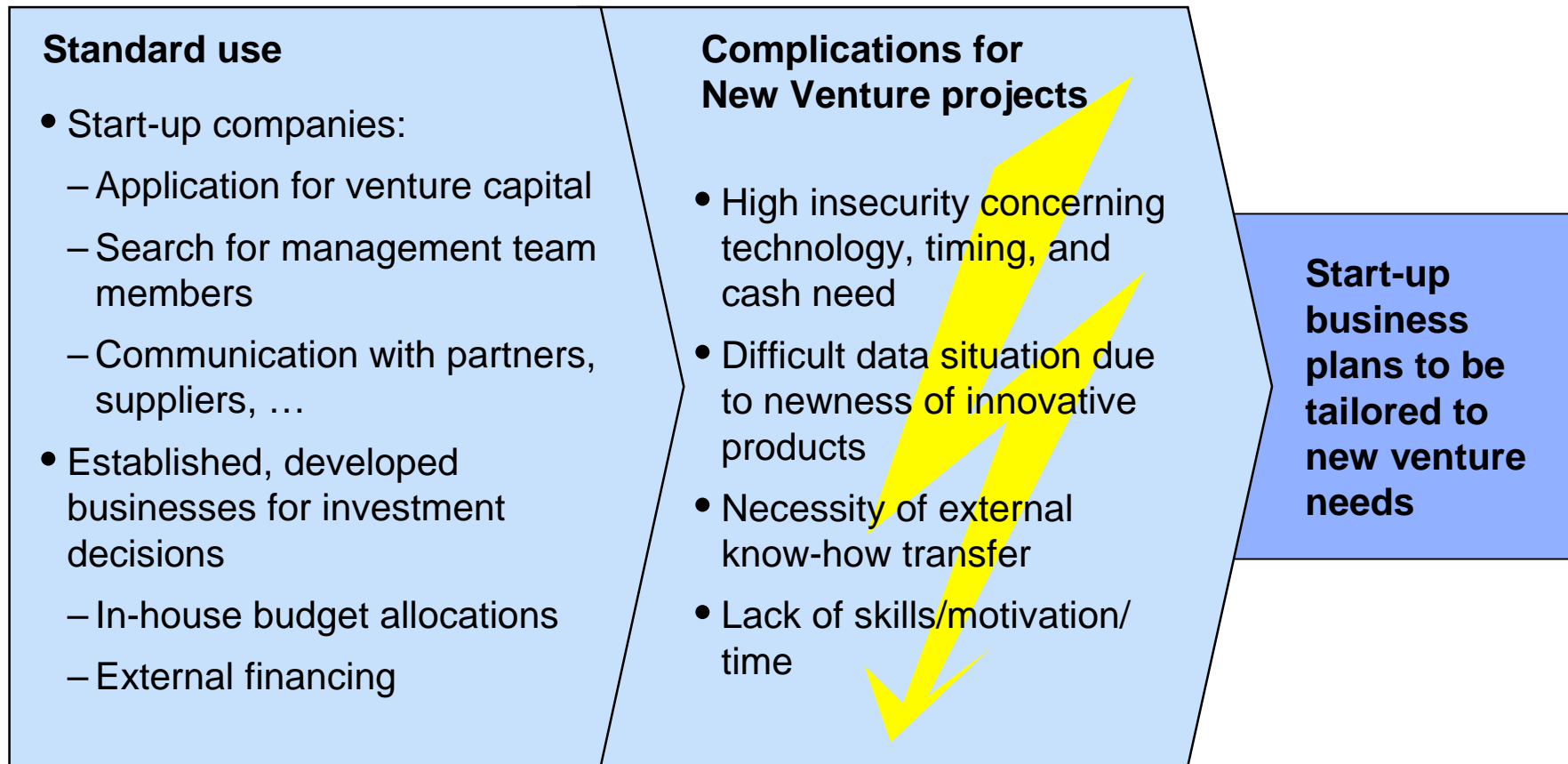
- Preparation guidelines for business plans
-

TYPES OF NEW BUSINESSES

 New high-growth ventures



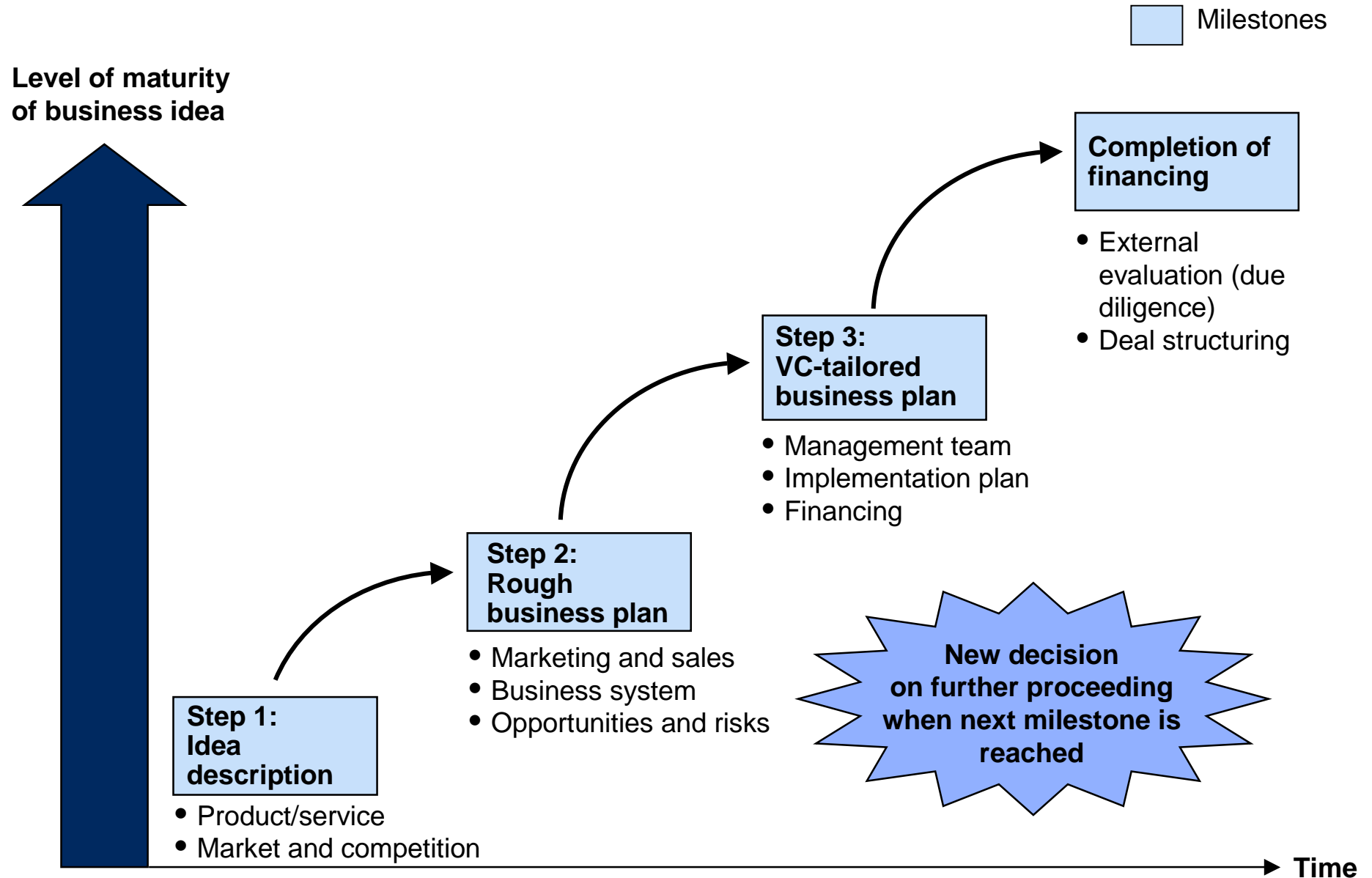
USE OF BUSINESS PLANS




GENERIC REQUIREMENTS













	Explanation
Constantly adapting	Business planning is an iterative and adaptive process that requires constant update and adjustment work
Impressing by clarity	Not the quantity of analyses, but the clarity and preciseness of the pack are important
Convincing by facts	No hype, but factual statements. Enthusiasm will be generated by the investor realizing the opportunity on his own
Understandable even for non-experts	Those who allocate investment resources rarely are technical experts for the technology used in the proposal
Consistent and concise	The storyline and all the facts presented must fit together and generate a well rounded impression
Optically compelling	A clear, precise structure is a courtesy to those investing their time in reading the proposal

DEVELOPMENT STEPS FOR BUSINESS PLANS



REQUIRED BUSINESS PLAN ELEMENTS IN EACH PHASE FOR THIS COMPETITION

 Required element

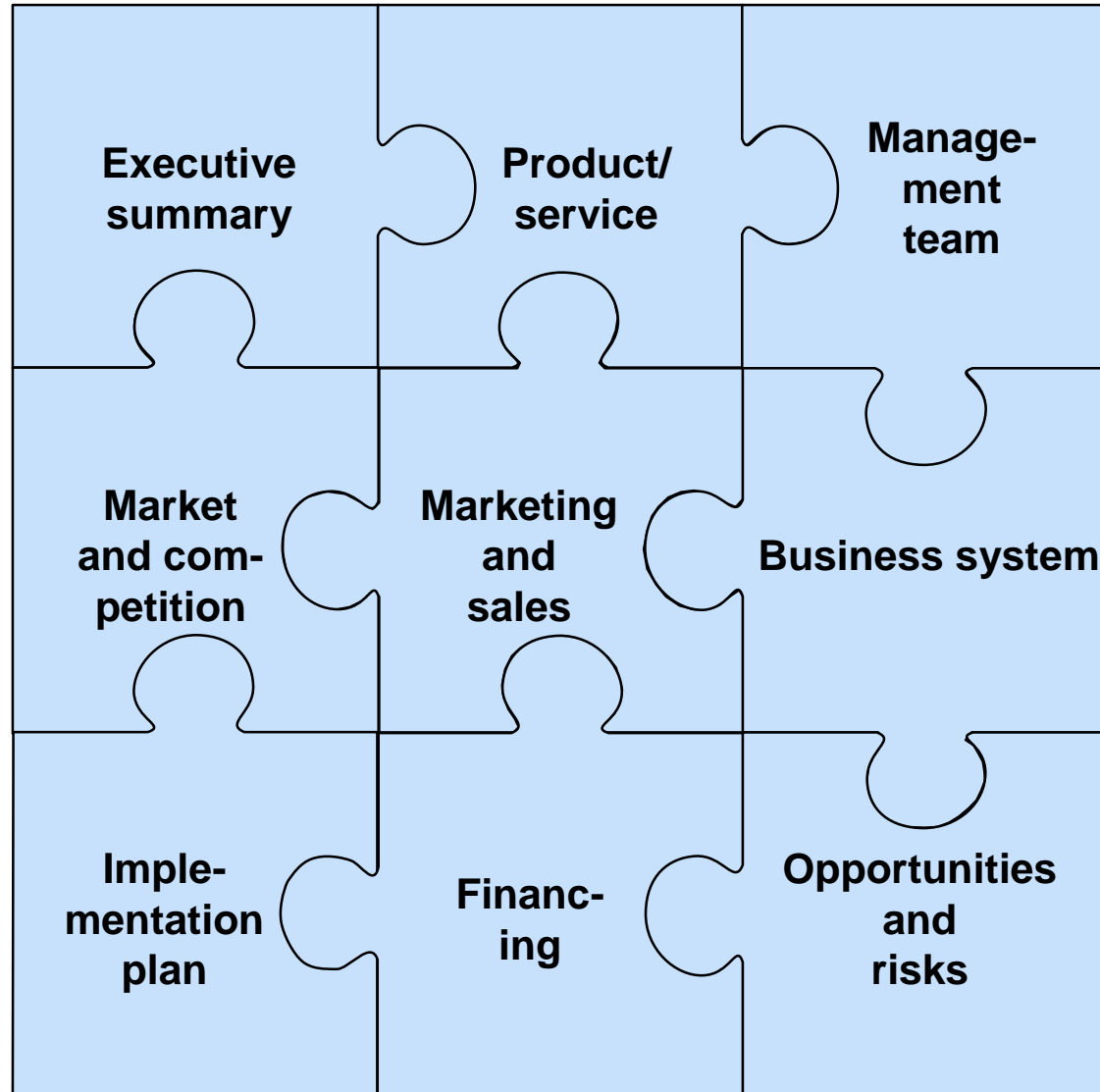
	Phase I	Phase II
Executive summary		
Product/service		
Management team		
Market and competition		
Marketing and sales		
Business system/organization		
Implementation schedule		
Opportunities and risks		
Appendix		

AGENDA

-
- Short introduction to the use of business plans

- **Preparation guidelines for business plans**

CHAPTERS OF COMPLETE BUSINESS PLAN

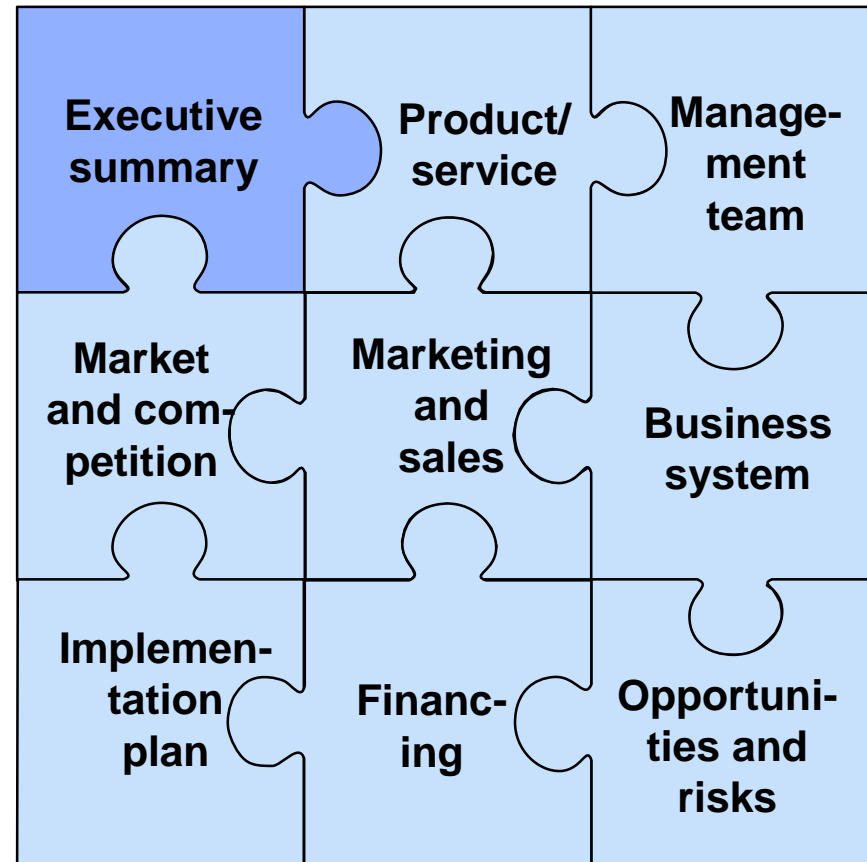


CONTENT OF EXECUTIVE SUMMARY

- Gives a brief overview of the concept's most important aspects
- Describes idea as clearly, compellingly, and concisely as possible
- Raises interest of decision makers
- Is not more than 5 - 10 minutes to read

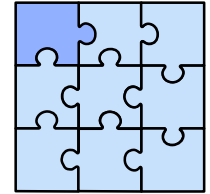


Quality of summary decides if rest of business plan is read



EXECUTIVE SUMMARY – KEY QUESTIONS

PHASE I



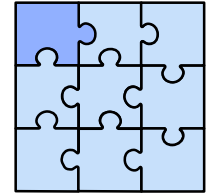
Idea description

- What is your **business idea**? In what way does it fulfill the **criterion of uniqueness**?
- Who are your **target customers**?
- What is the **value** for those customers?
- What **market volume and growth rates** do you forecast?
- What **competitive environment** do you face?
- What **additional stages of development** are needed?
- How much **investment** is necessary (estimated)?
- What **long-term goals** have you set?

Most important questions an investor asks!

EXECUTIVE SUMMARY – ADDITIONAL QUESTIONS

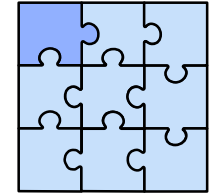
PHASE I



Rough business plan

- How high do you estimate your **financing needs**?
- What are the **sales, cost, and profit** situations?
- What are the most important **milestones** along the way to your goal?
- What **test customers** have you approached/ could you approach?
- What **distribution channels** will you use?
- What **partnerships** would you like to enter into?
- What **opportunities and risks** do you face?
- What is the picture on **patents**?

Most important questions an investor asks!

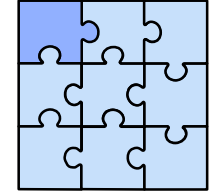


RUSMAR – EXECUTIVE SUMMARY

- Product/service**
- Potential foam plus applicator to replace expensive and space consuming earth that must be spread over garbage dumps every day
 - Space savings of ~30% for dump operators
 - Costs of coverage reduced by ~50% for dump operators
- Market and competition**
- Customers: household garbage dump operator
 - Market: 300 to 500 dumps in Eastern USA with capacity of 500 to 10,000 tons/day
 - Major competitor: 3M/Sanifoam (application takes longer and is more complicated)
- Marketing and sales**
- 1997: Investments of USD 850,000 required
 - 1998: Sales of USD 2 million (break-even)
 - 2002: Sales of USD 15 million, profit of USD 1.5 million
- Business system**
- Sale of foam and applicators (product business)
- Opportunities and risks**
- Necessary approval from authorities
 - Proof of system's operational efficiency

EXECUTIVE SUMMARY – ADDITIONAL QUESTIONS

PHASE II



Additional questions for complete business plan

- Summarize the results of your **detailed business planning** and state your **exact financing needs!**
- How will you delegate **management tasks?**
- How much **production capacity** is necessary?
- How will the **implementation** of your business idea be organized?
- List your next, **concrete steps!**

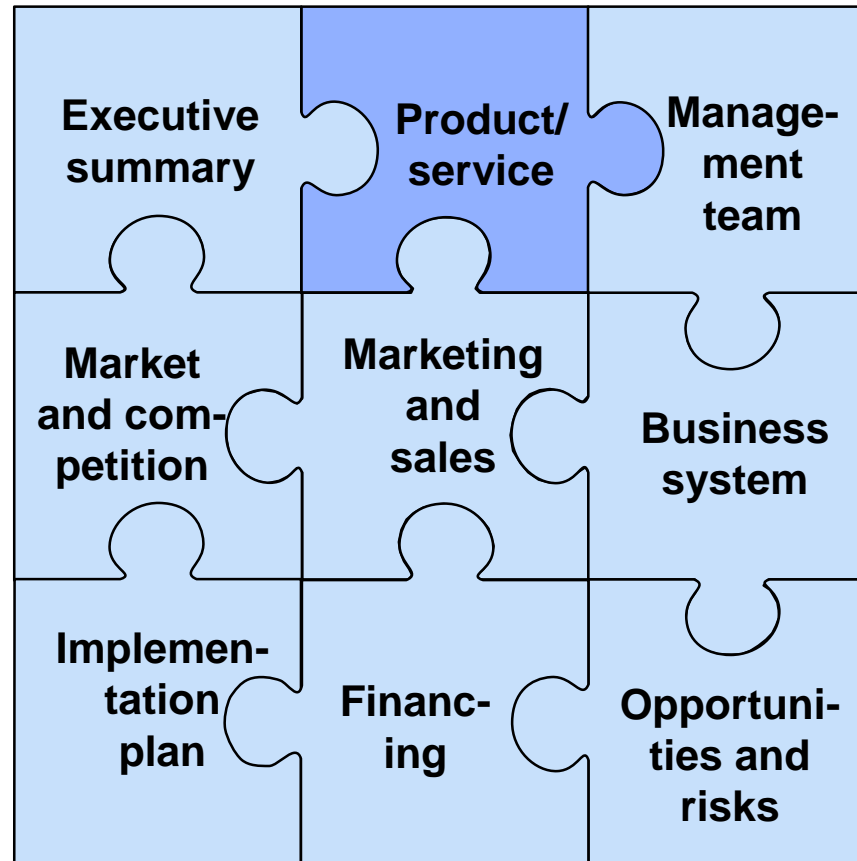
Most important questions an investor asks!

CONTENT OF PRODUCT/SERVICE SECTION

- Describes the function the product/service fulfills and the benefits the customer will gain from it
 - Product/service description
 - Customer value
- Explains status and next steps of product/service development
- Addresses patents/IP protection issues

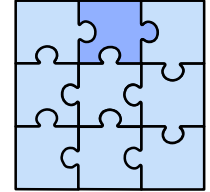


Product/service section has to prove that entrepreneur can integrate the customers' perspective



PRODUCT/SERVICE – KEY QUESTIONS

PHASE I

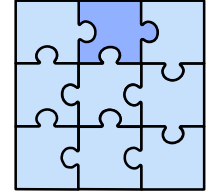


Idea description

- What **end customers** will you address?
- What are the **customers' needs**?
- What **customer value** does your product/service provide?
- What is the nature of your innovation? Why is it **unique**?
- What **partnerships** are necessary to achieve full customer value?
- What **competitor products** already exist or are under development?
- What **stage of development** has your product or service reached?
- Do you have **patents or licenses**?
- What further **development steps** do you plan to take? What **milestones** must be reached?

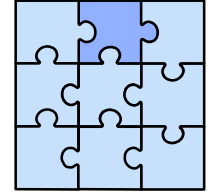
PRODUCT/SERVICE – ADDITIONAL QUESTIONS

PHASE I



Rough business plan

- Which **versions** of your products/services are designed for which customer groups and applications?
- What **patents/licenses** do the competitors have?
- What kind of **service/maintenance** will you offer?
- What product or service **guarantees** will you grant?
- Compare the **strengths and weaknesses** of comparable products/services with yours in an overview!



DESCRIPTION OF THE PRODUCT/SERVICE

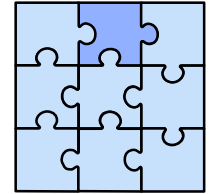
Technical description of lasers:

A device that converts incident electromagnetic radiation of mixed frequencies to one or more discrete frequencies of highly amplified and coherent ultraviolet, visible, or infrared radiation



Better:

High-performance device for the creation of a narrowly bundled beam of light



SUCCESSFUL PRODUCT POSITIONING



Identify relevant customer needs and problems



Define clear, sufficiently large customer segments



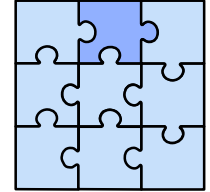
Define uniqueness and position offering vis-à-vis competition



Address subjective perception of customers

PRODUCT/SERVICE – ADDITIONAL QUESTIONS

PHASE II



Additional questions for complete business plan

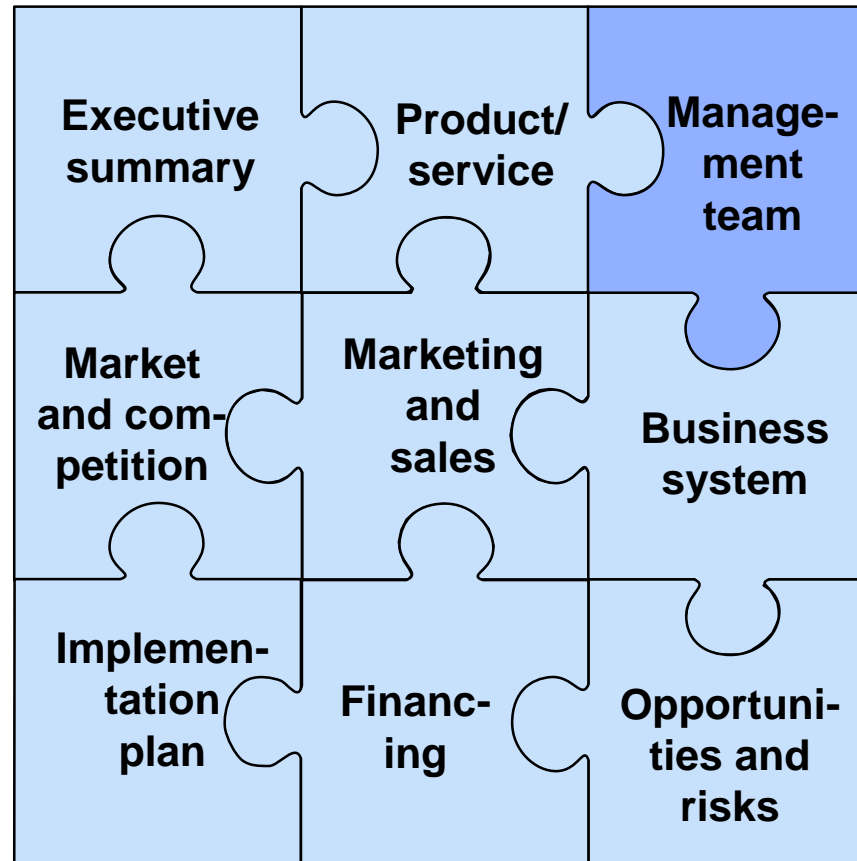
- What **resources** (time, personnel, materials) do you require for each subsequent development?
- What **share of sales** do you expect from your various products/services (if applicable)? Why?
- What **income from royalties/sales** do you estimate from possibly marketing the property rights? Who would be your **licensees/buyers**?

CONTENT OF MANAGEMENT TEAM SECTION

- Outlines educational background and professional experience of founders
- Describes how existing skill gaps can be closed in the future
- Convinces potential investors that both managerial and technological expertise is present to run the venture

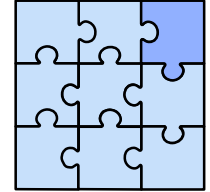


Venture capitalist will invest only if the venture is managed by an excellent team



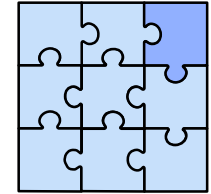
MANAGEMENT TEAM – KEY QUESTIONS

PHASE II



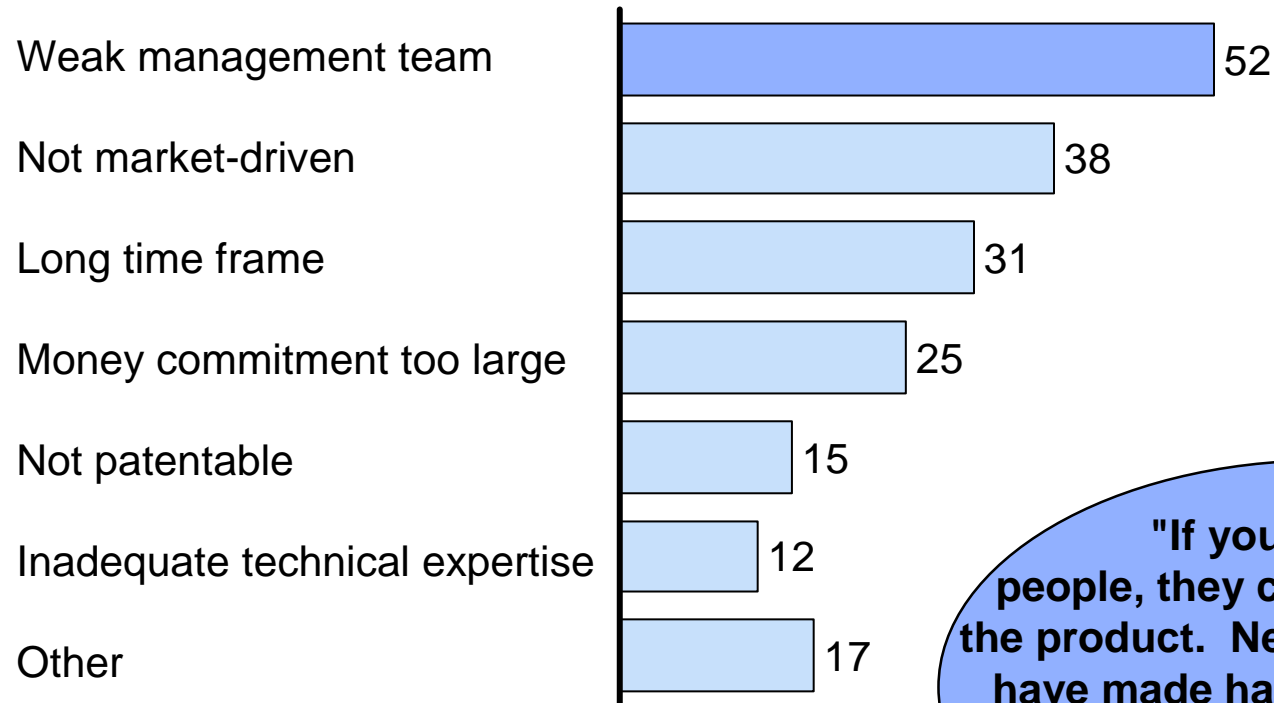
Complete business plan

- Who are the members of your **management team** and what distinguishes them: education, professional experience, success, standing in the business world?
- What **experience or abilities** does the team possess that will be useful for implementing your concept and setting up your company?
- What experience or abilities are lacking? How will the **gaps** be closed? By whom?
- What **targets** do the team members pursue by starting up the business? How high is the motivation of the individual team members?



REASONS FOR BUSINESS PLAN REJECTION – BIOTECHNOLOGY VENTURES*

Percent**

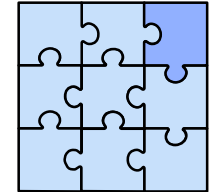


**"If you find good people, they can always change the product. Nearly every mistake I have made has been picking the wrong people, not the wrong idea" – Arthur Rock
Arthur Rock & Co.**

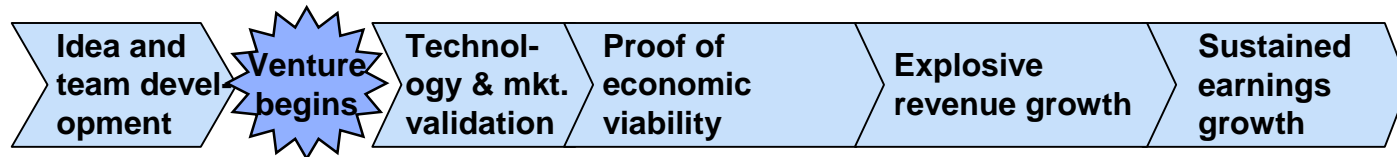
* Reasons for rejecting business plans by firms experienced in biotechnology venture capital

** Multiple responses given

EXEMPLARY

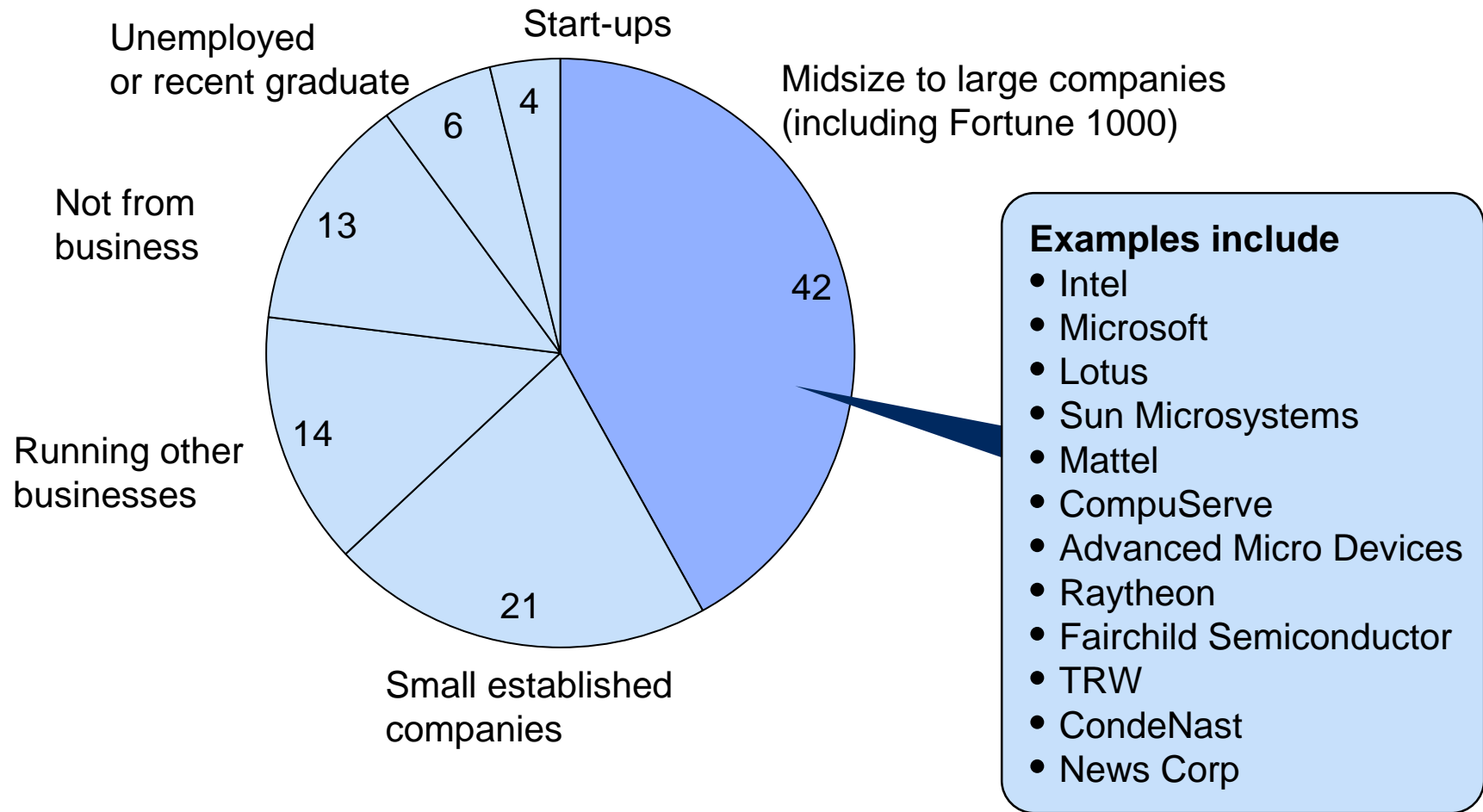
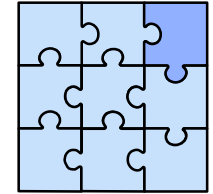


TEAM RAMP-UP – EXAMPLES



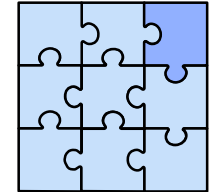
	Idea and team development	Venture begins	Technology & mkt. validation	Proof of economic viability	Explosive revenue growth	Sustained earnings growth
CEO	X		■ ▲	✓		
Technology	✓ X	▲	■			
Marketing			X ■	✓	▲	
Sales			X ■	✓	▲	
Finance			X ■ ▲			✓

PERCENTAGE OF FOUNDERS OF FAST GROWING COMPANIES*



* 4-year growth rate of 573% or higher, 1984 - 1990, 456 companies

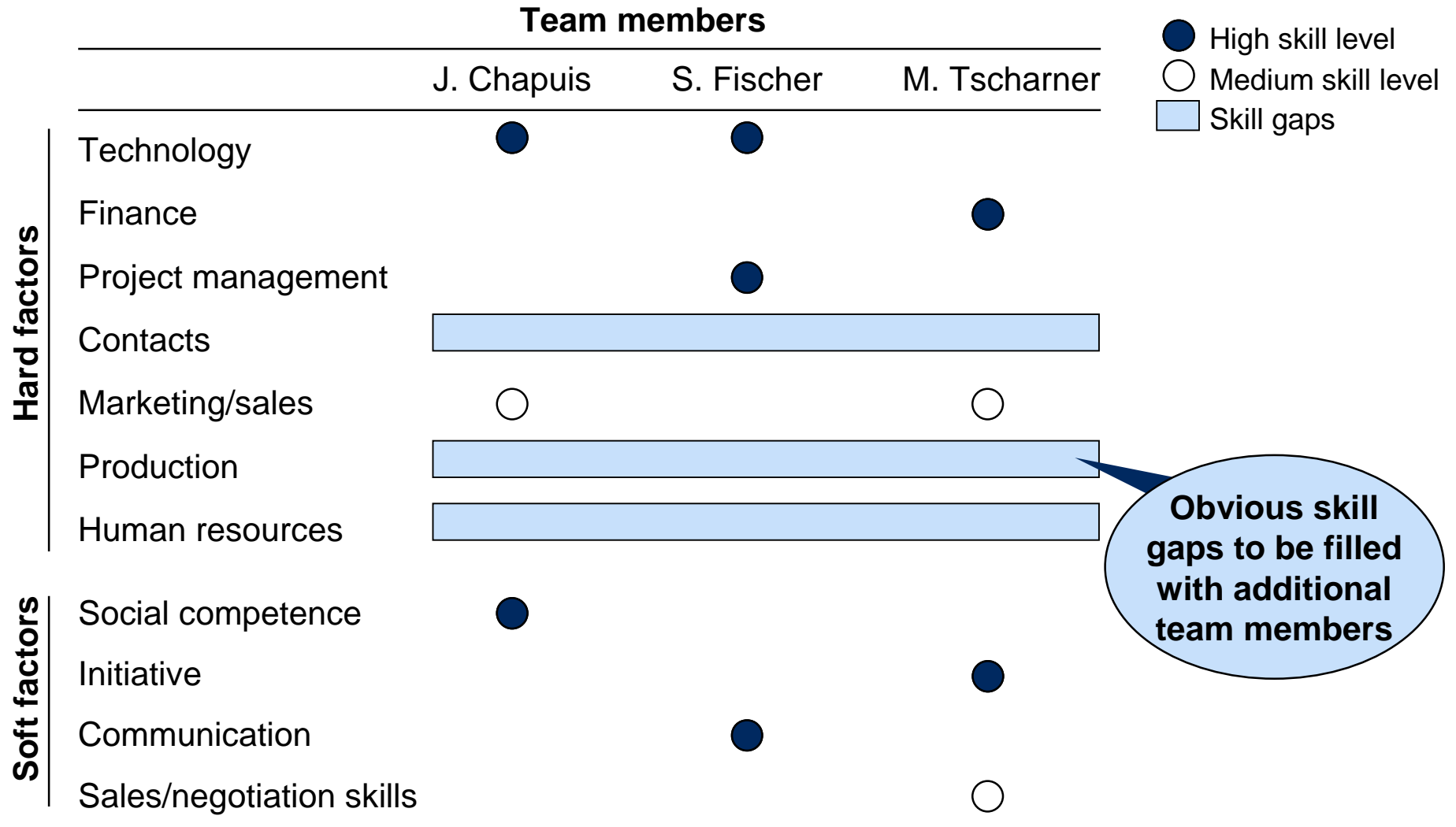
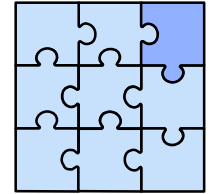
NECESSARY EXPERIENCE FOR VENTURE MANAGEMENT



<p><u>Traditional corporate experience does not fit new venture needs ...</u></p> <ul style="list-style-type: none"> • Skills aligned to achieving near term earnings and sustained revenue growth • Processes based on internal milestones • Staff support allows extensive delegation (e.g., HR, finance, marketing) • Decision making enabled by significant capital resources 	<p><u>... but corporate experience <u>is</u> valuable when it includes</u></p> <ul style="list-style-type: none"> • Business building roles, e.g., <ul style="list-style-type: none"> – Led expansion into new geographic markets – Built new product line or division – Provided marketing leadership to develop a new brand • Relevant industry sector experience 	<p>Catherine Hapka, CEO <u>Rhythms NetConnections</u></p> <ul style="list-style-type: none"> • Former EVP of US West • Responsible for business and telecommunications units with USD 7.5 billion in revenues • Started and built US West’s INTERPRISE Networking Services Unit to USD 400 million in revenue • Established partnerships with 15 leading hardware and software providers <p>Richard Thompson, CEO <u>Aradigm</u></p> <ul style="list-style-type: none"> • Former President of Johnson & Johnson subsidiary, Lifescan • Built Lifescan from the ground up • Led within Johnson & Johnson expansion into Europe and Japan
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SKILL SET OF TEAM MEMBERS

EXAMPLE

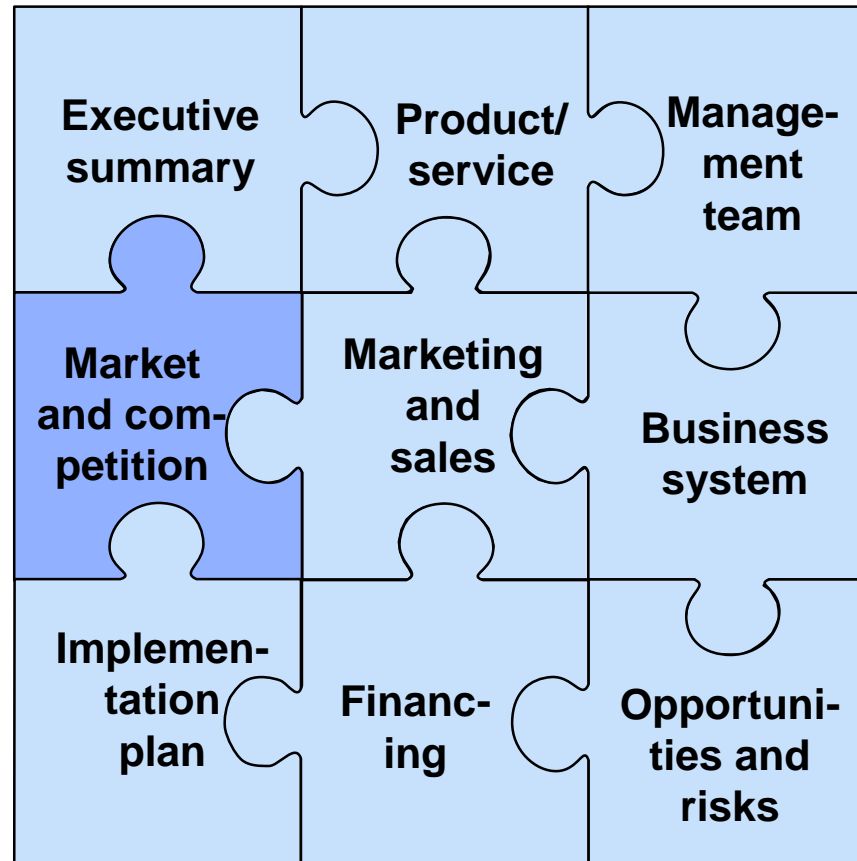


CONTENT OF MARKET AND COMPETITION SECTION

- Provides thorough understanding of markets and competitors:
 - Market size and growth
 - Market segmentation
 - Competition
 - Positioning of product vis-à-vis the competition

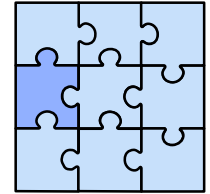


The market and competition section has to outline the full economic potential of the venture



MARKET AND COMPETITION – KEY QUESTIONS

PHASE I

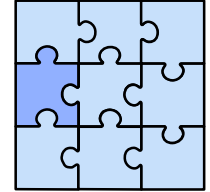


Idea description

- How is the **industry** developing?
- What role do innovation and **technological advances** play?
- How will you **segment** the market?
- What **market volumes** do the individual market segments have, now and in the future (rough estimates)?
- Who are your **target customer groups**?
- What **major competitors** offer similar products/services?
- How sustainable will your **competitive edge** be?

MARKET AND COMPETITION – ADDITIONAL QUESTIONS

PHASE I

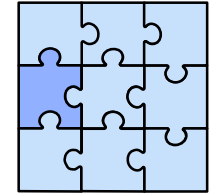


Rough business plan

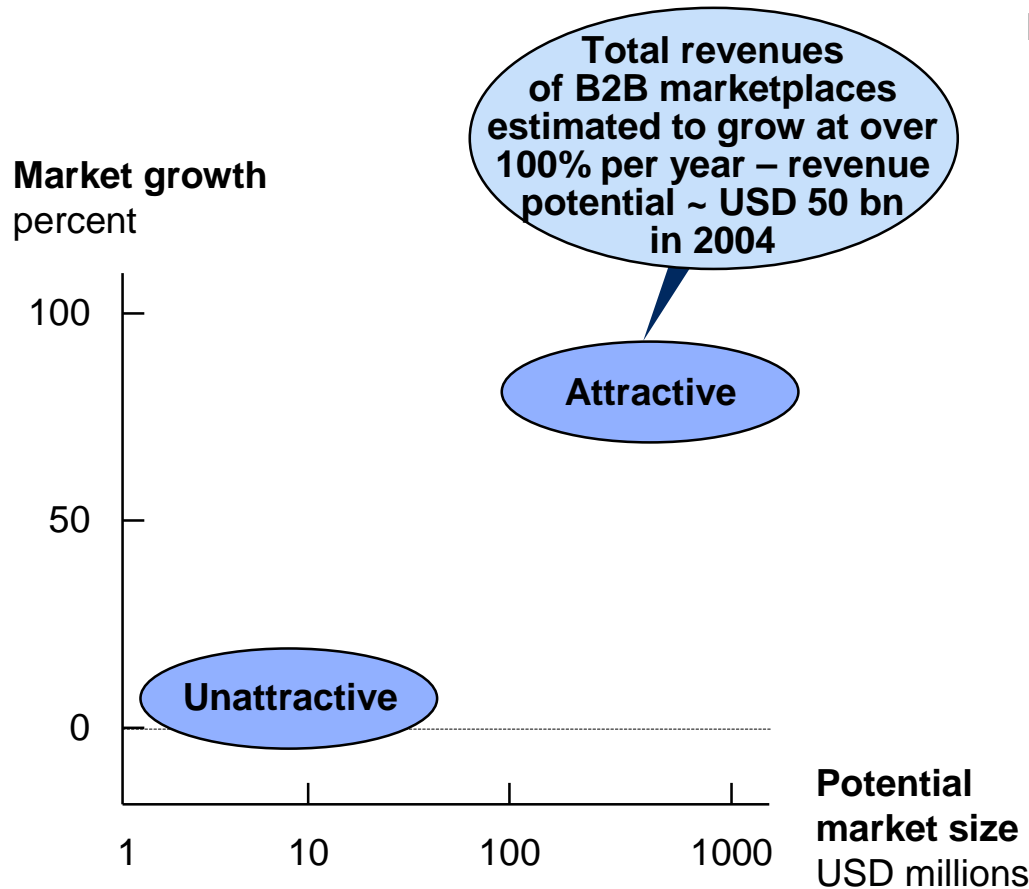
- What **market volume** (value and amount) do you estimate for your individual market segments over the next five years?
- What will influence **growth** in the market segments?
- What is your estimate of current and future **profitability** of the individual market segments?
- What **market shares** do you hold in each market segment?
What segments are you targeting?
- Who are your **reference customers**? How do you plan to get reference customers?
- What are the **key buying factors** for customers?

MARKET CHARACTERISTICS

EXAMPLE
ROUGH
ESTIMATES

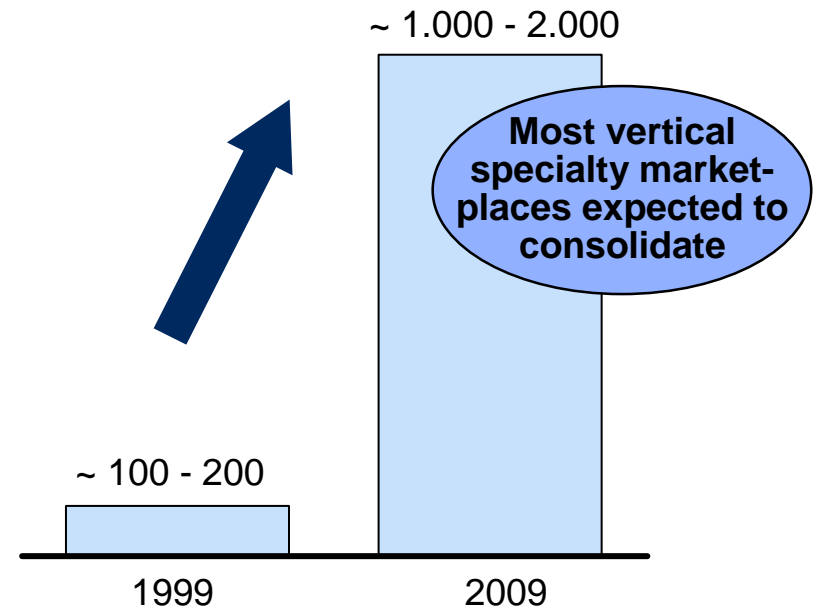


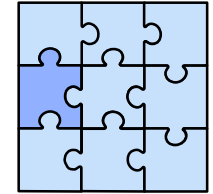
Market size and growth



Market competitiveness

Number of B2B marketplaces





RUSMAR, INC. – TARGET CUSTOMERS

- **Target customers: Operators**

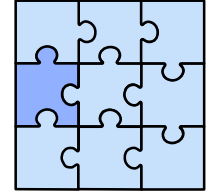
- Operators of one or more "larger" dumps for household garbage
- Eastern USA (approx. 300 to 500), beginning 2002, whole USA
- Throughput of 500 to 10,000 tons per day
- Fee of USD 65 per ton

- **"Target customers": Agencies**

- Environmental Protection Agency (federal regulatory body)
 - Department of Natural Resources (state regulatory body)
 - Local licensors
- ⇒ Consent required of three additional agencies
-

MARKET AND COMPETITION – ADDITIONAL QUESTIONS

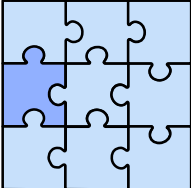
PHASE II



Additional questions for complete business plan

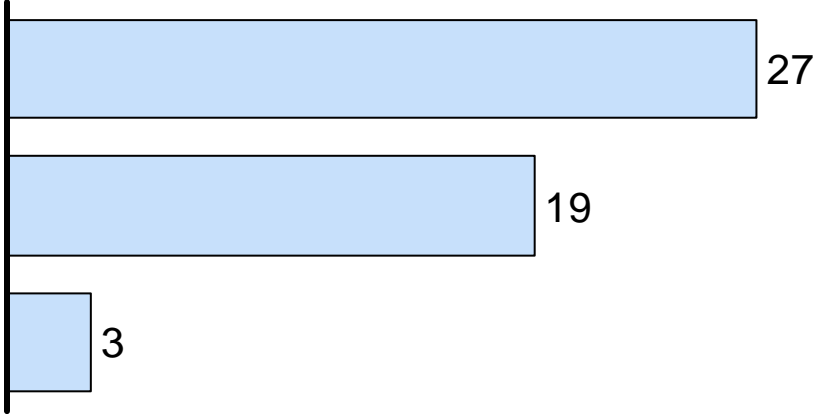
- How does the **competition** operate? What strategies are pursued?
- What are the **barriers to market entry** and how can they be overcome?
- What **market share** does your competition have in the various market segments?
- How **profitable are your competitors**?
- What are your competitors' **marketing strategies**?
- What **distribution channels** do your **competitors use**?
- How will **competitors** react to your **market launch**? How will you respond to this reaction?
- Profile the **strengths and weaknesses** of your major competitors with your own in the form of an overview!

COMPETITIVE ADVANTAGE



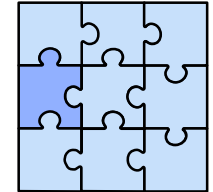
- Revolutionary improvement in **performance**
- Steep drop in **price**
- Creation of unusually **emotional bond** with customer

Number of hypergrowth companies with unique competitive advantage



RUSMAR, INC. – ANALYSIS OF THE COMPETITION

○ Not fulfilled
● Fulfilled



Customer requirements	Degree of fulfillment		Reason
	Rusmar	3M/Sanifoam	
• Covering layers with low volume	●	●	
• Short application times (longer dumping time)	●	◐	Rusmar 30 min./3M 60 min.
• Simple application	●	◐	3M two components
• Cost advantage per application	●	◐	Rusmar 6 cents per sq. ft., 3M 13 cents
• Equal performance as layer of earth regarding			
– Odor absorption	●	●	
– Erosion from weather	◐	●	Rusmar 1.5 days/3M 3 days
– Protection from pests	◐	◐	
• Constant availability of foam	◐	●	3M USD 12 billion – company
• Applicator licence available quickly, at low cost, and without concern (without reassessment of the dump by regulators)	◐	◐	
• Rapid and high-quality maintenance	◐	◐	Rusmar 0.5 h/3M 4h

Rusmar leading

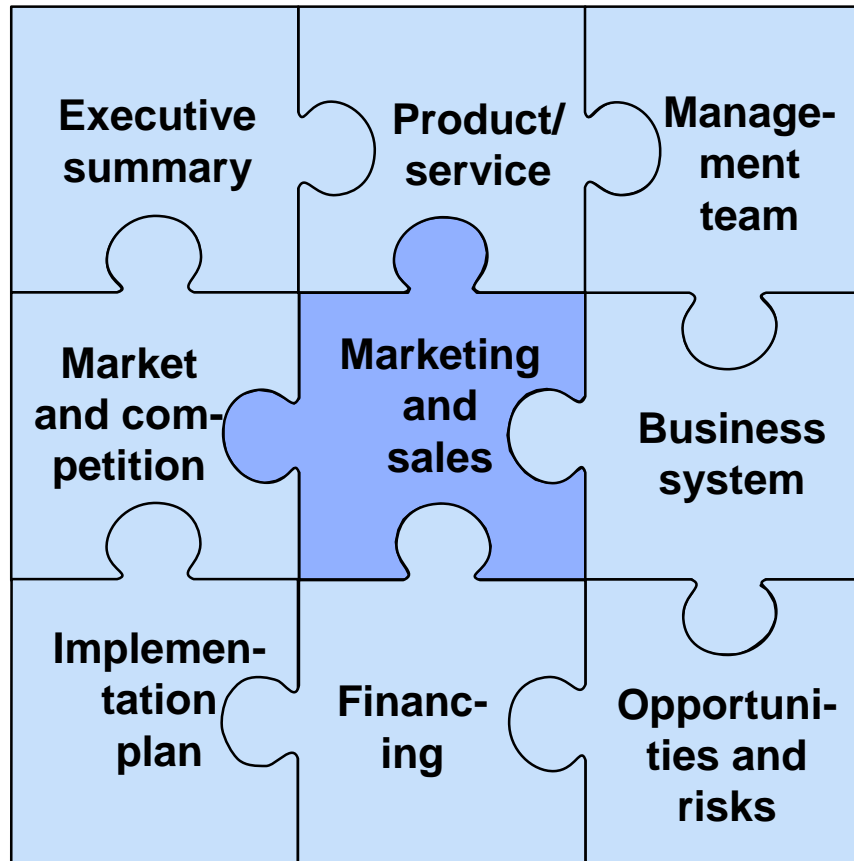
3M leading

CONTENT OF MARKETING AND SALES SECTION

- Outlines planned marketing and sales activities (four "Ps" framework):
 - Product
 - Price
 - Place
 - Promotion

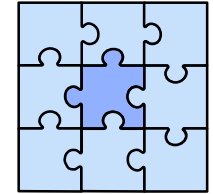


Marketing and sales section has to explain how market is developed



MARKETING AND SALES – KEY QUESTIONS

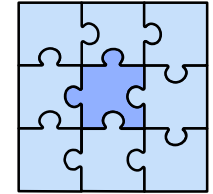
PHASE I



Idea description

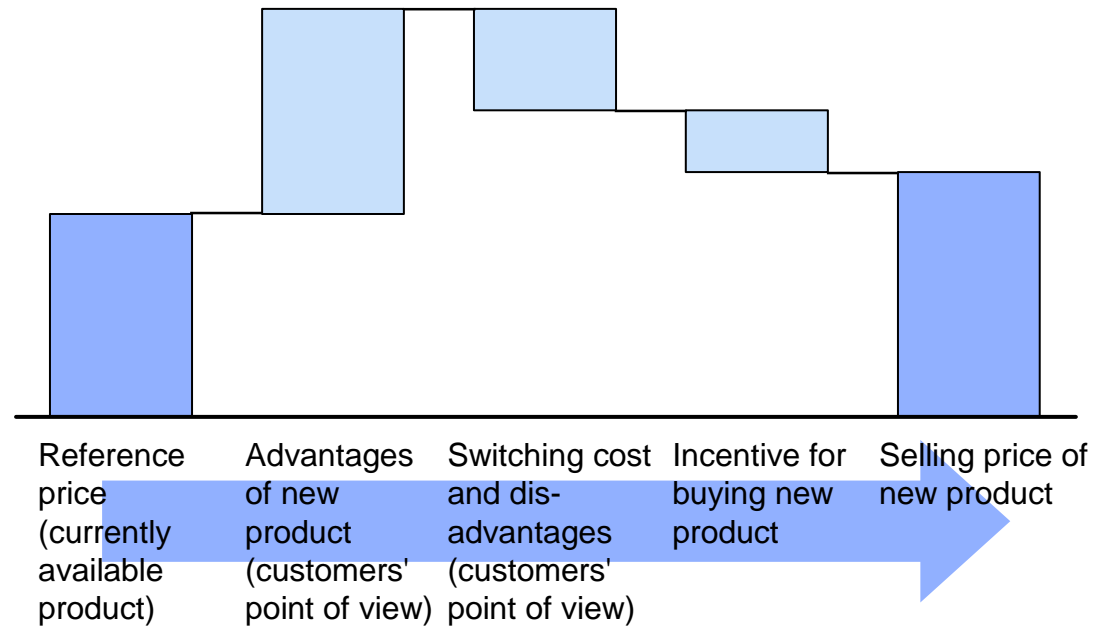
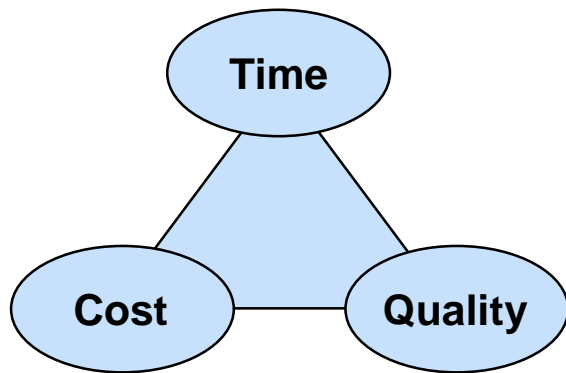
- What **final sales price** do you want to charge (estimated)?
What criteria did you use to arrive at this final sale price?
How high is the **profit margin** (estimated)?
- What **sales volumes** and **sales revenues** are you aiming for (estimated)?

Marketing and sales only briefly touched in executive summary (Phase I); more details are needed in detailed business plan (Phase II)



QUANTIFYING THE CUSTOMER VALUE

Dimensions of customer value

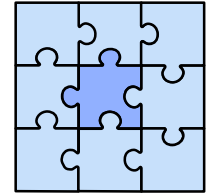


Evaluate and quantify customer value for all 3 dimensions

- Display value clearly
- Quantify wherever possible

MARKETING AND SALES – ADDITIONAL QUESTIONS

PHASE II

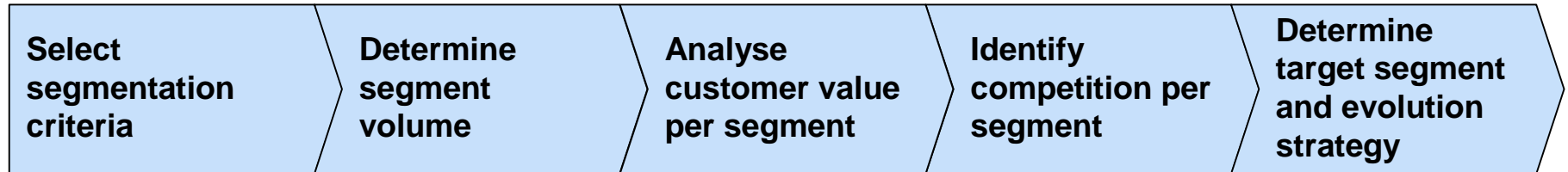
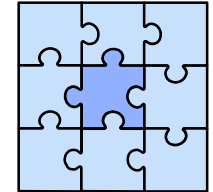


Complete business plan

- In which partial market segments will you make your **market entry**? How do you plan to turn this "toehold" into a high-volume business?
- What **sales volumes** are you targeting (detailed data by market segment)?
- Describe the **typical process of selling** your product/service. Who, among your buyers, ultimately makes the purchasing decision?
- How will you win **reference customers**?
- How much, in **time and resources**, will it **cost** to acquire a customer?
- Which **advertising** materials will you use to do so?
- What other **planning steps** are necessary in the run up to launching your product/service? Draw up a **schedule** with the most **important milestones**!

DETERMINING TARGET SEGMENTS

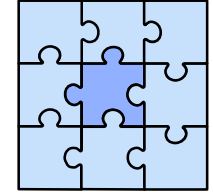
- ++ Very high
- + High
- o Medium
- ⚡ Critical



Segment 1	++	+	⚡	
Segment 2	+	++	⚡	
Segment 3	o	++	o	

- Select clearly separate and segments with a strong proposition
- Arrive at market segments plausibly and validate it
- Understand customer value per segment
- Consider direct competitors and substitutions
- Make focus clear for market launch
- Anticipate evolution path

POSSIBLE CUSTOMER SEGMENTATION CRITERIA (EXAMPLES)



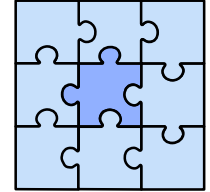
- Location: country, urban/rural (population density)
- Demographics: age, sex, income, profession, company size
- Lifestyle: techies, counterculture, active seniors
- Behavior: frequency of product use, product application
- Buying habits: brand preferences, price consciousness



- Demographics: company size, industry, location
- Operations: technology employed (e.g., digital, analog)
- Buying habits: centralized or decentralized purchasing, purchasing criteria, supplier agreements
- Situational factors: urgency of need, order size, etc.

MARKETING AND SALES – ADDITIONAL QUESTIONS

PHASE II



Additional questions for complete business plan

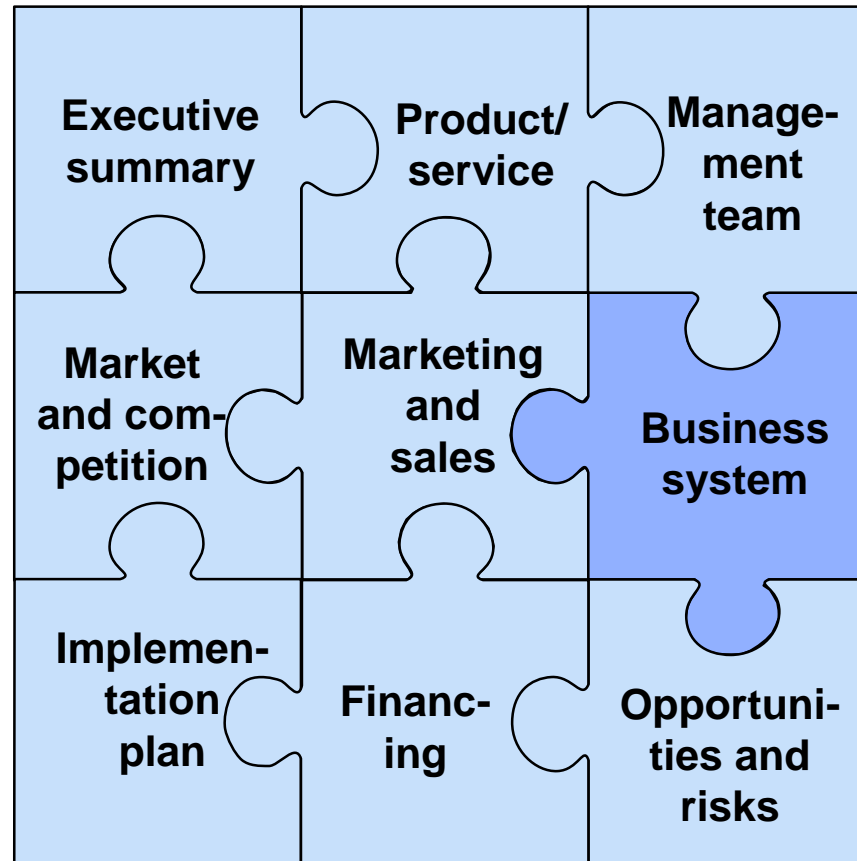
- What demands (employee number, qualifications, and outfitting) must the operation meet in order to effectively **implement its marketing strategy**? What is your **estimated expenditure** for this area?
- How will sales volume and operating results be spread out among the **various distribution channels** (estimated)?
- What are your **expenses**? At launch – and later.
- What **price** will you charge for your product/service per target group and distribution channel?
- What **payment policies** will you lay down?

CONTENT OF BUSINESS SYSTEM SECTION

- Outlines what parts of the value chain are covered by the venture
- Discusses organizational issues
- Describes necessary partnerships
- Makes "make or buy" decisions

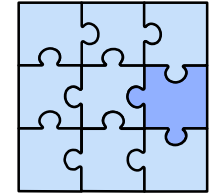


Business system section describes all necessary elements that enable the venture to physically deliver the customer value



BUSINESS SYSTEM – KEY QUESTIONS

PHASE II




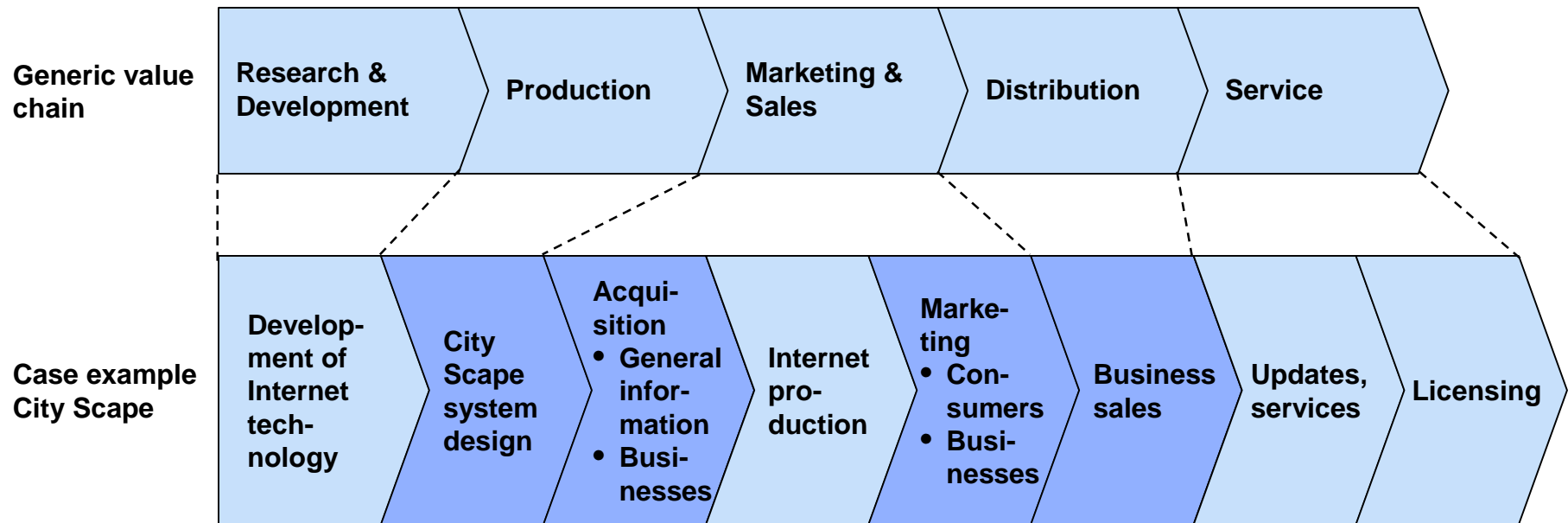
Complete business plan

- What does the **business system** for your product/service look like?
- What **activities** do you want to handle yourself?
- Where will the **focus** of your own activities lie?
- What **business functions** make up your organization, and how is it structured?
- What **resources** do you need (quantitative and qualitative) to create your product/service?
- How high is your need for **technical input** (raw materials, materials to create your service)?
- What will you **make**, what will you **buy**?
- Which **partners** will you work with? What are the advantages of working together for you and your partners?

BUSINESS SYSTEM – VALUE CHAIN


EXEMPLARY

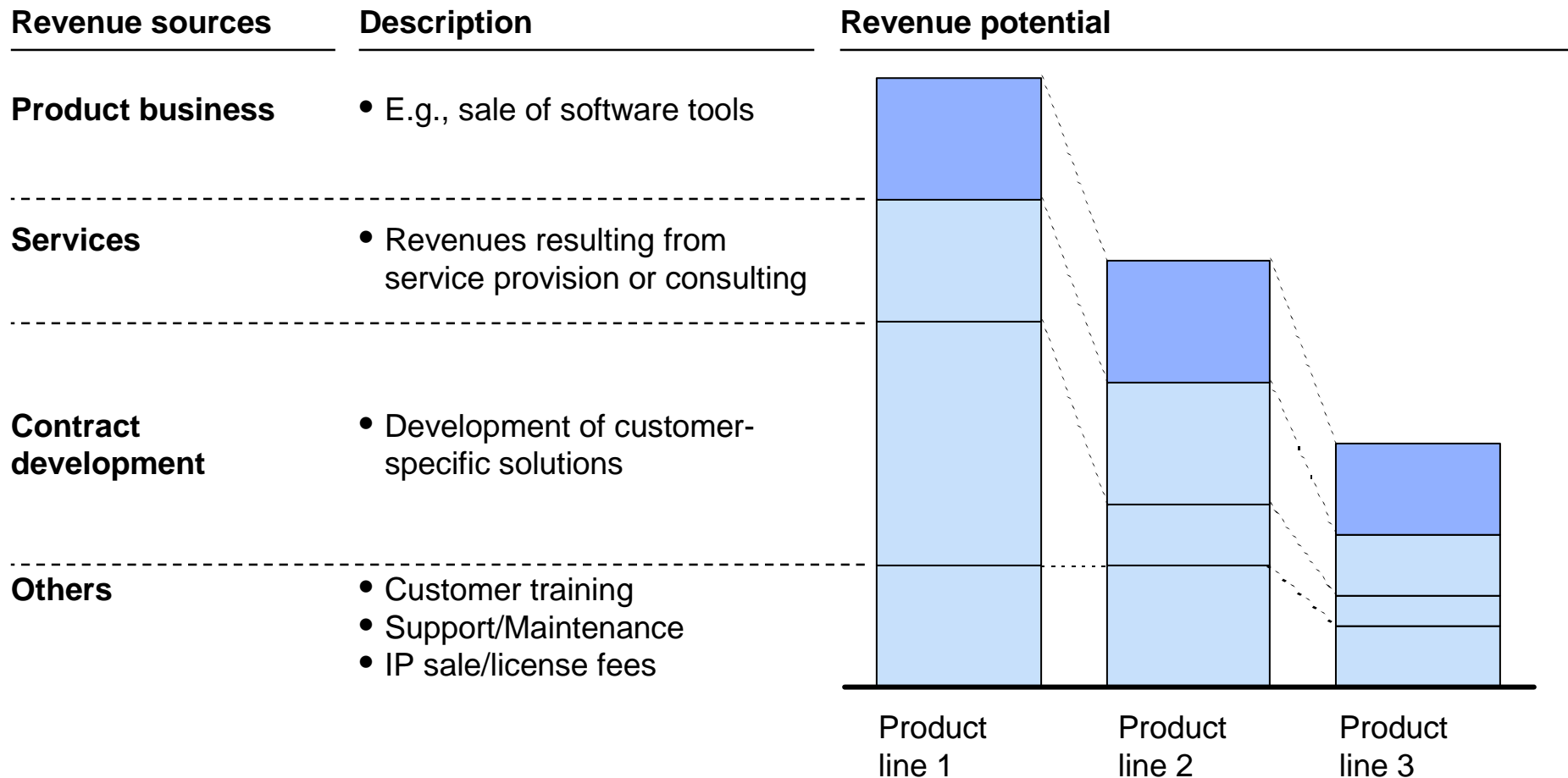
 Covered by City Scope



BUSINESS MODEL – REVENUES SOURCES

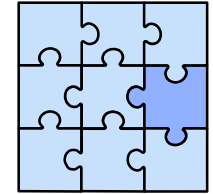
EXEMPLARY

 Highest scalability



BUSINESS SYSTEM – ADDITIONAL QUESTIONS

PHASE II



Additional questions for complete business plan

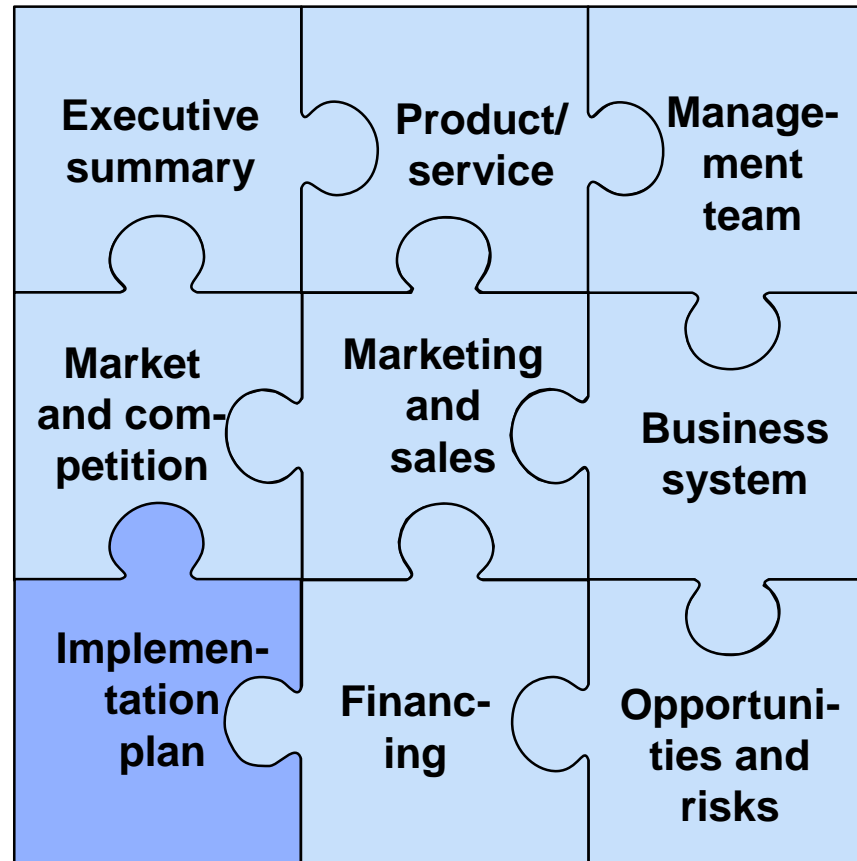
- Where will you **locate** your business?
- What **capacity** for product manufacture and service production do you plan (number of units)?
- How much will **production and delivery** of your product/ service **cost**?
- How, and at what cost, can you **adjust** your **capacity** in the short term?
- What measures are planned for **quality assurance**?
- If you need a warehouse, how will you organize your **inventory**?
- How much of your product has to be put in **storage**?
- How are your **costs structured (fixed, variable)**?

CONTENT OF IMPLEMENTATION PLAN SECTION

- Describes the most important activities and milestones for the development of the business
- Lists the planned short- and long-term investments
- Links the investment needs with major milestones

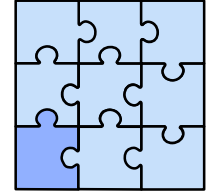


The implementation plan section gives the investor a clear roadmap to control the business development



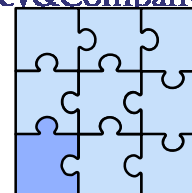
IMPLEMENTATION PLAN – KEY QUESTIONS

PHASE II

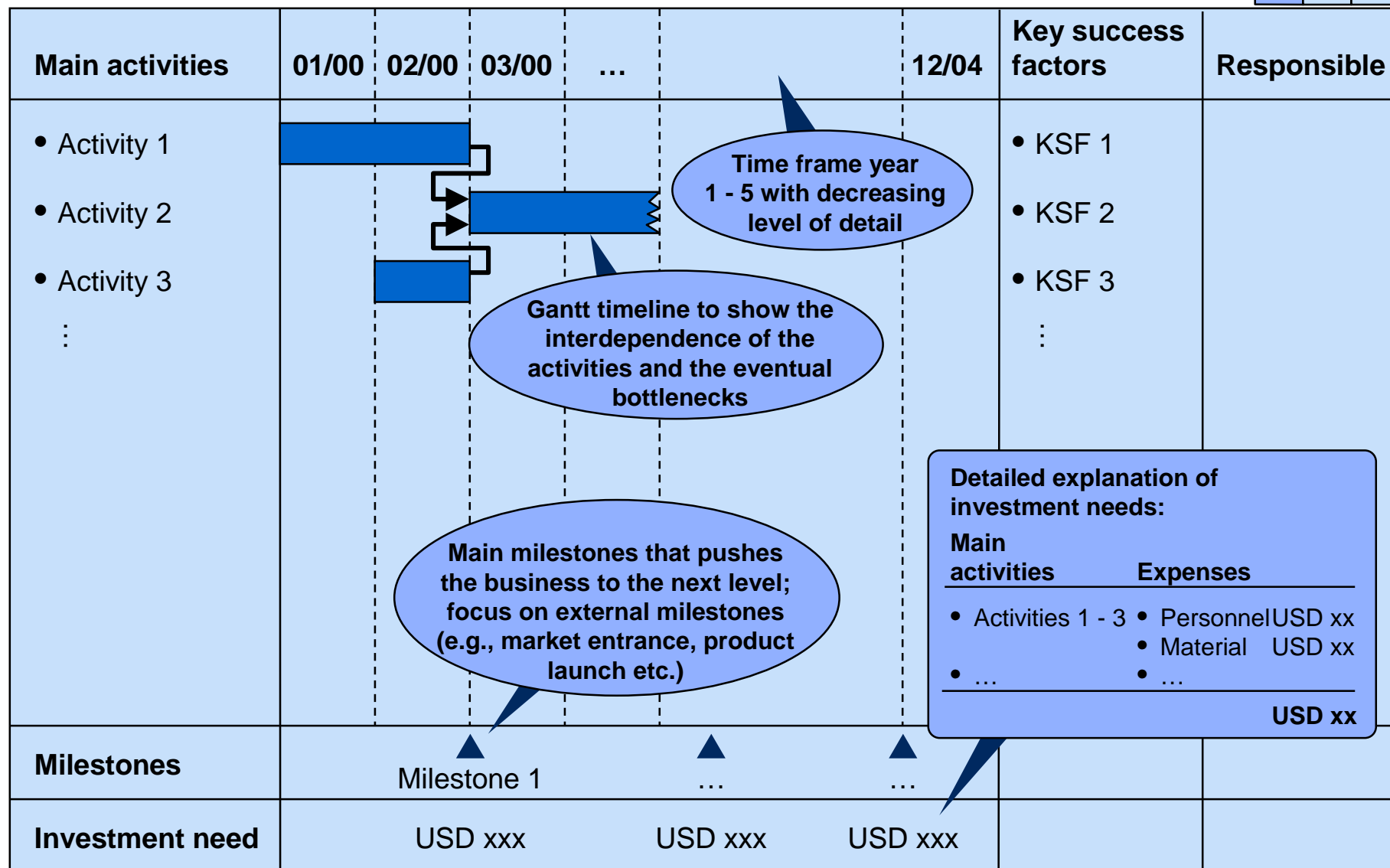


Complete business plan

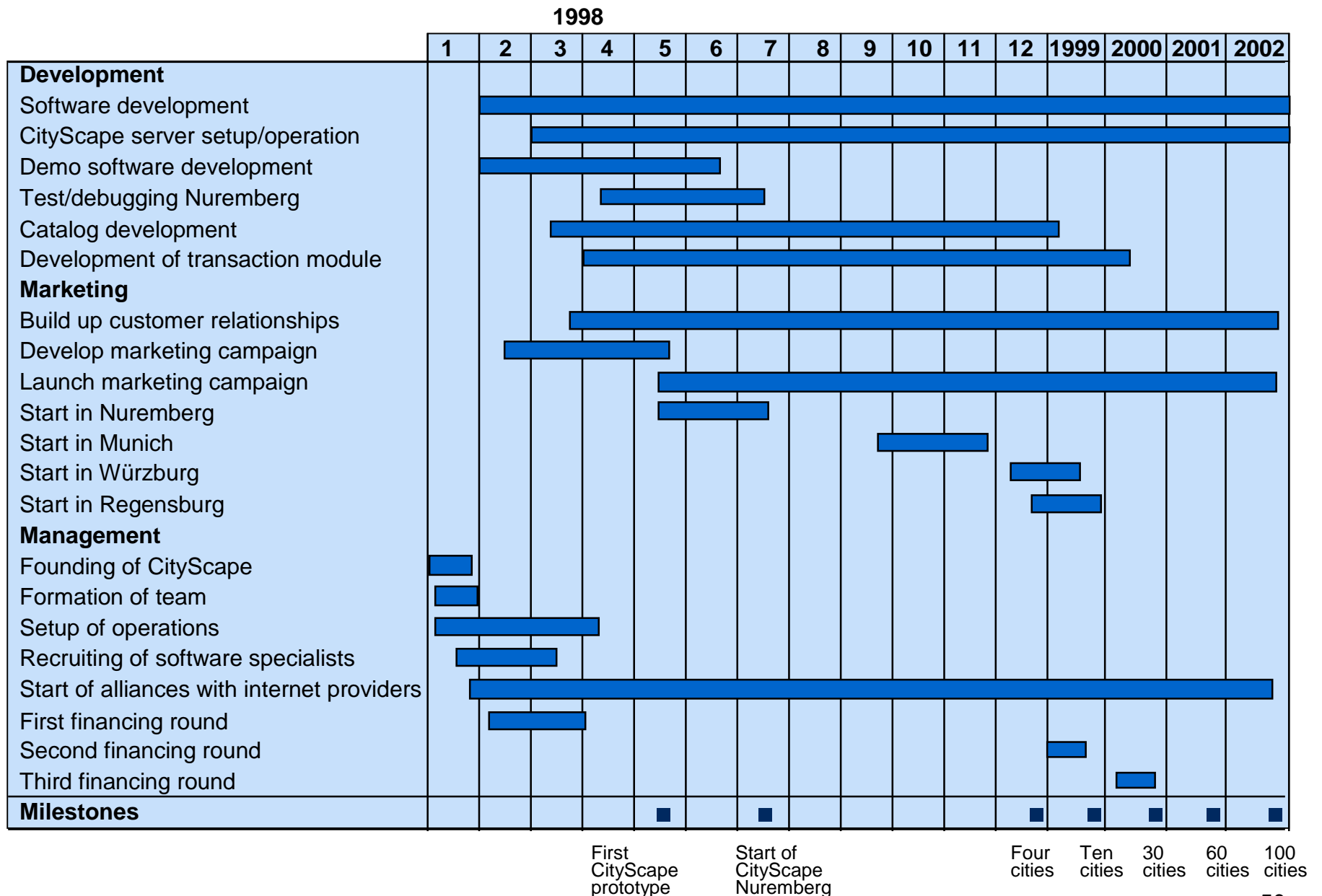
- What are the most important **milestones** for the development of your business, and **when** must they be reached?
- How do you plan to **structure the work** to reach these targets?
- For which tasks/milestones do you anticipate **bottlenecks**?
- How many **new employees** will you need in the individual business areas over the next five years? What will this cost?
- How much real **capital** is necessary to achieve initial sales?
- List your planned **short-term investments**!
- List your planned **longer-term (3 - 5 years) investments**!
- What **investments** will be required when which **milestones** are reached?
- How high is the **annual depreciation** for each investment?



IMPLEMENTATION PLAN



CITYSCAPE EXAMPLE – IMPLEMENTATION PLAN



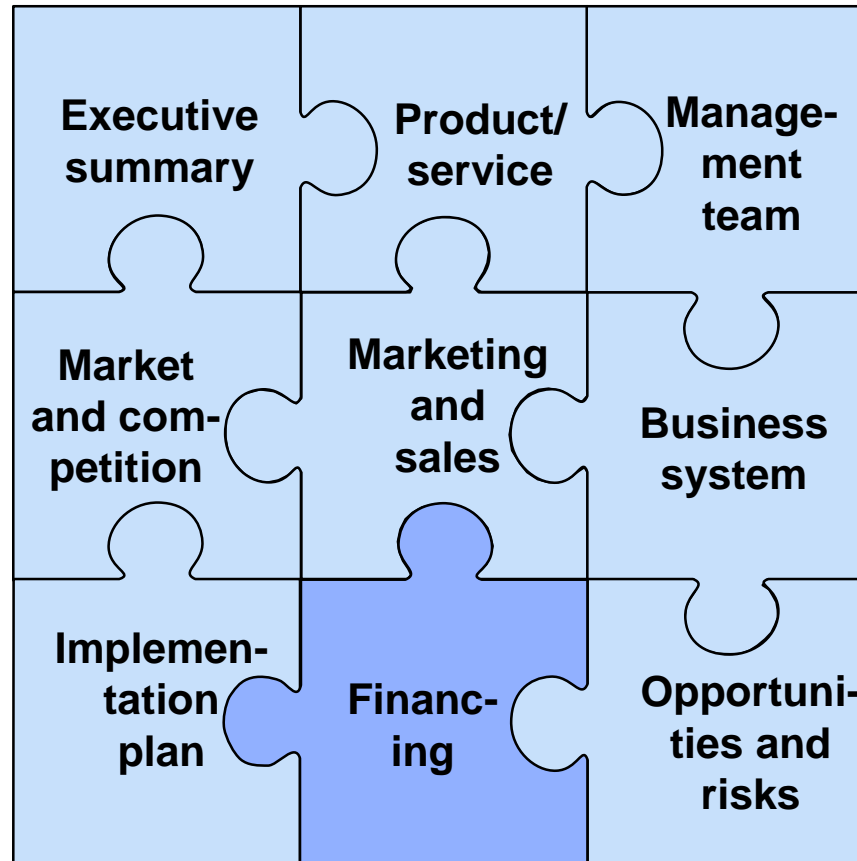
Source: "Planen, Gründen, Wachsen"

CONTENT OF FINANCING SECTION

- Provides rough cash-flow forecasts
- Outlines forecasts of profit and loss statements
- Gives overview of future balance sheet structure

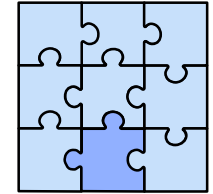


The finance plan explains the timing and volume of necessary financing rounds



FINANCIAL PLANNING – KEY QUESTIONS

PHASE II

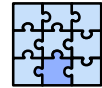


Complete business plan

- How will your **revenues, expenses** and **income** develop?
- How will your **cash flow** develop? When will you expect to break even (= sum of all revenues greater than the sum of all expenses)?
- How high is your **need for financing** based on your liquidity planning?
How much cash is needed in the **worst case** scenario?
- What **assumptions** underlie your financial planning?
- Which **sources of capital** are available to you to cover your financing needs?
- What deal are you offering potential investors?
- What **return** can investors expect?
- How will they realize a profit (**exit options**)?

Financial plan outlines

- Cash flow statement
- Income statement
- Balance sheet



APPLICATION OF FINANCIAL PLANNING INSTRUMENTS

Can I fulfill my financial obligations at any time?

Am I profitable?

Where has my capital been invested, and where has it come from?

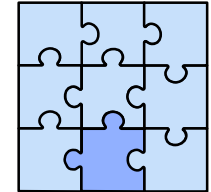
Cash flow statement	
Deposits	Payments
...	...
...	...
...	...
Liquid funds	

Income statement	
Proceeds	Expenses
...	...
...	...
...	...
Profit/loss	

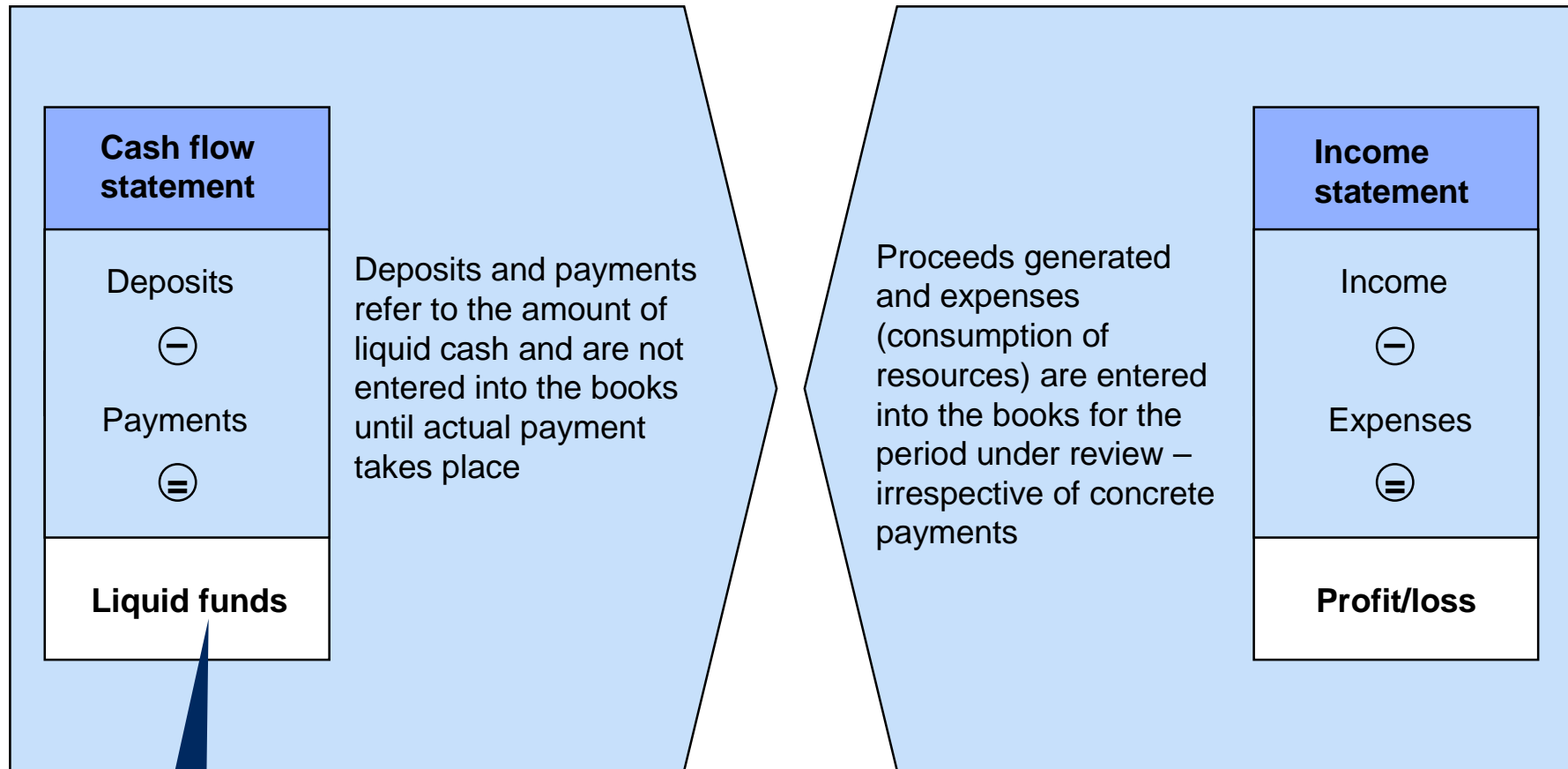
Balance sheet	
Assets	Equity + liabilities
...	...
...	...
...	...
Total assets = Balance sheet = Capital invested	

! Cause of bankruptcy: illiquidity
● (liquid funds < 0)

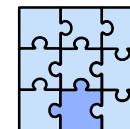
! Cause of bankruptcy: excessive debt
● (equity < 0)



CASH FLOW AND INCOME STATEMENT



Constantly safeguarding liquidity takes top priority for start-up companies



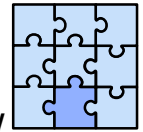
BALANCE SHEET STRUCTURE

DM thousands

Assets		Equity + liabilities	
Fixed assets		Equity	
Intangible assets	20	Nominal capital	8,560
Real estate and buildings	0	Additional paid-in capital	0
Technical equipment, plant, and machinery	1,936	Net earnings/losses brought forward	-7,229
Other equipment and fixed assets	0	Net income	2,470
Current assets		Liabilities	
Raw materials and supplies	0	Provisions	0
Semi-finished and finished goods	20	Long-term bank loans	4,500
Accounts receivable	400	Short-term bank loans	0
Other receivables	0	Accounts payable	20
Liquid funds	5,945	Other liabilities	0
Total assets	8,321	Total equity + liabilities	8,321

STRUCTURE OF INCOME STATEMENTS IN DIFFERENT INDUSTRIES

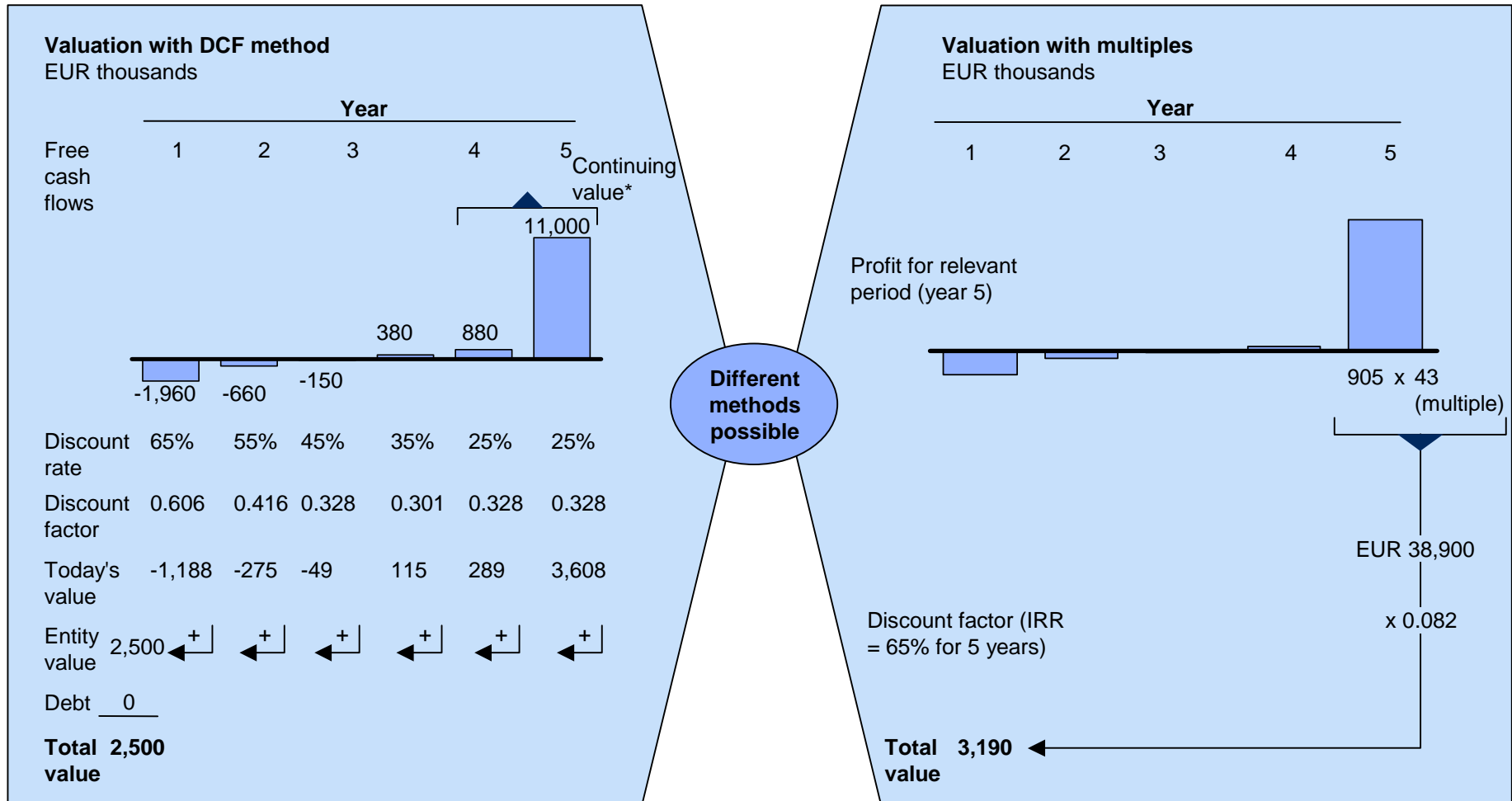
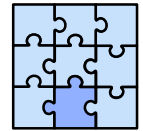
Percent



	Food	Research and development	Consulting	Leasing	Electronics	Automobiles & machinery	Chemicals	Publishing/printing	Textiles
Revenues	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Sales	96.2	98.9	92.1	88.5	93.7	91.5	88.6	94.0	94.4
Other operational income	1.7	0.5	3.6	7.0	3.5	3.5	7.3	1.8	1.9
Extraordinary income	2.1	0.6	4.3	4.5	2.8	4.9	4.2	4.3	3.7
Expenses	98.5	96.9	92.6	100.8	97.2	94.4	93.3	97.6	100.3
Cost of materials	61.7	0.7	–	–	43.9	41.3	40.7	32.1	43.3
Personnel expenses									
• Wages and salaries	14.3	30.6	38.3	16.2	23.8	27.4	16.7	31.5	27.7
• Social security	2.8	7.7	6.6	2.9	4.1	4.6	3.2	4.8	4.1
Rent	0.5	2.4	3.1	1.6	1.1	0.6	0.3	1.0	0.4
Interest	1.1	0.5	1.4	39.5	1.4	1.3	1.7	2.0	2.3
Depreciation of fixed assets	3.6	4.9	4.6	6.7	3.3	2.8	4.4	5.4	3.9
Other depreciation	0.2	0.0	0.6	0.1	0.7	0.9	3.3	2.3	0.9
Other operating expenses	14.4	50.1	38.2	33.8	19.0	16.5	23.3	18.5	17.6
Profit	1.5	3.1	7.4	-0.8	2.8	4.6	6.7	2.4	-0.3

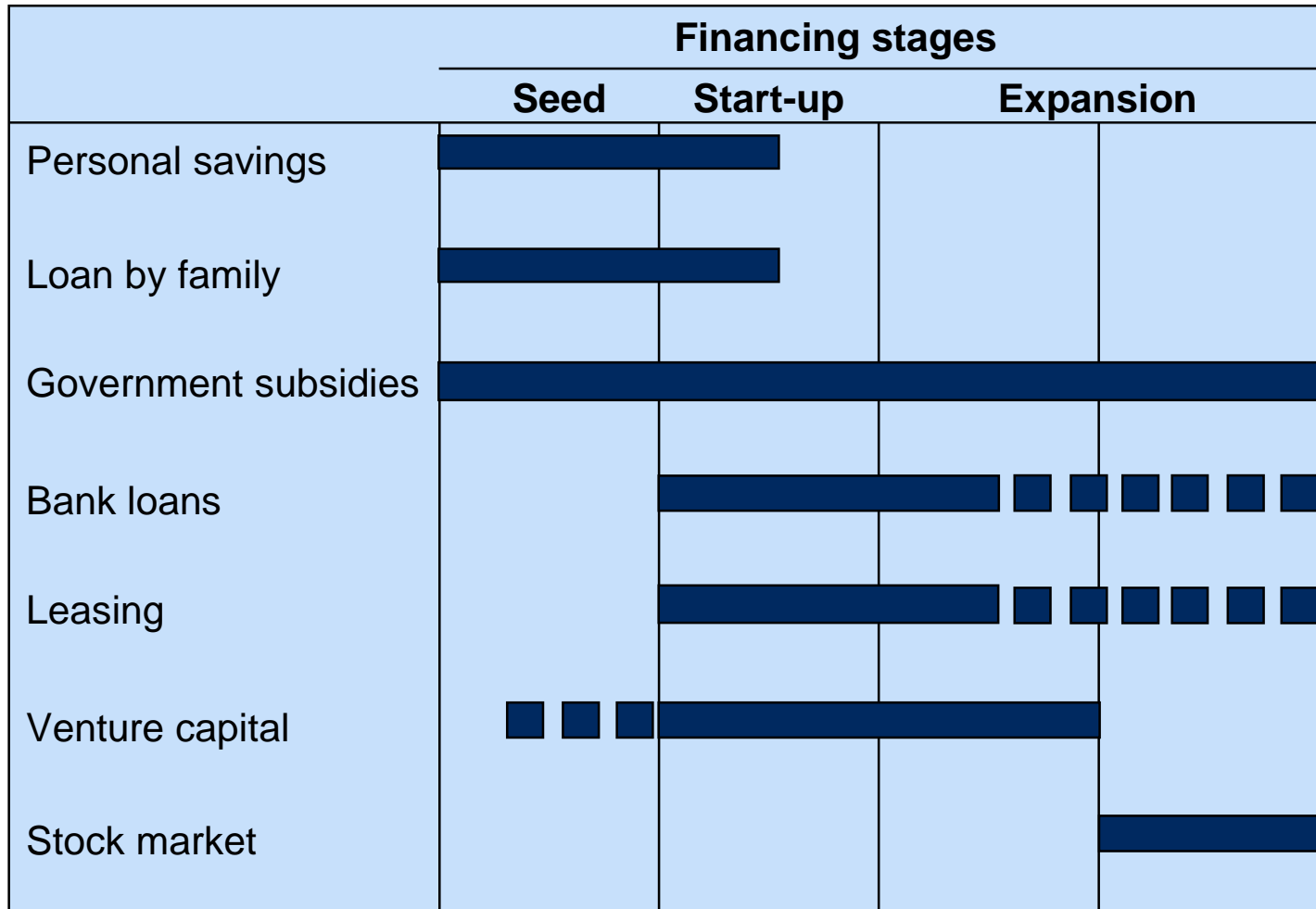
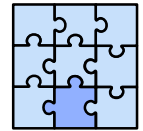
Explanation necessary if business plan numbers are significantly different than industry average

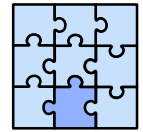
VALUATION METHODS



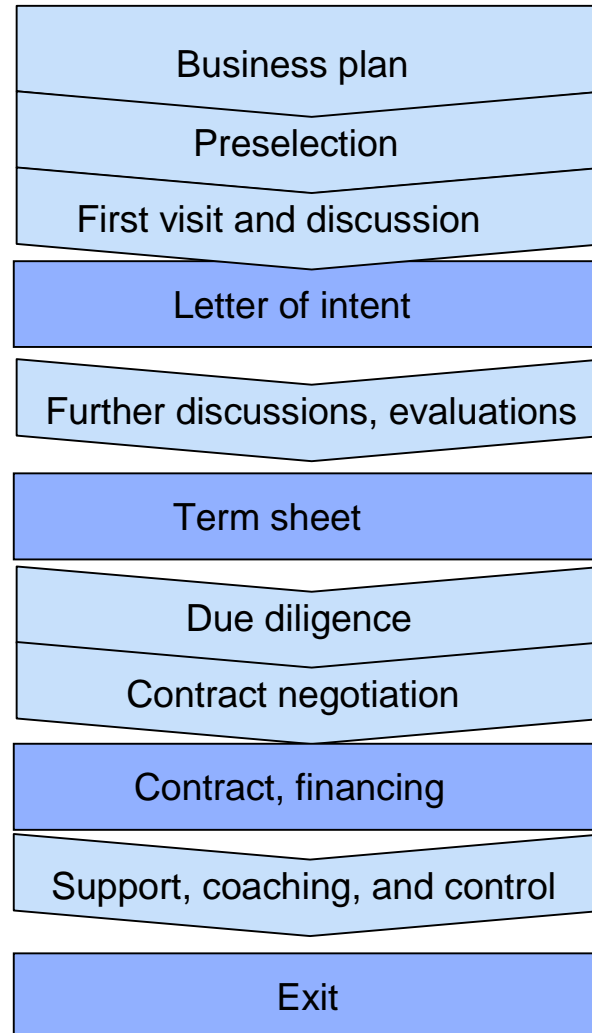
* Assumption: FCF in year 5 is 1,100, growth rate 6%, discount rate 16%
 Source: McKinsey & Company

POSSIBLE SOURCES OF FUNDING





TYPICAL VC FINANCING PROCESS

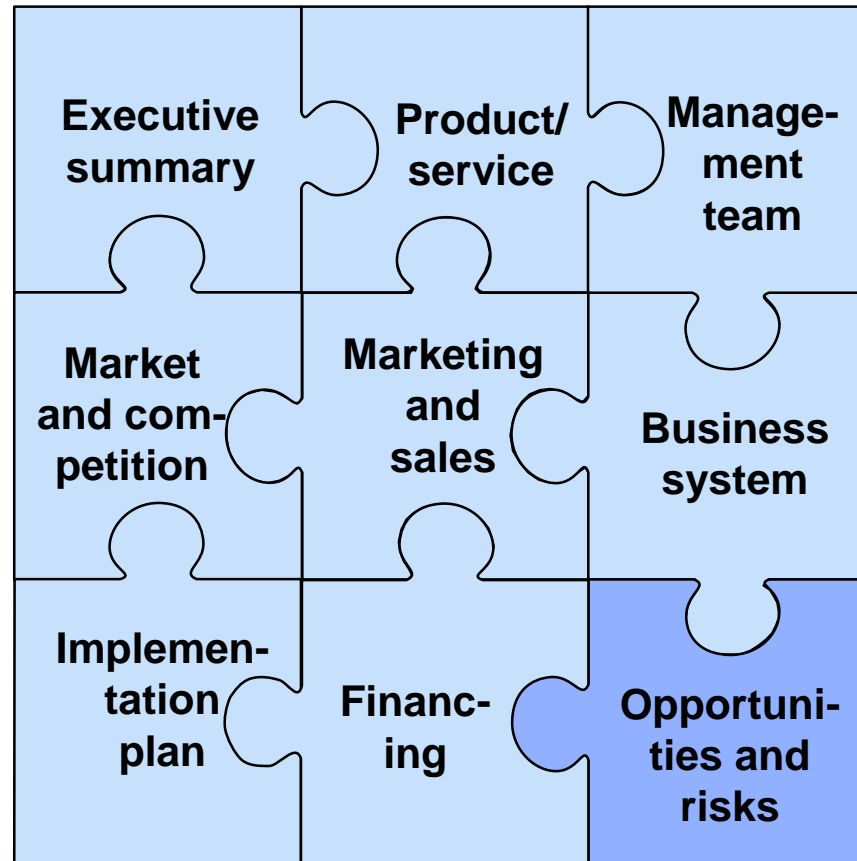


CONTENT OF OPPORTUNITIES AND RISK SECTION

- Describes the venture's specific opportunities
- Identifies the venture's main challenges
- Tries to assess and quantify risks (e.g., with sensitivity analysis)
- Develops countermeasures for "killer" risks

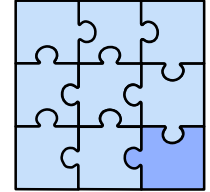


Consideration of risk involved will win the confidence of a potential investor



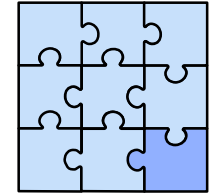
OPPORTUNITIES AND RISKS – KEY QUESTIONS

PHASE II

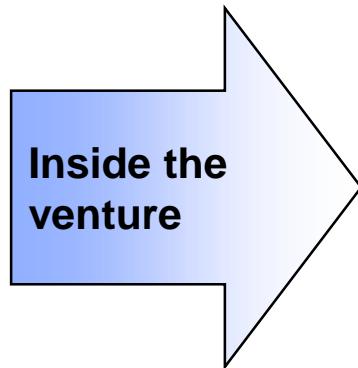


Complete business plan

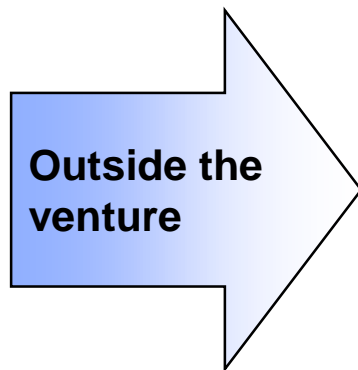
- What **basic risks** (market, competition, technology) does your business venture face?
- What **measures** will you take to counter these risks?
- What extraordinary **opportunities/business possibilities** do you see for your company?
- How could an expansion of your **capital base** help?



TYPICAL RISKS – EXAMPLES

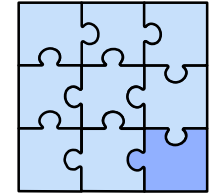


- Management team of the venture cannot be completed
- Important team member (e.g., CTO) leaves venture
- Slow prototype development delays early market entry



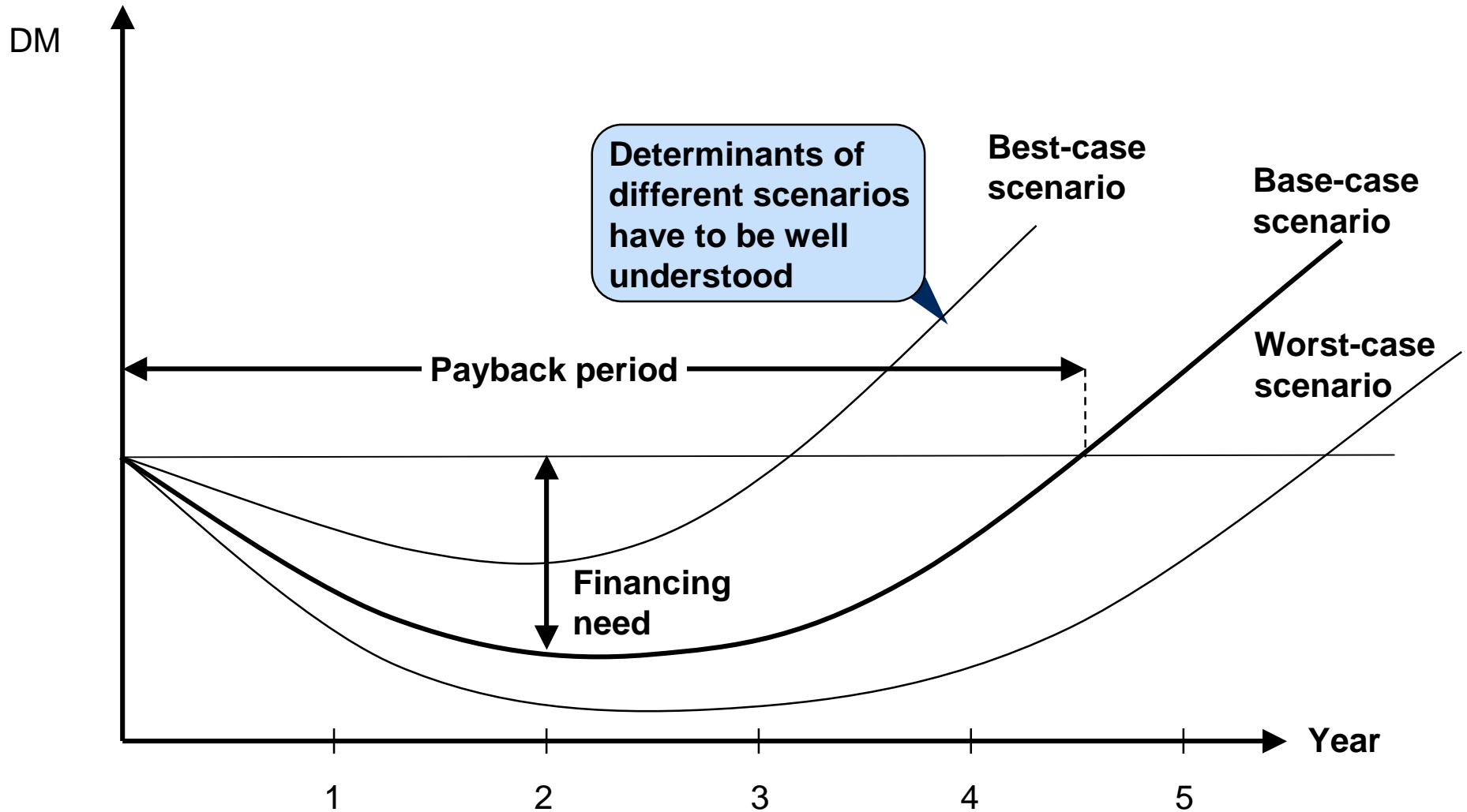
- Strategic partner cannot be found
- No agreement with sales channel partner
- Lead customer does not accept prototype

EXEMPLARY



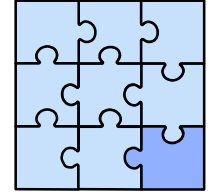
SENSITIVITY ANALYSIS

Cumulated cash flows



OPPORTUNITIES AND RISKS – ADDITIONAL QUESTIONS

PHASE II



Additional questions for complete business plan

- What will your planning look like for the next five financial years under both a **best and worst case scenario**?
- What effect will this have on your need for **capital** and your **return**?
- In your view, **how realistic are these scenarios**?
- What **consequence** do they have on your business planning?