

Market Analysis and Business Plan

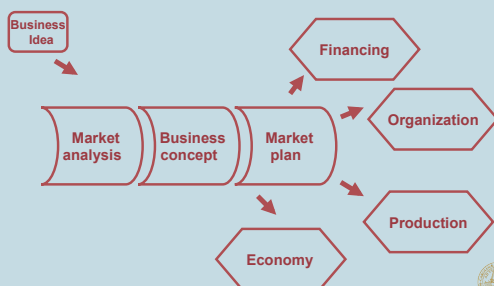
The Market Analysis is a part of the Business Plan

That is where it all begins...

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Business Plan



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Why do we need a business plan?

- » Describe goals internally, externally
- » Answer all kinds of questions
- » Different target audience
- » Dynamic document
- » Helps in the decision-making process

Writing a business plan, makes you think through the business idea thoroughly.

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Target groups

- » Investors
- » Customers
- » Suppliers
- » Potential board members, key persons
- » Control document for management, staff
- » Bank, Auditor, Partners, Distributor

Note! Usually different versions

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The decision process

- » First an emotional decision...
- » ...then "Cognitive motivation"
 - » Nano robots that clean blood vessels
 - » Car tires that never wear out
 - » Powder that eliminates contaminations and salt from water
 - » Activated nano particles that eliminates virus
 - » Bacteria that produce snow

» The Elevator Pitch

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The elevator pitch

- » Limited amount of time
- » Seize the opportunity when it comes
- » Create interest
- » Communicate the essentials
- » Give an easy-to-remember summary



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Communicating what ?

- » Business ideas
 - Customers
 - Investors
- » Applying for funds
- » Making a scientific speech
- » Applying for a job
- » ...



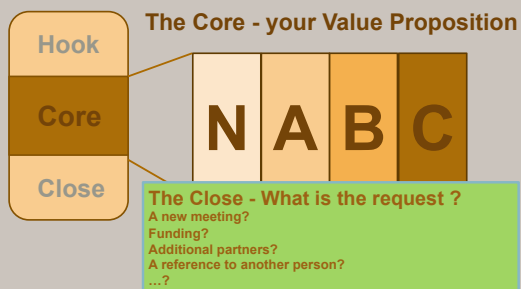
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The Elevator Pitch



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The Elevator Pitch



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NABC

- » **Important Need**
 - What problem do we solve ?
 - Define the playing ground, state of the art
 - Provide facts, scientific background
- » **Our unique Approach**
 - How do we solve the problem ?
 - What is our approach for addressing the need



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NABC

- » **Benefit per cost**
 - What is the user benefit ?
 - What is the superior customer value ?
 - How does it compare to the cost ?
- » **Competition and alternatives**
 - Who are the competitors ?
 - What alternatives are available ?
 - Now ? In the future?



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Pitfalls

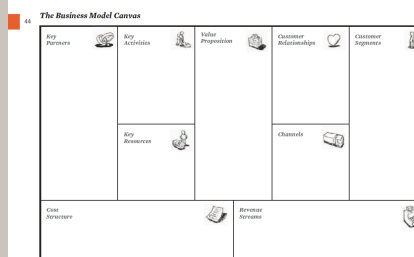
- » Do not concentrate on the approach
 - nAbc
 - NabC
- » Do not just say "faster", "cheaper", "better"
 - Be specific and quantitative
 - If you don't know, guess - take a "SWAG"
- » Do not forget the Close
 - What do you want to achieve? Next step?
- » Iterate, iterate, iterate ...

N: What the world needs is a little red wagon
 A: Our approach is to build a little red wagon
 B: The benefits are that we will have a little red wagon
 C: There is no competition, since our wagon is a nice shade of red.

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The Business Model Canvas (the BMC)



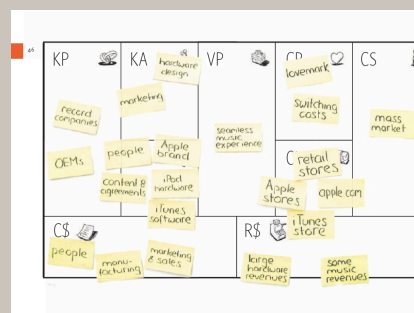
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The Business Model Canvas (the BMC)

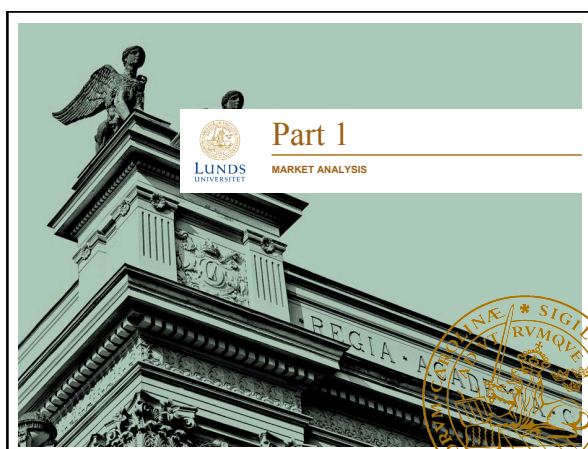


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The Business Model Canvas (the BMC)



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Market Analysis

- A. The Market
- B. The Customers
- C. The Competitors
- D. The Market strategies

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A. The Market

1. The Present situation
2. The Future
3. Trends

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A1 Market – The Present situation

- » Description
 - Consumer clients/ Business clients
 - » B2A, B2B, B2C, B2D, B2G
 - Conservative/Dynamic
 - Size, potential growth
 - Segments, Target groups, Localization
 - Delimitation of the market
 - Other properties
- » The positioning
 - Present situation
 - Target positioning

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A2 Market – The Future

- » Maturity
- » Market share, forecasts
- » Threats?
 - How to overcome?
- » Specific opportunities, potentials
- » Factors that influences the development

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A3 Market – trends

- » Fashion trends
- » Seasonal dependence
- » Market dependence
 - Boom, recession, ...
- » Other visible trends
 - Advantages
 - Disadvantages

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B Customers

1. Customers, general
2. Most important customer(s)
3. Customer benefit

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B1 Customers, general

- Where are the customers?
- How many?
- How dependent is the company of (a) certain customer(s)?
- Customer's decision process
- Capability to pay
- Price sensitivity, purchase amount
- How to tie the customer to the company?
 - » Contract, subscription, updates

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B2 Most important customer(s)

- » Which customers are the most important?
- » Few customers, how to handle the risk?
- » How is the customer dependent on the Company?
- » Describe the sales process



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B3 Customer benefit

- » What need do we satisfy? (*"Important problem"*)
- » How are we better than the competitors?
- » How do we get feedback from the customers?
- » What alternatives does the customer have?



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C The Competitors

1. Who are the competitors?
2. Competing products, offers
3. Rights, patents, licenses
4. Reactions from the competitors when the product is launched



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C1 Who are the competitors?

1. Who are the main competitors?
 - Owners
 - Turnover, Sales volume, profitability, debts
 - Weaknesses, previous mistakes
 - Distribution channels
 - Price, offer, service



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C2 Competing products

- » Offer
- » Product function
- » Reliability, durability
- » Environmental impact, sustainability
- » Design
- » Delivery reliability
- » Service
- » Price
- » Financing (leasing, interest free purchase)



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C3 Rights, patents, licenses

- » Trademarks
- » Registered design
- » Copyright
- » Patent
- » Licenses
- » Goodwill
- » Reputation

**No patent is
stronger than the
one who defends it**



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C4 Reactions at product launch

- » Prepare for counter action
- » Price reduction
- » Suppliers
- » (Counter-)Market campaigns



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D The Market strategies

1. Business model
2. Pricing
3. Sales
4. Distribution
5. Service
6. Marketing



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D1 Business model, examples

- » Printers, color cartridges
- » Elevators
- » Cellular phones
- » TetraPak
- » ECOS, heater process control
- » Leasing
- » Christer Ericsson fixation belt
 - » $24kr * 135\% = 32,40$ cp. 175kr -> 167,25



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D2 Pricing

- » Market price
- » Penetration pricing
 - (Low price for vast spreading)
 - Example: Media Markt?
- » Skimming pricing
 - (High price at start for high gros margin)
 - Example: Apple, Cars, Hi-Tech
- » Difficult to increase price significantly
 - (Easy to decrease discount)



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D3 Sales

- » Build global sales organization (expensive)
- » Whole sale dealer, Agents, Retailers
- » Web shop, Mail-order
- » Segmentation
 - Geographic division
 - Customer type
 - Submarket
- » Exclusive contract
 - combine with minimum quantities



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D4 Distribution

- » Retailer
- » Agents
- » Franchising
- » Whole sale dealer
- » Shops (owned by the company)
- » Employed salespersons
- » Web shop, mail order
- » Call center



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Margins, retailer

Medicine	33%
Textile fabrics	50%
Sports equipment	30-40%
New cars	10-16%
Cellular phones	10-20% (previously 50%)
Supermarket (groceries)	25-30%

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Margins, whole sale

Medicine	9%
Groceries and beverages	5%

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Margins, manufacturer

Medicine	58%
Computers (PC)	10-15%
Apple (previously)	50%
Computers (servers)	20-25%

Source: Affärsplanering - en handbok för nya tillväxtföretag, McKinsey&Company, Ekerlids förlag, 2005

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D5 Service

- » Service level important for re-purchase frequency
- » Who makes the service
 - Supplier
 - Retailer
 - The Company
- » Quality of service
- » Post market

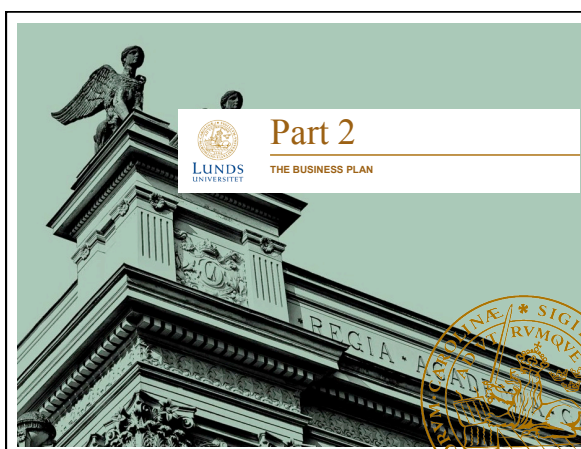
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D6 Marketing

- » Conventional Advertisement
 - Papers, periodical, radio, TV, The Internet
- » Direct marketing
 - Direct mail, telephone sales, The Internet
- » Media
 - Editorial articles, press releases, directed information
- » Exhibitions and fairs
- » Customer visits

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The Business Plan

Shaping Disposition Contents



Shaping

- » Max 25 pages (VentureCup: Max 15)
- » Keep a simple language
- » Focus on essentials
 - What do you want to communicate?
- » Facts, state the references
- » Always stick to the truth
- » Be "down-to-earth" and tangible
- » Practice the presentation
- » Let "external" people read and give feedback

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The business shall attract investors

- » Truthful
- » Vigorous
- » Comprehensible
- » Tangible
- » Fact supported
- » Well edited

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Disposition

- | | |
|---------------------|----------------------|
| Summary | 6. Owners |
| 1. Business Concept | 7. Production |
| 2. Management | 8. Economic overview |
| 3. Products | 9. Realization |
| 4. Market Plan | Supplements |
| 5. Organization | |

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Disposition

- | | |
|-------------------------|-----------------------------|
| Vision | 7. Key Resources |
| 1. Business Idea | 8. Key Partners |
| 2. Background | 9. Cost Structure |
| 3. Business model | 10. Competitors |
| Extended BMC | 11. Trends |
| 4. Value proposition | 12. Team & org |
| 5. Customer Segment | 13. Implementation |
| Distr./Relation/Revenue | 14. Profitability & Finance |
| 6. Key Activities | 15. Risk analysis |

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Focus

- » Idea, Appetizer, the Elevator pitch
- » Customer benefit
- » Management
- » Exit

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Supplements

1. Income statement
2. Balance sheet
3. Liquidity Plan
4. Finance
5. Technical descriptions

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Literature

- » Så skriver du en vinnande affärsplan
 - en praktisk handledning
- » How to succeed in Sales and Marketing
 - Advice for start-up companies
 - www.connectsverige.se
- » Affärsplanering
 - En handbok för nya tillväxtföretag
 - McKinsey&Company, Ekerlids förlag

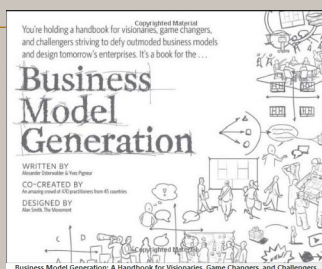
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BMC

Business Model Generation: A handbook for Visionaries, Game Changers, and Challengers.

Alexander Osterwalder
and Yves Pigneur,
John Wiley & Sons



Venture Cup

Affärsplan FTW

Jesper Forslund

Lean Publishing 2014

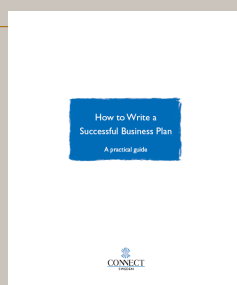


English version

» How to write a...

Available at

www.connectsverige.se



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That's it!



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more questions ...?