

MODULE 2

BUSINESS PLANNING AND DEVELOPMENT

Business Planning & Finances



Erasmus+

Co-funded by the
Erasmus+ Programme
of the European Union



LEARNING OUTCOMES

- Demonstrate an understanding of business planning and business plans and develop insights into their application and development
- Interpret and evaluate basic financial modelling for new Agri business ventures and have the ability to conduct financial planning, control and pricing.
- Identify resources required for venture creation
- Formulate venture creation strategies

Business Planning and Plans

Framework for planning

Goals/Vision/Targets

Documenting the 'how'

Process of planning has value

Plans – useful document for 'selling' your idea to stakeholders

Business plan template:

<https://www.macmillanihe.com/companion/Burns-New-Venture-Creation-2e/learning-resources/Business-Plan/>



Running a Business

Marketing – to attract customers

Traditional/Social Media

Sales-converting them to tangible orders

Product stock control / management

Dispatch/Delivery/Service

Payment

Administration/paperwork/compliance

Finance/Legal/Insurance



Running a Business /cont.

Managing People – all stakeholders

Managing challenges

You have unhappy customers who you disappoint – it can finish your business or it can be an opportunity to impress



Business Plan Structure

- Cover
- Table of contents
- Executive summary
- Business details
- Industry and market analysis
- Customers and value proposition
- Marketing strategy
- Operations plan
- Management team and company structure
- Resources
- Financing
- Financial projections
- Risk and strategic options
- Key milestones
- Appendices

Business Plan Writing Tips

- Keep it short and simple
- Keep it realistic
- Make it clear, specific and unambiguous
- Check spelling, grammar, punctuation and financial credibility
- If unsure, seek professional advice



Business Plan Presentations

- Why you are there
- Product/service offering and value proposition
- Target market and opportunity
- Competition and competitive advantage
- Marketing strategy
- Management team
- Financial highlights



Business Details

- Description of product/service
- Mission and vision
- Aims and objectives

Business Planning and Finances





Value Proposition

- Your target market segment(s)
- Why these customers buy from you rather than from competitors
- The benefits they are looking for



Marketing Strategy

- Price, promotions, distribution etc.
- Launch strategy
- Sales tactics
- Brand development
- Competitive reaction
- Product and market development
- Growth potential



Operations Plan

- Key operating activities – manufacturing processes, business model etc.
- Partnerships Business controls
- IP issues
- Scalability



Management Team and Company Structure

- Key people, their functions and background
- Business organization or structure
- Directors, advisors and other key partners
- Skills gaps and plans for filling them



Resources

- Premises and facilities
- Machinery and equipment
- Staff



Financing

- Founders' contribution
- Loan and/or equity finance requirements
- Gearing/leverage
- Time scale and exit routes for equity investors



Financial Projections

- Income projections
- Cash flow projections
- Balance sheet projections
- Key ratios
- Assumptions



Risk and Strategic Options

- Identified risks
- Risk monitoring and mitigation
- Critical success factors
- Strategic options



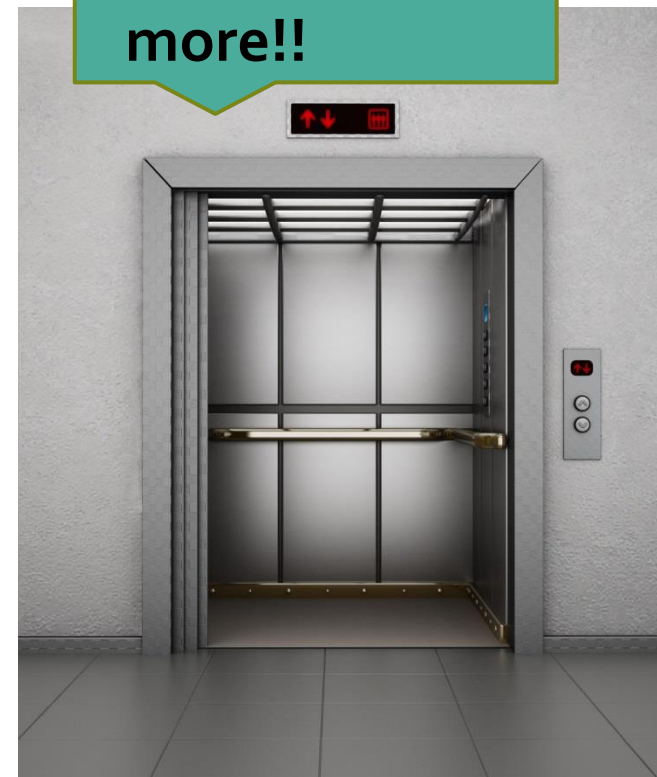
Appendices

- Detailed financial projections
- Financial assumptions – start-up costs, basis for sales projections, fixed/variable costs
- Background information on key people (CVs)
- Location information – maps, layouts etc.
- Operations information – Gantt charts etc.
- Details of market research
- Details of IP protection
- Website screen shots
- For an existing business – historic financial statements, brochures etc.

Elevator pitches

Prepare a 2 minute elevator pitch for your business proposal
using the executive summary in your business plan

How exciting!!!
Please tell me
more!!



Getty Images/iStockphoto/adventtr



Elevator pitch

Sources & Uses of Finance

Source of finance

Use of finance

Long & medium term

Equity

- Personal, family & friends' investment
- Angel finance
- Venture finance

Long- & medium-term loans

- Personal, family & friends
- Bank

Lease & hire purchase

Crowdfunding (equity or loan)

Fixed assets

- Land & buildings
- Plant, machinery & equipment
- Vehicles
- Computers & furniture

Permanent working capital

- Stock
- Debtors (net creditors)

Short term

Bank overdraft

Short-term loans

- Personal, family & friends
- Bank

Seasonal fluctuations in working capital

- Stock
- Debtors (net creditors)





Lease finance

Advantages	Disadvantages
<ul style="list-style-type: none">➤ Guarantees not required - security is on assets purchased	<ul style="list-style-type: none">➤ Expensive compared to rates of interest charged on loans➤ Requires adequate cash flow to meet regular payments

What worries banks?

- Frequent excesses
- Development of hard-core borrowing
- Lack of financial information
- Your unavailability
- Inability to meet forecasts
- Continuing losses, declining margins & rapidly decreasing/increasing sales



What investors are looking for

- **Risk & return** – Typically 30% to 60% p.a. return as a capital gain, depending on perceived risk (equivalent to multiplying their investment by 4 to 6 times in 5 years)
- **Exit route (liquidity event)** – Typically liquidation of investment within 5 to 10 years

Growing a Business

Key stages – big decisions

Micro (OMB) – recruiting/letting go/systems

Established – more sites/franchise

Geographic – going global? Scalability and control issues?



Exiting a Business

- Selling – challenges/value calculation
- Transition – preparation takes time / identifying
- Succession planning
- Franchising



Challenges

Small Business Fails:

- Lack of funding
 - Cash-Flow/investment/credit/unexpected events – suppliers?
 - Customers?
- Lack of expertise
 - Technical skill/business know-how/outourcing
- Lack of planning
 - No goals/vision/plan/unexpected events



Successes

Micro start ups have become established and then grown to be global

- Richard Branson net worth – \$4.9B to March, 2021
- Simon Cowell net worth – \$51M to April, 2020
- Oprah – net worth – \$2.6B to March, 2021

Forbes.com



Success Measurement

- Commercial
- Social – the difference you make
- Intrapreneurs – entrepreneurial value within large organisations

In the future whose success will we see reported in the press?



References

- Burns P (2018) *New Venture Creation*, Palgrave Macmillan
- Hisrich R. & Kearney C. (2014) *Managing Innovation and Entrepreneurship*. Sage Publications Inc.
- Williams S (2019) *Business Start up* , FT Publishing
- <https://www.forbes.com/billionaires/> (Accessed 28/03/2021)
- <https://www.forbes.com/profile/> (Accessed 28/03/2021)



LAND MOBILITY

www.land-mobility.eu



Macra na Feirme



GMIT

INSTITIÚD TEICNEOLAÍOCHTA NA GAILIMHE MAIGH EÓ
GALWAY-MAYO INSTITUTE OF TECHNOLOGY



University of
Bedfordshire



Europe



European Landowners' Organisation

Project number: 2019-1-IE01-KA202-051449

This project has been funded with support from the European Commission. This publication reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein.



Co-funded by the
Erasmus+ Programme
of the European Union