



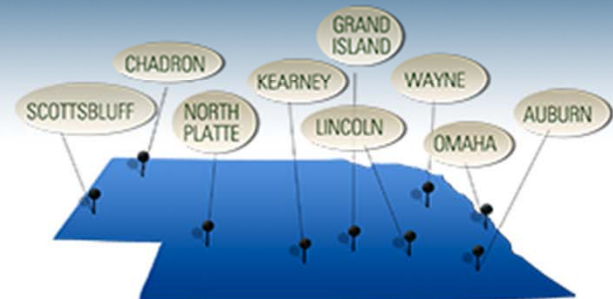
Lean Business Planning

(10/20/2016)

Aretha Boex, MBA MS EDFP CGBP
Lead Center Director
aboex@unomaha.edu

nbdc

NEBRASKA BUSINESS DEVELOPMENT CENTER®





About NBDC

- Been around since 1977
- Statewide presence
- “Helping Good Businesses Become Better”
- Resource partner of the Small Business Administration
- Services for the life cycle of your business:
 - Financial Management
 - Business Development
 - Operations Management
- <http://nbdc.unomaha.edu/>



About the Presenter

- Graduate of the University of Nebraska at Omaha
 - Master of Business Administration
 - MS – Management Information Systems
- Professional Certifications
 - Economic Development Finance Professional
 - Certified Global Business Professional
- Seven years at NBDC – Omaha office
 - 343 entrepreneurs served (YTD)
 - \$16,887,836 in capital infusions



Today's Agenda

Introduction to business planning

- What is a business plan?
- The business plan document

High-Level Business Planning

- Lean business planning
 - NBDC lean business canvas
 - Next steps
-
- Q&A



Introduction to Business Planning



What is a business plan?

- It is NOT just a document...
- The plan is a set of decisions (based on assumptions) that aim to ensure the success of a venture.
- Business planning is a process for deciding:
 - What products or services to offer
 - Where to compete
 - Why customers will buy
 - How to accomplish goals



The business plan document (1)

- It has both *internal* and *external* uses
- The business plan helps you:
 - organize your ideas
 - list out your assumptions
 - evaluate the overall business concept
 - provide a sense of direction
 - formulate a strategy
 - determine priorities
 - apply for funding
- It's a living document!



The business plan document (2)

The term “business plan” is not used consistently.

- Traditional business plans
 - Templates galore
 - Business model is known
 - Detailed and lengthy
 - Focused on operations
- Other “business plan” mentions
 - When you are developing a product
 - When the business model is unclear
 - When you are applying for non-bank funds



High-Level Business Planning



Lean Business Planning

- Describe the high-level strategy
- Focus on the overall business model
- Discover the revenue-generation model
- List out assumptions



NBDC Lean Business Canvas

- Adapted from Alexander Osterwalder's business model canvas
 - Source: *Business Model Generation* (Wiley, 2010)
- Nine key areas:
 - Problems
 - Customers
 - Value proposition
 - Solution
 - Channels
 - Revenue Streams
 - Cost Structure
 - Metrics
 - Unfair Advantage



NEBRASKA BUSINESS DEVELOPMENT CENTER®

LEAN BUSINESS CANVAS

PROBLEMS	SOLUTION	VALUE PROPOSITION	UNFAIR ADVANTAGE	CUSTOMERS
	METRICS		CHANNELS	
COST STRUCTURE			REVENUE STREAMS	

Derived and modified from *The Business Model Canvas* (<http://www.businessmodelgeneration.com>)



NEBRASKA BUSINESS DEVELOPMENT CENTER®

LEAN CANVAS - INSTRUCTIONS

PROBLEMS List here the 3 most important things that will be solved by this offering. They should be “pain points” or strong “wants” in the marketplace. Remember that customers do not buy what they need. They buy what they want.	SOLUTION Describe the product or service that provides the solution to the problems at left.	VALUE PROPOSITION Every problem has more than one solution. No product or service is without competition, if not directly then with acceptable or known alternatives. Describe why the product or service is the best alternative for the customer. The value does not have to be low price. Value in a luxury good can be high price. The value is the description of the reason why the customer will choose this product or service over all other alternatives.	UNFAIR ADVANTAGE Sometimes called the “distinctive difference,” this is the way in which the product or service can’t be matched by competitors.	CUSTOMERS This is a description of the customer. Any brand that has value will have persons devoted to it. That means it will also have persons who don’t want it. Who are they? Why do they think like they do? Where do they live? What is their education level? What is their income level? What is their attitude toward unproven products? How will they purchase (online, in person, through an agent, etc.)?
	METRICS Describe what measurable actions will effectively drive customers to the solution.		CHANNELS This is the process of getting the product or service to the market. Channels can be about efficiency and quality but they can also be part of the value proposition.	
COST STRUCTURE Cost structure should include development, production, sales and delivery. The percent of cost devoted to personnel, overhead, production, inventory, receivables, and promotion should receive attention. Try to think of every potential cost and how it will be handled in the business structure.			REVENUE STREAMS Describe how the product will be sold and revenue obtained. If it is through distributors, representatives, sales staff or other means then the cost structure at left should describe the cost of financing the sales. In some high tech ideas, particularly online or smart phone apps, customers are obtained by free offers. Describe how these will be monetized.	

Derived and modified from *The Business Model Canvas* (<http://www.businessmodelgeneration.com>)





Next Steps

- Go over the canvas a many times as you need to.
- Develop a short narrative that covers the 9 components.
- If you are applying for specific funding, find out the requirements and follow them!
- Call for clarifications.
- When your narrative is done, have it reviewed.
- Be prepared to “pivot” as needed.



Further Reading

- *The Startup Owner's Manual* (2012)
 - by Steve Blank and Bob Dorf

- *The Lean Startup* (2011)
 - by Eric Ries

- *Business Model Generation* (2010)
 - by Alexander Osterwalder



Additional Information

The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

Key Partners



Who are our Key Partners?
Who are our key suppliers?
Which Key Resources are we acquiring from partners?
Which Key Activities do partners perform?

INTRODUCTION FOR ENTREPRENEURS:
Optimization and economy
Reduction of risk and uncertainty
Acquisition of particular resources and activities

Key Activities



What Key Activities do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue streams?

CATEGORIES:
Production
Problem Solving
Platform Network

Value Propositions



What value do we deliver to the customer?
Which one of our customer's problems are we helping to solve?
What bundles of products and services are we offering to each Customer Segment?
Which customer needs are we satisfying?

EXAMPLES/TOPICS:
Revenue
Performance
Customization
"Setting the Job Done"
Design
Brand/Status
Price
Cost Reduction
Risk Reduction
Accessibility
Convenience/Usability

Customer Relationships



What type of relationship does each of our Customer Segments expect us to establish and maintain with them?
Which ones have we established?
How are they integrated with the rest of our business model?
How costly are they?

EXAMPLES:
Personal assistance
Dedicated Personal assistance
Self-Service
Automated Services
Communities
Co-creation

Customer Segments



For whom are we creating value?
Who are our most important customers?

MARKET:
Atomic Market
Segmented
Diversified
Multi-sided Platform

Key Resources



What Key Resources do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue Streams?

TYPES OF RESOURCES:
Physical
Intellectual (brand names, copyrights, data)
Human
Financial

Channels



Through which Channels do our Customer Segments want to be reached?
How are we reaching them now?
How are our Channels integrated?
Which ones work best?
Which ones are most cost-efficient?
How are we integrating them with customer routines?

CHANNEL MODELS
1. Awareness:
How do we raise awareness about our company's products and services?
2. Evaluation:
How do we help customers evaluate our organization's Value Proposition?
3. Purchase:
How do we allow customers to purchase specific products and services?
4. Delivery:
How do we deliver a Value Proposition to customers?
5. After sales:
How do we provide post-purchase customer support?

Cost Structure



What are the most important costs inherent in our business model?
Which Key Resources are most expensive?
Which Key Activities are most expensive?

IN YOUR BUSINESS MODEL:
Cost Structure: Fixed cost structure, low price value proposition, maximum automation, extensive outsourcing
How often should we value creation, premium value proposition?

EXAMPLE CHARACTERISTICS:
Fixed Costs: Salaries, rents, utilities
Variable costs
Economies of scale
Economies of scope

Revenue Streams



For what value are our customers really willing to pay?
For what do they currently pay?
How are they currently paying?
How would they prefer to pay?
How much does each Revenue Stream contribute to overall revenues?

TYPES	FIXED PRICING	STANDARD PRICING
Amount paid	License Fee	Registration (charging)
Usage fee	Product feature dependent	Need Management
Subscription Fee	Customer segment dependent	Real-time market
Licensing/Partnering/Leasing	dependent	
Licensing	Revenue dependent	
Donations/Free advertising		

This is an example of a more
traditional business plan outline.

BUSINESS PLAN OUTLINE

I. TITLE PAGE

TABLE OF CONTENTS

II. EXECUTIVE SUMMARY

III. COMPANY PROFILE

IV. MARKET RESEARCH AND ANALYSIS

- a) *Customer Description*
- b) *Market Analysis*
- c) *Competitive Analysis*

V. MARKETING PLAN

- a) *Marketing Objectives*
- b) *Products and Services*
- c) *Pricing*
- d) *Promotion*
- e) *Place (Location and Distribution)*
- f) *Ongoing Marketing Evaluation*

VI. OPERATIONS

- a) *Business Operations*
- b) *Facility*
- c) *Equipment*
- d) *Business Forms*
- e) *Accounting and Bookkeeping System*
- f) *Suppliers*

VII. HUMAN RESOURCES MANAGEMENT

- a) *Local Labor Market Conditions*
- b) *Personnel Management*
- c) *Outside Assistance*

VIII. FINANCIAL PLAN

- a) *Sources and Uses of Funds*
- b) *Depreciation Schedule*
- c) *Sales and Cost of Goods or Services Sold Schedules*
- d) *Loan Amortization Schedule*
- e) *Income Statement*
- f) *Cash Flow Statement*
- g) *Balance Sheet*
- h) *Breakeven Analysis*

EXAMPLES OF BUSINESS EXPENSES

GENERAL ADMINISTRATIVE EXPENSES

Salaries/Wages
Owner
Manager
Supervisor
Employees
Payroll Taxes
Utilities:
Electricity
Water, Gas
Telephone
Internet
Trash Removal
Rent / Lease
Repair and Maintenance
Credit Card Machine
Bank Charges
Accountant
Bookkeeping
Licenses and permits
Dues and Subscriptions
Insurance - General Liability
Insurance - Workers' Comp
Insurance - Other
Legal Fees / Attorney
Postage / Shipping
Office Supplies
Training expenses
Travel expenses

MARKETING EXPENSES

Grand Opening Ceremony
Adversising Agency
Yellow Pages Advertising
Billboard Advertising
TV / Radio Advertising
Newspaper Advertising
Social Media Advertising
Newsletter / Blog Expenses
Business Cards & Letterhead
Brochures and Flyers
Letters and Postcards
Event Sponsorship
Trade Shows / Exhibitions
Banners / Signs
Product Samples
Groupon Promotions
Chamber of Commerce Membership
Web Site Design & Maintenance
Search Engine Optimization
eCommerce Features on Web Site
Customer Surveys
Promotional Mailing

START-UP EXPENSES

Product Development
Computer Equipment
POS System
General Equipment
Tools
Land and Building
Building Repairs / Improvements
Starting Inventory
Legal Fees (entity formation)

PRODUCTION COSTS

Cost of Materials
Direct Labor Costs
Other Variable Costs



To find a consultant near you, please go to:

[http://nbdc.unomaha.edu/financing-
options/consultants.cfm](http://nbdc.unomaha.edu/financing-options/consultants.cfm)