



# **Entrepreneurship 3: Business Plans**

Kenya 2005

# Lecture Outline

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- How FedEx begun
- The Key components of a business plan
- Executive Summary
- Business Definition and Mission statement
- Market and Environment Information
- Strategy Information
- An overview of the product/service
- Financial Information

Source: The Indus Entrepreneurs (2003)



# Once upon a time in 1965 ...

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- A Yale undergraduate, Frederick W. Smith wrote a term paper on the need for overnight delivery service in the computer age that was dawning
- His Professor found such a service highly improbable and gave him a grade of C in his paper
- 5 years later, Frederick Smith started Federal Express



# FedEx Today

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- World's largest express transportation company
- Has 624 aircraft, 43,000 Vehicles and 100,000 Power ships
- More than 145,000 employees
- Delivers 3.1 million packages every single day

Read more about Fred Smith and FedEx

- [www.fedex.com](http://www.fedex.com)– About FedEx
- [www.achievement.com](http://www.achievement.com) – Fred Smith

## Fed-Ex

- A trademark used for an express shipping service. This trademark often occurs in print in lowercase as a noun or verb: "For years, people in offices across the United States have talked about 'fedexing packages' and receiving or sending 'fedexes.'" (Laurel Shaper Walters).



# What is a Business Plan

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- It is a means of communicating your vision to the outside world to help you attract talent and money to your enterprise
- The quality of a business plan is measured by its ability to hire employees, gain contracts from potential customers and negotiate monetary investment from an investor who's interest is solely to make profit



# Qualities of a good Business Plan

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- Well thought out and can be visualized
- Articulates the strengths and the vision of your business
- Clearly outline the risks associated
- Present clear evidence of the viability of the venture
- Should compel action and get investors excited



# Business Plan Components

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- Business summary
- Market analysis
- Business Team
- Strategy Information
- An overview of the product/service
- Financial information



# Business Summary

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- Describe your business and how it's different from the other businesses
- An overview of the team and relevant skills/experiences they bring to the biz
- Define the customer and how your business will reach her/him
- Who are your potential competitors?
- How much money do you need to raise and how much profit should investors expect?





# Market Analysis

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- How did your company identify the opportunity?
- What is the market size in Shillings ?
- What resources does the company have that allows it to fulfill the needs?
- How will you enter the market?
- How will you expand?
- Where do you see the company in the future?
- What value does your company create?
- Who is your competition and what edge do you have?



# Business Team

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- What are the backgrounds of the management team and directors?
- What does each team member bring to the business?
- What are the team's previous successes in new ventures?
- How does the management team form a cohesive unit which can work efficiently together?



# Business Team Qualities

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- Opportunity cost: Does the team have any highly skilled professionals?
- Can the team work together as a unit?
- What management and leadership principles will the team employ?
- Does the team reflect that it has very good knowledge of the market?



# Strategy Information (Battle Plan)

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- Describe the customer's demographics
- How will the customer realize value from your product or service?
- How does the company intend to reach the customer and keep her/him?
- How will the company safeguard the customer from the competition?
- How does the company intend to keep customers and enter new markets?



# Product Overview

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- Describe your product in as much detail as you can.
- If possible, have a prototype of your product or service
- Show how the product/service would be used by the consumer
- Explain the requirements for producing your product



# Financial Information

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- In this part you show a budget for your business
- Explain how much you intend to raise to get started
- What are your projected expenses and revenues
- In what period do you expect to be profitable and show a return to your investors?



# Suggested Business Plan Format

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1. Business summary (1 page)
2. Origin of market need/opportunity ( 2-4pgs)
3. Business Team
4. Strategy Information
5. An overview of the product/service
6. Financial information



# Personal Assignment

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- Get a business plan online on a sector that interests you. (see provided links on business plans)
- Write a one page reaction to the business plan
- This is due on 06/28/05





# Group Assignment

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- Meet up with your teammates and come up with a list of business ideas
- Discuss the merits of each idea and narrow your list to 3 ideas
- Submit a written proposal(1-2) pages of the 3 ideas by 06/28/2005
- Note: these ideas could potentially be the background of your business plans which will be due in two weeks.



# Resources for Business Plan Writing

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- <http://www.bplans.com/sp/businessplans.cfm> – A listing of 60 Business Plans from different industries. This is a great resource when writing your business plan.
- [http://entrepreneurship.mit.edu/15975//VirtualInk\\_Complete.pdf](http://entrepreneurship.mit.edu/15975//VirtualInk_Complete.pdf) - A sample business plan for a technology company
- You can also type “sample business plans” in [www.google.com](http://www.google.com) to have a look at the online resources.

