

FORCREST

SESSION 5

Validating of initial idea



VALIDATING OF INITIAL IDEA CONTENT

- Analysis of business opportunities
- Sustainable business creation process: from idea to sustainable enterprise. Types of creation
- Economical optimization and economical excellence with criteria of no environment impair and social benefit
- Evaluation of industrial potential of the business idea
- Planning of enterprise project implementation in a social and environmental oriented perspective
- Information issuers for enterprises project analysis



ANALYSIS OF BUSINESS OPPORTUNITIES

Strategic components of Business opportunities analysis:

- Foreseeing business opportunities depends on the attitude and aptitude with which we analyze and consider them
- The enterprising activity lies latent inside us
- When we detect the opportunity we start "to create" from our subconscious mind
- The Company has to set up mechanisms and structures stimulating the enterprising process within the Company
- The diversification strategies mean for the Company:
 - Growth Opportunities
 - Reinvent the Sustainable Company



THE "SUSTAINABLE" ENTREPRENEUR

The Enterprising Company

Economic growth, social progress and protection of the environment are mutually interdependent

Development of the Enterprising culture directed to sustainable business creation

Continuous process of value creation in activities unrelated to the "core business"

Principles to implement the sustainable enterprising culture

- The Company must "know" = share information with everyone.
- The Company must be able "to foresee" = continuous Training + permanent Change + team spirit.
- The Company must be excellent in its "commercialization" = flat structures close to the market + Excellence in Marketing + Rewards structure
- The Company must foresee the needs for development that meets the needs of people today, without compromising the ability of future generations to meet their own needs.



SUSTAINABLE BUSINESS CREATION PROCESS

Sustainable business practice demonstrates that economic growth, social progress and protection of the environment are mutually interdependent

- **Filled inside the Company**
 - Marketing and financial models
 - Human resources, technological and financial resources
 - Corporate responsibility
- **Filled outside the Company**
 - Financing
 - Environmental protection
 - Social responsibility
- **Training, consulting and information on different opportunities and market niches**
 - Enterprise Windows
 - European centres of Companies and Innovation(ECCI)
 - Training centres
 - Chambers of Commerce
 - State bodies



CONSIDERATIONS AROUND BUSINESS

How to detect a business opportunity, "the idea"?

- Observation of the reality
- Future trends discovery based on:
 - Experience,
 - The systematic search of information,
 - Customer, suppliers and competitors analysis
 - Business set up in other countries
 - Taking in view the environmental protection aspect

Is it worth coming into this business?

- Market size where the opportunity will be developed
- Growth rate of the opportunity
- Maturing phase of the sector where the opportunity will be developed
- Is the opportunity valid right now?
- Does the approach satisfy the Entrepreneur?
- Does the approach satisfy the Environment requirements?



TYPES OF CREATION

- Copy. Example: SO Windows from SO Mackintosh
- Transfer from a country to another. Example: Domino's Pizza in Barcelona from the USA.
- Modular growth. Example: McDonalds
- Acquisition. Example: Käthe Kruse and Management buy-out
- Spin Off. Example: Martin Kaplan of Optical Instruments
- Stealing a Company. Example: "trading" companies
- Construct upon a well-known image. Example: Julio Iglesias
- Construct upon personal abilities. Example: Lluís Llongueras
- Improve a link of the value chain. Example: Jan Hofstra computer equipment for feeding stuffs companies.
- Wheeling-dealing. Example: Control of a environment.
- Discover a new opportunity. Example: Club Med
- Find a different way to produce/deliver the product/service. Example: Machinery of Manuel Torres for the coil manipulation
- Bet on a entrepreneur.



SOCIAL ROLE OF THE ENTREPRENEUR

The entrepreneur improves the modern society quality of life through Innovation, collaborates with the work generation, allows the economic growth and the wealth creation and as a consequence improves the country competitiveness.



WAYS OF BECOMING SUSTAINABLE ENTREPRENEUR

- Development of Joint ventures with Competitors
- Development of Companies consequence of:
 - Improving weak points
 - Developing Strong points
- Use of development levers of the corporate enterprising process:
 - Internal
 - Competitive
 - Strategic
 - Integration of sustainable development aspects into business strategy



WAYS OF BECOMING SUSTAINABLE ENTREPRENEUR

Internal reasons

- To share costs risks
- To get economies of scale, sharing physical and technology resources
- To share/develop product lines
- To share/develop distribution channels
- To share/develop/integrate board staff and specialized experts
- To share purchasing means and services
- To help employees develop professionally while respecting their other commitments - to themselves, their families and the wider community

Competitive reasons

- To expand companies already set up
- To rationalize and to measure mature industries
- To meet a demand
- To transfer technology synergy
- To save companies in crisis
- To innovate ways to allow growth and an improved standard of living



WAYS OF BECOMING SUSTAINABLE ENTREPRENEUR

Strategic Reasons

- Creation and Operation of new businesses
- Technology transfer
- Product diversification
- Integration of processes
- Entry in new markets
- To learn and to increase experience
- To progress in R&D&I
- To increase 'resource productivity': producing more goods and services with fewer inputs of materials and energy, and with less pollution and waste.



SEVEN ASPECTS OF SUSTAINABLE DEVELOPMENT RELEVANT TO BUSINESS

- **Society**
 - Supply chain
 - Human rights
 - Work-life balance
- **Environment**
 - Resource use
 - Climate change
- **Economic**
 - Government
 - Customers and Consumptions

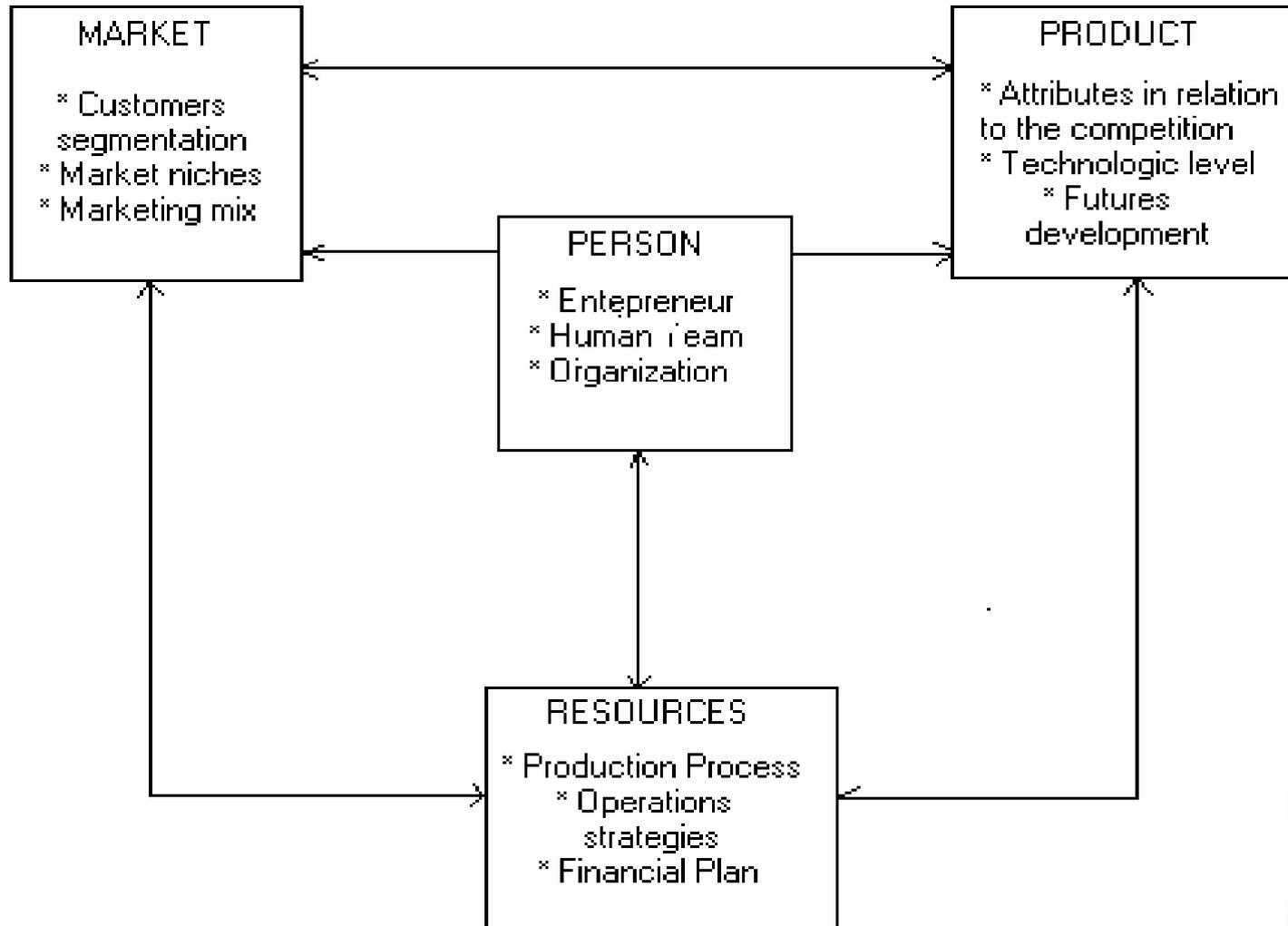


CRITICAL CHARACTERISTICS OF BUSINESS IDEA

- SUSTAINABILITY FACTOR
- MARKET SIZE
- GROWTH POSSIBILITIES OF THE MARKET
- TIME TO ENTER THE NEW MARKET

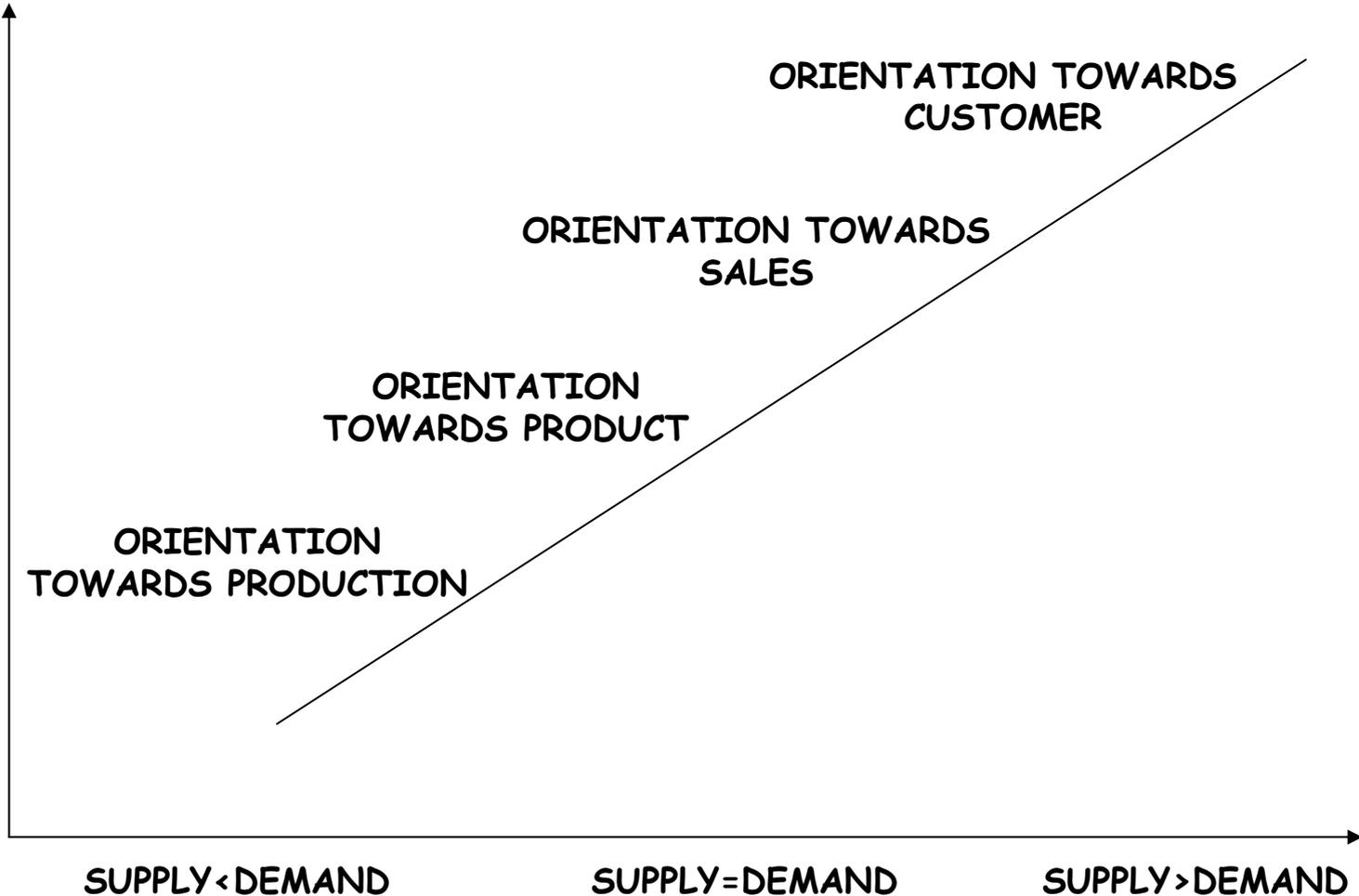


BUSINESS PLAN CONTENTS



ORIENTATION IN THE BUSINESSES

COMPETITIVENESS
LEVEL



forcrest



DEFINITION OF SUSTAINABLE BUSINESS

Objective : To be able to look at the business through the eyes of the future customers and to contribute the environmental protection and social responsibility

- What is the customer objective ?
- What are his motivations ?
- What is the market ?
- Which customer needs do we want to meet ?
- How will we do it ?
- What differentiations do we bring to the customer with our product/service?



ESSENTIAL QUESTIONS TO ANSWER IN A BUSINESS PLAN

ABOUT THE PRODUCT/SERVICE

The product/service has some innovation which makes it different through the eyes of the customer with regards to the products of the present market.

We know how to produce it.

How much will it cost to produce it?

What sales volume do we need to cover the costs?

When will the product be obsolete?

How will we manage social conditions and environment impact of a product throughout its life cycle?

Are the ethical sourcing, product stewardship and fair trade principles designed?

THE STEPS TO SUSTAINABLE PRODUCT

1. DO SOMETHING

Use less and recycle

2. ZIPPERED PRODUCTS

Products designed to be dismantled - stay in the loop

3. SINGLE POLYMER PRODUCTS

Don't mix polymer - easy to stay in the loop

4. SINGLE POLYMER RENEWABLE RESOURCES

Products stay in the technical loop (industry) or go back into the natural loop (Earth)



ESSENTIAL QUESTIONS TO ANSWER IN A SUSTAINABLE BUSINESS PLAN

ABOUT THE WAY TO SELL THE SUSTAINABLE PRODUCT OR SERVICE

Who will be the customers?

Who will be the competitors?

What will be the business assets and drawbacks against competitors?

How will we fix the sales prices?

How will we deliver the product/service to the customers?

What are the sales objectives for each of the first three years of the business life?

How will we present the product/service to the customers?

How we will ensure that the Ethical Trading Initiative requirements are complied with?



ESSENTIAL QUESTIONS TO ANSWER IN A SUSTAINABLE BUSINESS PLAN

ABOUT THE WAY TO MAKE OR TO PRESENT THE PRODUCT OR SERVICE

What are the criteria to choose the location of the business?

What will be the adaptation costs required by the location of the business?

What will be the production process of the product/service?

How will we manage social conditions and environment impact?

What are the environmental criteria to choose the business location?

Producing or outsourcing?

What is the technological level of the production process?

What are the fix costs of acquisition, of machinery maintenance, of tools, of transport, etc?

Who will be the suppliers?

What credit will the suppliers give us?

How many people will we need and what will their profiles be?



ESSENTIAL QUESTIONS TO ANSWER IN SUSTAINABLE BUSINESS PLAN

ABOUT THE MONEY REQUIRED FOR THE BUSINESS FUNCTIONING

- How much money will we need to create the business?
- How much money does the entrepreneur have to start the business?
- Has the possibility of money/knowledge contribution from a partner been considering?
- Did we make or did we plan to make some step in order to collect money from a financial entity? How much? Why?
- Has a cash plan been realized?
- Has a provisional balance of the first year been calculated?



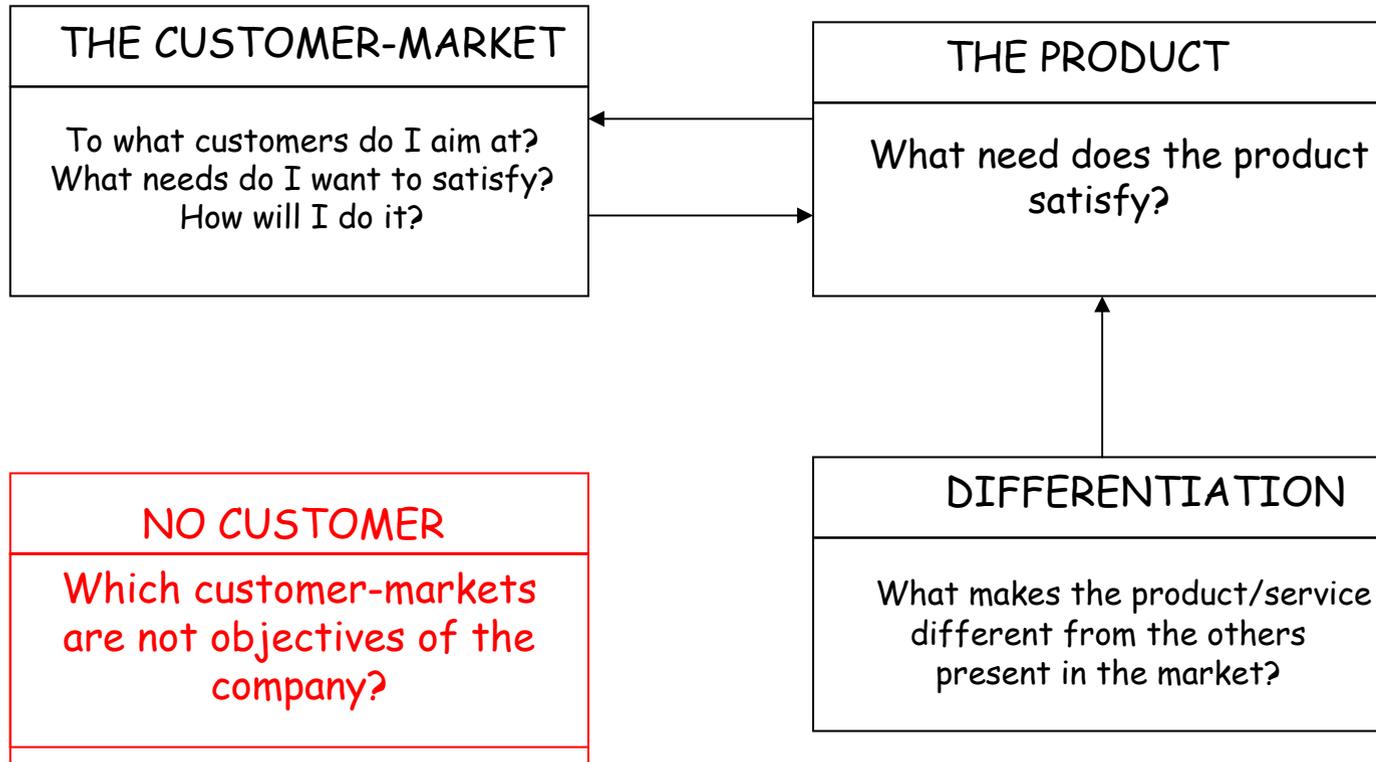
ESSENTIAL QUESTIONS TO ANSWER IN SUSTAINABLE BUSINESS PLAN

ABOUT SUSTAINABLE BUSINESS AND "SUSTAINABLE" ENTREPRENEUR

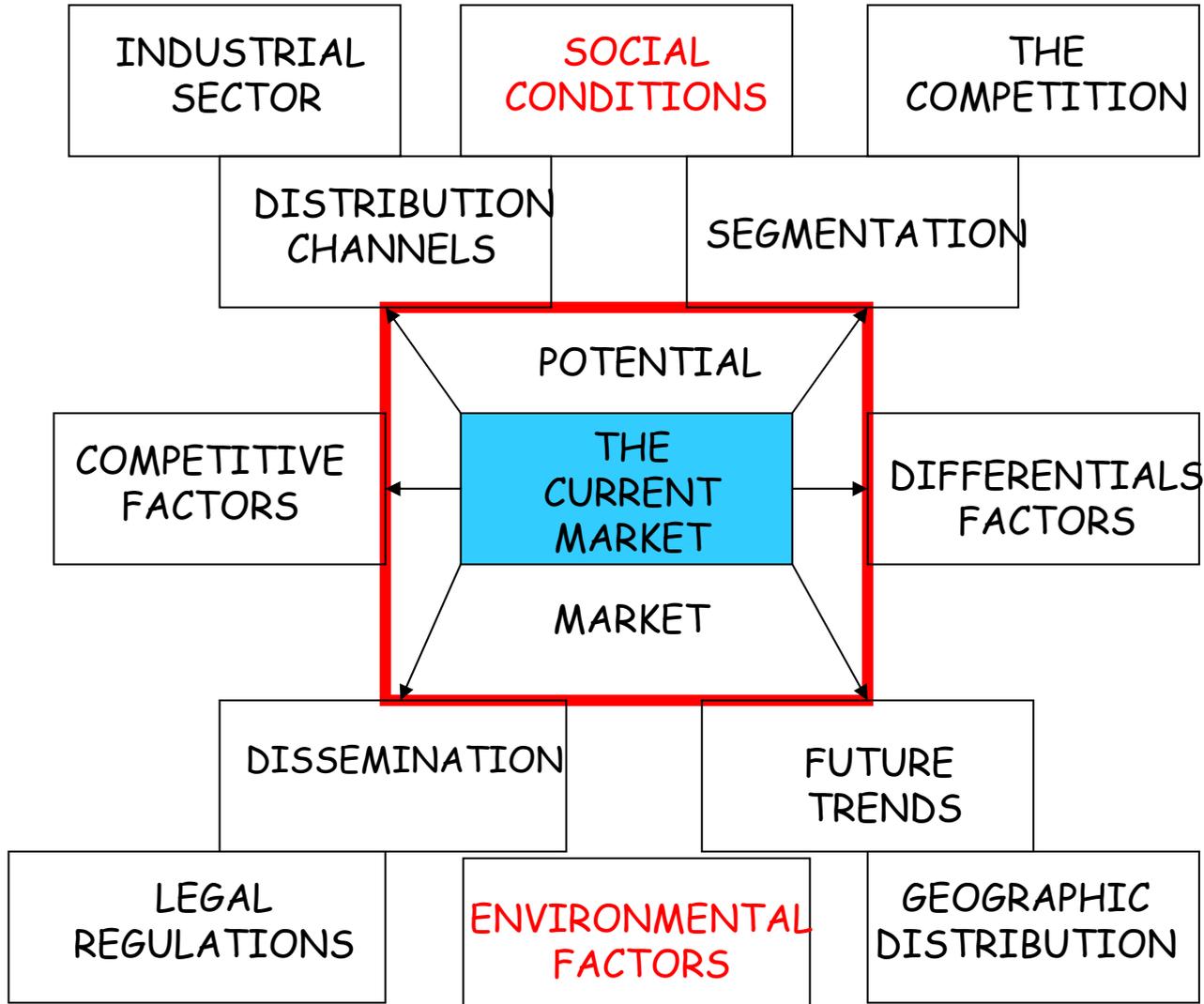
- What will be the company legal form?
- Are you aware of the legal regulations to which the product/service of the business will be submitted?
- Do you find the more efficient and productive ways to use the existing stock of resources?
- Does the company have a starting plan?
- Why do you want to create a company?
- Do you consider that the preparation is sufficient as regards the task to carry out?
- Do you have the work/life balance strategy?
- Have you specifically answered to the question " in what kind of business am I" and which level of social responsibility do I need?
- Do you know how your business will affect environment?



DEFINE THE BUSINESS TO UNDERSTAND THE KEY FACTORS OF SUCCESS



MARKET ANALYSE



WHAT HAVE WE DEFINED UP TO NOW?

BUSINESS :

Knowledge about customers, about their needs, and about the way to satisfy them

COMPETITION :

Group of Companies which offer the product/service

MARKET :

Group of potential customers

INDUSTRIAL SECTOR:

Group of threat and powers (strengths) which can affect the business

SUSTAINABILITY

- Social responsibility factor
- Protection of environment



SUMMARY OF SUSTAINABLE BUSINESS PLAN

0. - PRESENTATION OF THE ENTREPRENEUR. TRAINING AND EXPERIENCE.

1. - PRODUCT OR SERVICE DEFINITION

Description of the product and attributes as regards the other products of the market.

Technological level. Forecasts of the technological evolution.

Description of future products

2. - MARKETING PLAN

Delimitation of the business in which the company wishes to position itself.

Analysis of the market. Customers. Competition.

Commercial Policy:

- Commercial objectives and sales plan
 - Price, product, place, promotion policies.

3. - OPERATIONS PLAN

Location of the Company

Description of the operations plan:

- Production process. Technological level. Production capacity
 - Necessary resources (human, machinery, tools, vehicles, etc)
 - Operations strategies

Stock management. Supplying. Storage.

4. - ORGANIZATION PLAN

Organizational structure of the Company (tasks and characteristics)

Forms of recruitment and types of the personnel contracting.

External consulting.



SUMMARY OF SUSTAINABLE BUSINESS PLAN

5.- ECONOMIC AND FINANCIAL PLAN

Provisional exploitation account. Cash Flow forecast.
Provisional cash plan
Provisional balance
Profitability
Investment plan
Sources of financing. Capital. Debts.
Shareholder. Laws and obligations.

6.- LEGAL FORM

Legal form of the Company
Legal protection (patent rights and copyright)

7.- BUSINESS MANAGEMENT

Person in charge of each activity.
Critical variables to be controlled.
Ways of Control.

8.- DETAILED PLAN OF THE BUSINESS LAUNCH.

Main contingency and cover.

9.- CONCLUSIONS

Integral evaluation of the whole business plan.
Coherence between the different topics.



TO COMMERCIALISE TECHNOLOGY

80's: Excellence in the quality and manufacturing
00's: Excellence in the commercialisation

Obj: To discipline commercialisation effort
VS intuitive and creative process

IMPERATIVE COMMERCIALIZATION

- Shorter useful life cycle for lots of products
 - Continuous proliferation of new products
 - Technology is more and more expensive
(divide the development costs between products and geographic Market as possible. Think about Alliances)
 - Growing fragmentation of the markets
(Consumer more demanding and with higher capital income)
 - Some fragmented new markets go on without exploiting
- Correlation between the models manufactured and the sales
(if they have significant differences and if the limits of the niches are real)



TO COMMERCIALISE TECHNOLOGY

Technology cannot pull people out of social exclusion but it can play a vital role in helping to connect people and communities for a better life

Technology must serve for finding more efficient and productive ways to use our existing stock of resources

Making more productive use of resources is essential for the future health of our environment, businesses and society



TO COMMERCIALISE TECHNOLOGY

THE LEADER COMPANY:

- Commercialises 2 or 3 times more products/new processes than his competitor
- Incorporates 2 or 3 times more technology in their products
- Bring out their products in half time
- Competes with the double products in the double of market
- He is the first to bring out products based in advanced technology (best margin, best % of participation)
- Is highly disciplined in the commercialisation process
- Applies to the commercialisation processes the basic principles to improve the fabrication quality
- Establishes measurable aims for continuous improvements
- Develops the necessary organization skills
- Encourages the managers to take aggressive actions
- Considers that the managers must be sure that the transfers and the communication will be fast and fluent
- Pays attention to the improvement possibilities of the process
- Respond to more segments than his competitors



TO COMMERCIALISE TECHNOLOGY

How must the board create a commercialisation effort?

- To give priority to the commercialisation effort
- To establish aims in order to concentrate the efforts
- To develop skills
- To involve the managers in order to accelerate the actions and decisions.
- To be sure that the organization is able to present to the market an appropriate product, repeatedly and quickly
- To create teams focused on the product instead of functional teams
- To involve the customer in the tests to detect the problems

