



Entrepreneurship 3: Business Plans

Kenya 2005

Lecture Outline

- 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 ...

- 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

- 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– About FedEx
- 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

- 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

- 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

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



Business Summary

- 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

- 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

- 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

- 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)

- 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

- 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

- 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

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

- 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

- 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

- <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 - A sample business plan for a technology company
- You can also type “sample business plans” in www.google.com to have a look at the online resources.



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