Overall Business Plan for Commercializing the Product

1. Vision
2. Mission

3. Business Goals
   - Revenue ($/yr)
   - Growth (%/yr)
   - Profit Margin (%): cash you get to keep as a % of the cash you receive from sales
   - Return on Investment (%): how much money (profit) you are making as a % of your investment (facilities, equipment, inventory)
   - Profit ($): approximately equal to revenue multiplied by the profit margin

4. Product Strategy (P)
5. Marketing Strategy (M)
6. Business Strategy (B)
7. Financial Strategy (F)

Technology/Product Team
Marketing Team
Executive Team
Financial Team

1. Vision: A very broad statement of how the company visualizes the future (e.g., “a completely networked society”).
2. Mission: A more specific statement of the company’s role in achieving a future vision.
3. Business Goals:
4. Product Strategy (aka Technology Strategy)

A Product (P) strategy is the combination of three components:
- Product Concept
- Development Plan (for developing the product from an idea all the way to the consumer)
- Resources needed to develop the product

4.1 KEY ITEMS in a Product Strategy

- What is my product concept?
- What resources do I need to develop this product?
  - Expertise (skill-sets, tools, infrastructure)
  - Source (do everything in-house? outsource?)
  - Timing (when?)
4.2 Product Design (aka Product Concept)

Step 1: Establish Customer **Needs**

Step 2: Clearly state the intent of the product

Step 3: Create the **Function Structure** (FS) for the intended product (primary, secondary, … functions)

Step 4: Generate alternatives for each sub-function using a MORPHOLOGICAL MATRIX (MM)

Step 5: Generate multiple (5-7) **product concepts** by combining alternatives in the MM

Step 6: Create a set of **selection criteria** to compare the product concepts in Step 5

Step 7: Use the selection criteria to choose 1-2 **feasible** product concepts for further development
5. Marketing Strategy

The marketing strategy is a clear statement of 5 components:

1. The total annual revenue “size” ($/yr) and growth rate (%/yr) of the market.
2. How the market is segmented, and the [size ($/yr), growth (%/yr)] of each segment.

The following is only an example (using Microsoft). The product and market segmentation for your company will, in general, be different.

Year 2008
Total Market Size = $15B/yr
Market Growth = 3%/yr

<table>
<thead>
<tr>
<th>Market (Customer) Segmentation</th>
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<tbody>
<tr>
<td>Large Enterprise</td>
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<td>Medium Enterprise</td>
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<tr>
<td>Small Enterprise</td>
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<tr>
<td>Small Office</td>
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<tr>
<td>Consumer</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Product Segmentation</th>
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<tr>
<td>Product 1 (MS XP)</td>
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<td>Product 2 (MS Vista)</td>
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<td>……</td>
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For each cell (market segment, product segment) determine:
- size of the segment ($/yr)
- expected annual growth (%/yr)

3. Current Players in the market and their relative sizes (% of total market share).
4. Which cells you plan to target and what share of each cell (%) you plan to capture.
5. Marketing Mix (The 4 P’s):

**Product:** Detailed description of what the customer really wants
- functions
- features

**Price:** What is the customer willing to pay? How do you recover your costs and make profit?

**Placement:** What are the distribution channels for the product?
(e.g., wholesale, retail, direct-to-customer, Internet)

**Promotion:** Advertising to get the “word out” about the product; promotions, etc.