ISM 80C: Starting a New Technology Company (SNTC)

Project Phase III: Business Plan

Due Thursday, 12 May 2011 (be sure to get feedback from us before you turn in Phase III).

Tasks (three main tasks, labeled 1, 2, 3 in bold):

1. **Binder organization.** Your project binder should be divided (with properly labeled dividers) into 5 sections, one for the proposal and one for each phase of your project. Write down your **group number and company name** on your binder. Place all the work done on the project from Week 1 onward in the proper section of the binder. **Be sure to turn in all work done from the start of the project.**

2. **Business Plan.** The primary goal of this phase of the project is to create the business plan, a well written document that has the following 10 sections:
   - (1) Executive summary, a well written 1-page summary of the entire business plan from vision/mission and business goals through product, market, and business strategy to finance.
   - (2) Vision/Mission of the startup, which should include an explicit statement of the start-up’s competitive edge (a.k.a. “unfair advantage”) for ensuring success in achieving its mission and business goals.
   - (3) Business Goals
   - (4) Product Concept
   - (5) Business Strategy
   - (6) Market Strategy
   - (7) Product Strategy (resources – people, equipment, space, etc. - needed to develop and deliver the product to the customer; the “source” for these resources; timing).
   - (8) Management Team (This section should include the organization of the team, and the proposed staffing plans)
   - (9) Financial Analysis (details in Task 3 below)
   - (10) Appendices, which must include the following (in an organized manner):
     - Details of all the work done in the project, e.g., conceptual design process from customer need through function structure and morphological matrix to final concept.
     - Research done (with citations), as well as results and conclusions from the research.
     - Timelines (a.k.a.timing) for the startup (e.g., timelines related to product strategy, timelines related to financial analysis).
     - A detailed statement of each team member’s general and specific contributions.
     - The project schedule (in the form of a table) indicating the specific tasks that need to be performed during each week for the next five weeks, the team member responsible for each task, and the deliverable and completion date for each task.

3. **Financial Analysis.** Perform a 3-year financial analysis as follows:
   - Estimate the timing and magnitude of (1) the development costs, (2) the marketing costs, (3) the manufacturing and sales costs, (4) expected sales volume, and (5) the expected revenues from sales of the product or service.
   - Convert these cash flows (costs and revenues) into quarterly cash flows and enter them into an Excel spreadsheet.
   - Calculate the net cash flow in each quarter, and then compute the present value of each quarterly cash flow.
   - Add up the present values of the individual quarterly cash flows to obtain the Net Present Value (NPV) of all the quarterly cash flows.
   - Attempt to create a simplified income statement for the first year.
   - Attempt to create a simplified balance sheet for the first year.