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Session Overview

- ❏ Week 3 Recap
- ❏ Business Planning
- ❏ Business Pitching



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Effectuation: 5 principles

Managers should learn from entrepreneurs

Recap



Effectuation: the act of beginning and carrying through to completion

FREITAG®

Recap



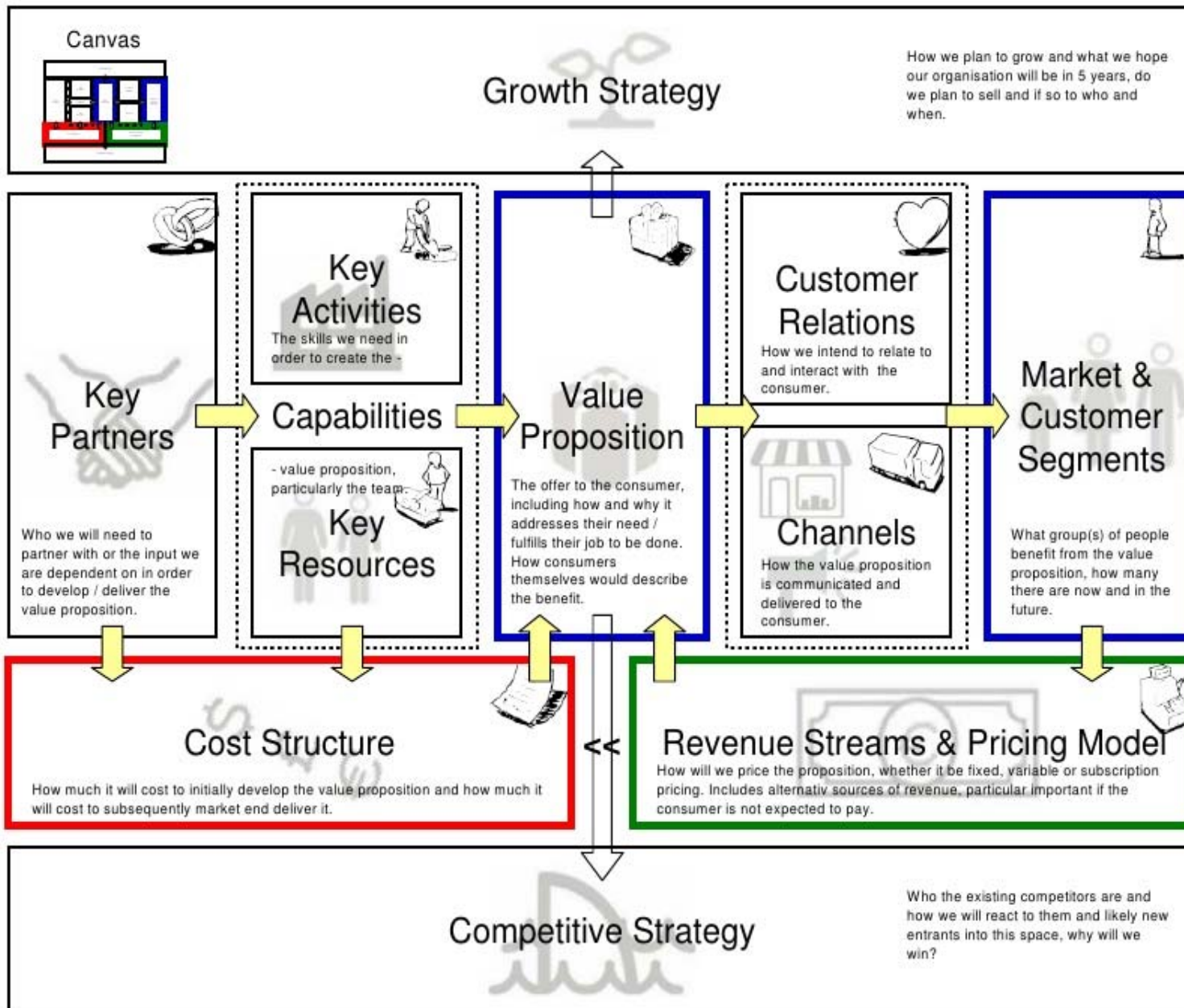
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Business Model Canvas (Osterwalder, 2010)

- ❑ Using **nine basic building blocks**, enables entrepreneurs/investors to see at a glance how a company does its business and earns money.
- ❑ Provides a **canvas** to describe, visualise, develop and explore business models .
- ❑ Describes the rationale for how an organisation creates, delivers and preserves **value**.



Defining your Value Proposition

“Your value proposition is why customers buy from you rather than from another company”

Burns (2016, p. 155)



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Value Proposition

“Customers buy a product or service because it provides a benefit or solves a problem for them....and different market segments might be looking for different benefits,” Burns (2016, p. 155).



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**IN OUR COUNTRY
WE KEEP ANIMALS IN
THE FOREST
AND PEOPLE IN CAGES.**



VOLVO

“Focusing on the benefit-needs of your market segments and delivering distinctive, differentiated value propositions to each of them is at the very core of your developing your marketing strategy”, Burns (2016, p.155).



Plus...

From a sports development perspective (and especially in terms of grant funding) what needs/issues is your product or service serving?



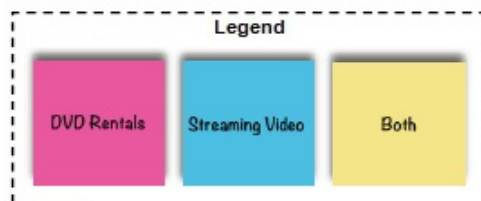
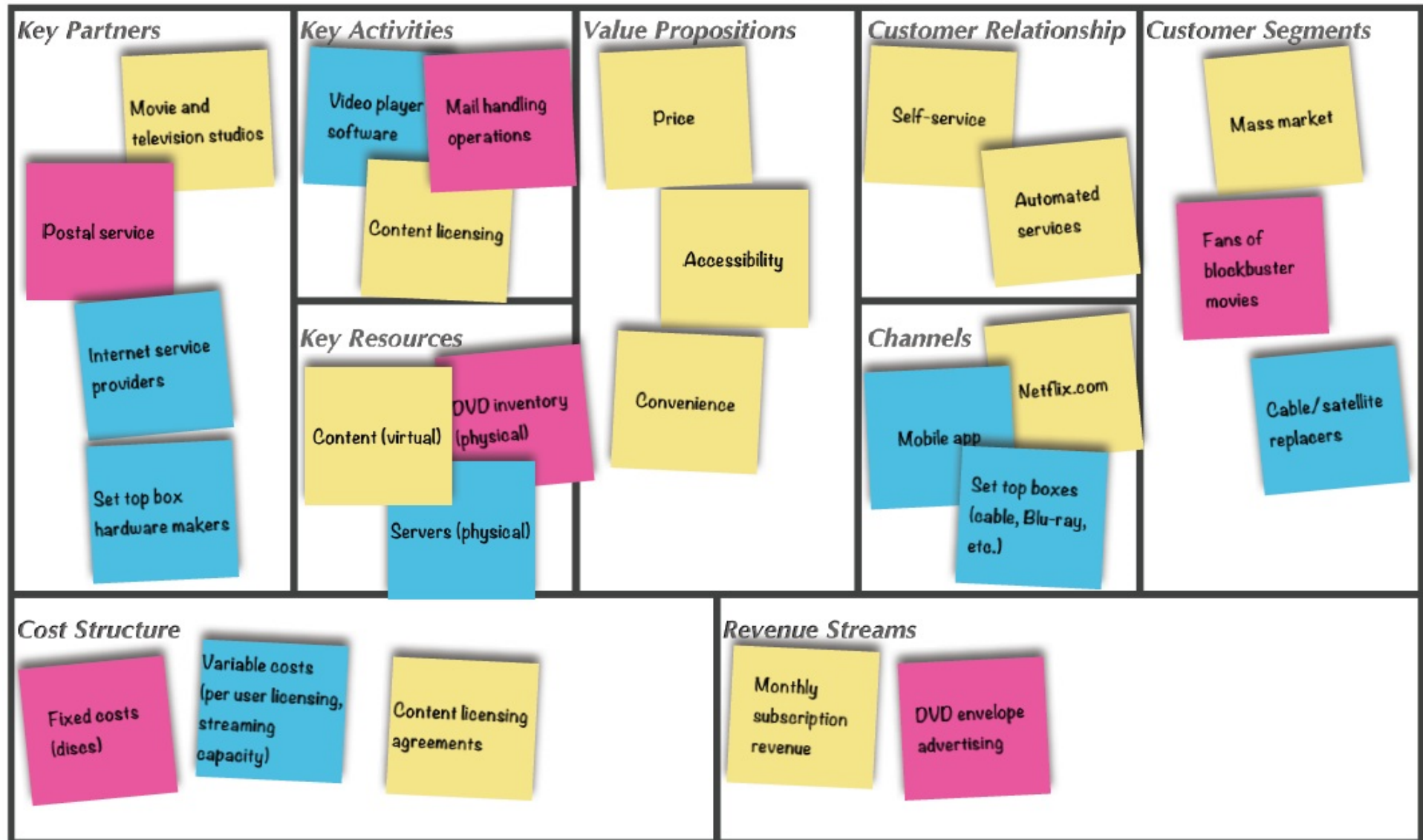
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Business Model Canvas: 9 building blocks

1. **Customer segments.** For whom do we create value? Who are our most important customers? What characterises our clients? How can we segment our markets?
2. **Value proposition.** What value do we provide our customers? What customer problems do we solve? How does that vary between customer segments?
3. **Servicing model or channels.** How do we (want to) reach our customers? What are customers demands on delivery and service? What works best, what is cost-effective? How does my supply chain look?
4. **Customer relationships.** What relationship do customers in each segment expect? Which service level is required for which type of customer? Does the customer have a relationship with us too or are they just transaction-orientated?
5. **Revenues.** How do we earn from our customers? What do they pay for? How much do customers pay now or how much are they willing to pay? How do we generate income with each transaction?
6. **Key resources.** Which resources are necessary to create and deliver for the value proposition, the channels and the customer relationship? Do we have unique resources and/or exclusive access to resources?
7. **Key activities.** Which activities are needed to create and deliver for the value proposition, to use the channels, to foster relationships and to reach the customers? Do we have unique activities? What do we do that is different from our competitors?
8. **Key partners.** Who are our main partners? What resources do they have and what activities do our partners do (better than us) than enable us to deliver value to our customers?
9. **Cost structure.** What are the costs of creating and delivering added value to our customers? Which of our (or our partners) important resources are the most expensive? Which main activities cost the most? How do we incur costs with each transaction?

Business Model Canvas: NETFLIX



Group Task – 35 mins



Complete the Business Model Canvas for your sports development business venture.

Feedback to the rest of the class: each group member must cover a minimum of 1 section.

Running order for feedback: Group 1, Group 2, Group 3, Group 4

Business Model Canvas (Osterwalder, 2010)

Potential pitfalls of the model:

- Analysis based on assumptions not facts
- Prematurely presenting an option as the best or only business model for that strategic option

‘Too much concrete, insufficient exploration’ Van der Berg and Pietersma (2016, p.27).

Business Planning:

What purpose does it serve?



When & why are sports development managers expected to produce business plans?



Roles of business planning:

- 1. An analysis tool** e.g. SWOT, break-even, competitor analysis.
- 2. Communication tool** – explain the logic and goals of the business to other parties.
- 3. Increase the entrepreneur's(s) own commitment to the project.**
- 4. A blueprint** – a detailed guide to action.

Source: Davidsson, 2012, p.98

Business Start Up Sequence

Delmar and Shane (2003) suggest the following sequence of start up behaviours:

1. Write a business plan
2. Gather information about customers
3. Talk to customers
4. Make financial projections
5. Establish a legal entity
6. Obtain permits and licences (as needed)
7. Secure intellectual property
8. Seek finance
9. Initiate marketing
10. Acquire inputs

Source: Davidsson (2012, p.98).

What should be included in a business plan?



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Business Planning Guides and Templates

Available on Moodle, online and in library.

<https://businesswales.gov.wales/>

<https://www.princes-trust.org.uk//help-for-young-people/tools-resources/business-tools/business-plans>

See Moodle for further planning templates, financial spreadsheets, and past student examples

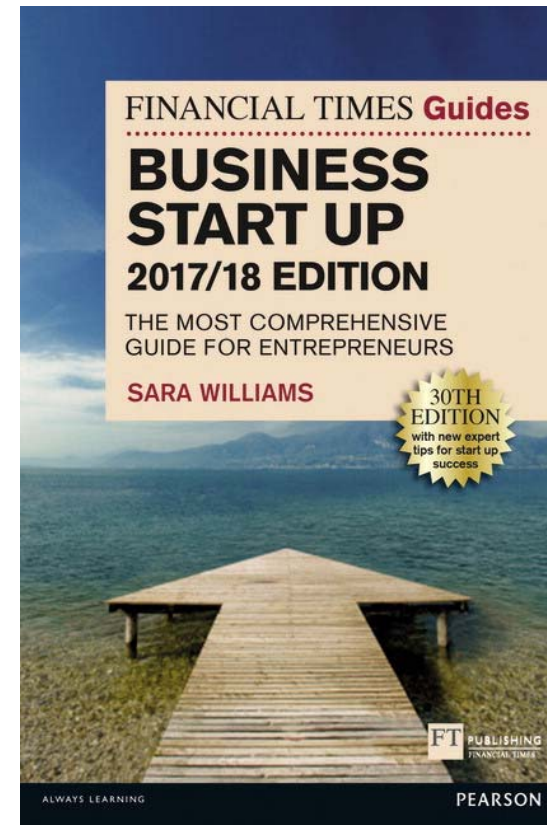


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*Available in library: Williams,
S. (2014). The Financial Times
Guide to Business Start Up
2015. Harlow: Pearson.*

*Ref. 658.11 (WI)
Or as E-book*



What should be in the plan?

1. Summary

- What is the business?
- What is the market?
- Potential for business.
- Forecast profit figures.
- How much money is needed?
- Prospects for the investor/lender/funder.

Source: Williams (2014, pp. 69-71) ch. 6.

2. Management

- Your past employment and business record.
- The records of other people working with you.
- If there are obvious weaknesses in management, how you'll deal with them.

Source: Williams (2014, pp. 69-71) ch. 6

3. The Product or Service

- A simple description of what it is.
- Why the product/service is unique or distinct.
- Brief survey of the competition.
- How the products will be developed, what new products are being considered, when replacements will be needed for the existing product range, what competitive products may emerge.
- Any patents applied for.

Source: Williams (2014, pp. 69-71) ch. 6

4. Marketing

The market:

- Its size, its past and future growth
- Analysis of market into sectors; identify sector your business is aimed at;
- Likely customers: who, type, size, how they buy.
- Your competitors: who, their size, position in market, likely response to your challenge.

Source: Williams (2014, pp. 69-71) ch. 6

4. Marketing

Selling:

- How will you sell (internet, direct mail, telephone, intermediaries etc).
- Who will sell.
- Some idea of your sales pitch (for example, benefits of your product).
- How you will price.

Source: Williams (2014, pp. 69-71) ch. 6

5. Operational Details

- Where you will be based – location, premises.
- Suppliers (and partners).
- Manufacturing facilities.
- Equipment needed.
- Information technology strategy.

Source: Williams (2014, pp. 69-71) ch. 6

6. Financial Analysis

- Summary of forecasts.
- Monthly profit and loss for two years.
- Profit forecast for further three years.
- Monthly cash flow forecast for two years.
- Forecast balance sheet for two years.
- The assumptions behind your forecasts.
- What are the principal risks that could affect figures?
- SWOT analysis.

Source: Williams (2014, pp. 69-71) ch. 6

7. The Prospects

- Your objectives – short term, long-term.
- The finance needed and what it is needed for.
- Shareholdings suggested (if appropriate).
- Prospects for the investor or lender.

Source: Williams (2014, pp. 69-71)

Please note: this is one template.

You don't have to use this one;
you could create a hybrid plan.

What is the purpose of a pitch?



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The Pitch



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Assignment 1: Group Business Pitch

1 x 20 min. Group “pitch” on Thursday 10th March.

Powerpoint presentation must also be submitted via Turnitin by 4pm Friday 11th March.

Equivalent to **25% of overall mark** for module.
Weighted 75% for group performance and 25% for individual performance.

General Tips

- Rehearse – “slick baton passes” needed for group presentation.
- Maintain eye contact – avoid looking at notes and the screen too much.
- Speak clearly & confidently – with conviction.
- Use images – picture tells a thousand words.
- Ten slides is a good number.
- Keep bullets point to a minimum – 6 max. per slide.
- Provide a handout for the lecturer/investor.
- For more useful tips visit: <http://bestpitchdecks.com/>



Airbnb's First ever pitch deck:

<http://www.businessinsider.com/airbnb-a-13-billion-dollar-startups-first-ever-pitch-deck-2011-9?IR=T#-10>

Problem

2

Price is a important concern for customers booking travel online.

Hotels leave you disconnected from the city and its culture.

No easy way exists to book a room with a local or become a host.



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What should your business pitch include?

Discuss in your groups what elements you need to include and list these.



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What to include in your pitch?

- **Company Logo**
- **Business overview**
- **Management team**
- **Market**
- **Product/service**
- **Business Model**
- **Strategic Relationships**
- **Competition**
- **Barriers to entry**
- **Financial overview**
- **Use of proceeds**
- **Capital and valuation**

Source: How to pitch to a Venture Capitalist – David Rose (TED).

Watch this clip for a more detailed explanation:

<https://youtu.be/cS9jQs17oWw>

<https://youtu.be/PY7nkgvmeiA>

David S. Rose | TED2007

How to pitch to a VC



Share



Add to list



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DAVID S. ROSE



14:21



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N.b. Your pitch needs to first
tick the academic boxes, and if
can be inspirational as well
that's a bonus!



“Since starting as a pitching competition back in 2008 we’ve evolved into one of the UK’s most exciting small business programmes, geared up to **educate**, **empower** and **enable** entrepreneurs just like you to take your business to the next level.”

<http://www.thepitch.uk/>

<https://youtu.be/Exjqo5VxR2U>

Business Overview	/ 10
<i>Has the product/service been clearly defined? Is there a clear value proposition – what is being offered or what need is being met? Is there a clear Vision, Mission and business aims? Is the concept viable?</i>	
Market Research	/ 20
<i>Has the target market been clearly defined – which market segment is the product/service aimed at; how is it being positioned in relation to the competition? Are there any barriers to entering the market? Have stakeholders and partners been clearly identified?</i>	
Operations	/ 20
<i>Have team roles and responsibilities been considered? Have the key resources been identified e.g. equipment, facilities, skills and expertise? Have health & safety procedures been considered? Have suppliers been identified?</i>	
Financial Overview	/ 20
<i>What is the pricing model? Have all the costs involved with developing and marketing the product/service been identified? What sources of capital/funding have been identified? Has the break-even point been calculated? What is the financial forecast or expected profit & loss for the first year?</i>	
Sales and Marketing – (10%)	/ 20
<i>Have clear sales and marketing channels been identified? How is the marketing mix being manipulated? What measures are being proposed to launch and promote the product/service? How will customer expectations be managed? What systems will there be in place to manage customer information? Has a logo and/or any other branding been developed or planned for?</i>	
Presentation Skills	/ 10
<i>Do the slides look professional? Is all the content relevant and clear? Do the slides follow a logical order? Were there any technical issues? Did the group function well as a presentation team? How did the group perform during the Q&A session? Was the number of slides used appropriate? Was the presentation completed in the time available?</i>	
Overall Group Score	/ 100

See Moodle for
more information



Independent Study Task

- Review your Business Model canvas and try to identify gaps in knowledge/evidence, weak concepts/arguments, and consider what you can do address these issues.
- Try to evaluate the canvas and your value proposition especially from the point of view of customers and stakeholders.

How is your group monitoring progress?

Task	Assigned to	Due Date

Any Questions?



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Any Questions?

Thanks for listening

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www.uwtsd.ac.uk

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