



# Ideas on how to create a Business Plan

Spark your Next Amchi Venture

A Webinar from Samarth Bhanap Yojana

7<sup>th</sup> July 2024

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# A bit about myself: Hemant Mallapur

- B. Tech. in Electronics & Communications JNTU, Hyderabad 1992
  - Worked in Semiconductor Chip and Software MNCs for first 14 years
  - Co-founded Saankhya Labs & Exec VP of Engineering for 17 years
    - India's First Semiconductor Fab-less Chip Company
    - Expanded into Wireless Equipment products
    - 100+ international patents granted
    - Funding from Angels & Strategic investors: Intel, General Motors, Sinclair
      - Cumulative funding of 200 Crore Rs
    - Cumulative revenues of over 600 Crore Rs till FY2024
    - Acquired by Tata Group (Tejas Networks) for ~500Crore Rs
  - Personal side:
    - Wife Jasmina is a home-maker and daughter Diya is in 3<sup>rd</sup> yr of Engineering
    - Interests: Vayaktika Sadhana, Trekking, Listening to Hindustani music
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# Agenda

- About Entrepreneurship
  - Ideas/questions on creating a Business plan
    - Team
    - Business Idea
    - Market analysis & Go-to-Market
    - Execution Plan
    - Staffing
    - De-risking
    - Financial projections
    - Investment
  - Open discussion and Q&A
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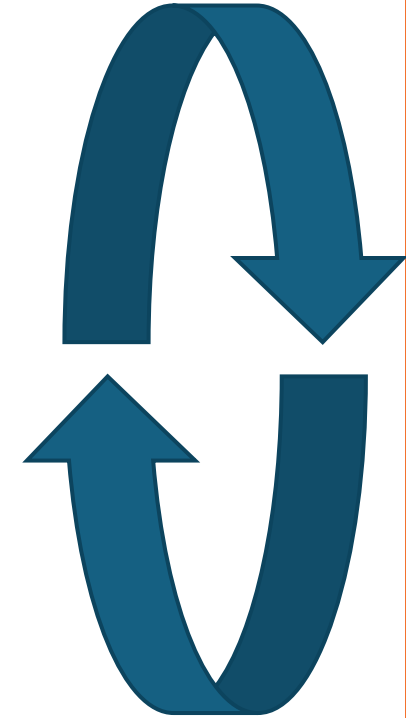
# Entrepreneurship – What types?

- Lifetime/lifestyle business
    - Stay profitable, growth is desirable but optional, make sustainable
  - Scalable Startup
    - Create value/revenue
    - Grow rapidly...exponentially
    - Go public or get acquired – provide shareholder value
  - Social Entrepreneurship
    - Create social change, make it sustainable, grow circle of influence
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# Entrepreneurship – How?

- Decide what you want to sell
  - Think, think, think!
- Prepare what you want to sell
  - Execute, execute, execute!
- Sell, sell, sell!
  - Remember to collect your payment!

- Listen
- Learn
- Evaluate
- Correct



# Questions/Ideas on creating a Business Plan

# A note on Content & Style

- Content is the soul of Biz Plan
    - Focus of this webinar
    - Insights based on which an investor would evaluate
  - Style gives it personality
    - Getting your content across to investor
    - Visually appealing presentation
    - Present convincing & balanced information
    - Visual appeal helps
    - How you present the data impacts how well your plan is understood
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# Founding Team

- Brief resumes of founders/core team (2 to 6 members)
- Highlight relevant experience, skills, achievements
- Include a photograph and titles in proposed company

Questions to be answered in Biz Plan	Questions to be answered by Entrepreneur for oneself
How well-suited & well-rounded is the core team?	How committed is the core team?
Are their expertise complementary?	Do they have sufficient financial incentives to make the business succeed?
If there are gaps in expertise needed for the business - can the existing team grow those or is hiring needed?	



# Business Idea

- Describe the market opportunity you plan to address
  - How is the market served currently?
  - Describe what you plan to sell (product or service)
  - Why would your offering be preferred v/s incumbent/competition?
  - Who will be your customers?
  - What will be your business model?
  - SWOT analysis of your business in the market
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# Business Idea: questions

Questions to be answered in Biz Plan	Questions to be answered by Entrepreneur for oneself
What you will sell (product/service)?	What scale of business will it be in the long run?
Who are your customers?	Lifestyle v/s scalable, bootstrapped/self-sustaining or VC-funded?
Who are your competitors and how do they compare with each other?	What makes this business idea the most compelling for you (compared to other ideas)?
What unique value do you offer? What will make customers switch from incumbent suppliers to you?	
Entry barriers (moat) for future/incumbent players that will protect you?	
What makes you the most suited to execute this idea (compared to others)?	
Who will be your customers - types, niches?	
How will you reach customers? Direct, distribution channels, online	
Feedback from customers - early & at regular intervals. Any fine-tuning based on feedback?	
SWOT analysis (Strengths, Weaknesses, Opportunities, Threats)	

# Market Analysis & Go-to-market

- Do market research and estimate market opportunity
    - Use multiple methods to estimate
      - Use online market research articles
      - Market size may be in # of units consumed in a region/segment
      - Find out selling price prevalent in market
      - Market may have CAGR % growth numbers
    - Estimate share of market you can realistically achieve (at full-scale)
      - May depend on a segment/niche
      - Find incumbent players' market share
      - Depends on a goal you want to set (say based on # of cities you will serve or number of outlets you can reach with your target staffing etc)
      - Be conservative in Share of Market % estimation
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# Market Analysis & Go-to-market

- Revenue/Profitability estimation
    - Plan a “unit” (product/service) ramp-up year-wise
    - Estimate Average selling price (ASP) of offering
    - Estimate Cost of Goods/Service (COGS)
    - Per unit Gross Margin =  $\text{COGS} - \text{ASP}$
    - Gross Profit and Revenue estimates based on # of units/year
    - Net profit will depend on fixed costs that are incurred irrespective of the Sales
  - Go-to-market strategy
    - Distribution channels/online selling/Direct to customer etc
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# Market Analysis & Go-to-market: questions

## Questions to be answered in Biz Plan

Total Addressable market - region, segment, niche demographic

Share of Market (SOM%)

Average selling price for products (market expectations/competition?)

Ramp up in revenues or in SOM

Cost of Goods Sold or Service rendered

Go-to-Market plan (what will you charge for, what will you offer, how will you introduce your product in the market, any specific way you will reach initial customers, how will you spread customer base)

# Execution Plan

- Plan phase-wise execution and timeline of each phase
    - Capital/Hiring/Setting up operations
    - Develop Product prototype
    - Early feedback and improvements
    - Feature enhancements to make a Minimum-viable-Product (MVP)
    - Develop MVP
    - Launch with pilot customers
    - Create select customer success stories
    - Use good feedback to scale to larger # of customers
    - Scale production/Sales
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# Execution Plan: questions

## Questions to be answered in Biz Plan

Different phases of business (development, Proof-of-concept, Launch, Sales, Growth, Roadmap)

Suppliers/Vendors - do you have enough alternatives (to negotiate and to de-risk for quality/delays)?

Supply chain management

Manufacturing

Distribution/Sales channels

# Staffing Plan: questions

## Questions to be answered in Biz Plan

Founders/promoters

Core team (skills, how to recruit)

Rest of the team

Organization structure/chart and staffing plan/skills needed

Scope to give stock options to employees?

Market v/s scaled-down salaries (tradeoff using stocks?)



# De-risking: questions

## Questions to be answered in Biz Plan

What can go wrong in your business? Risks and mitigation plans

What are the difficulties/challenges that need to be overcome?

# Financials: questions

## Questions to be answered in Biz Plan

Expense estimates (initial setup - registration, IT infra, office deposit/furnishing, fixed & recurring costs - staff, rent/utilities/insurance, CA/lawyers/digital marketing, one-time –

Furgality is the watch word! Run it like you'd run your personal expenses.

Revenue estimates (conservative, realistic, optimistic)

Investment needed - quantum (in stages?), how the funds will be utilized

What measurable goals you plan to achieve with the funds?

What future funding expected?

When do you expect to achieve revenues/predictable revenues/significant threshold revenues?

When do you expect to reach break-even/profitability?

# Investment/Capital: questions

## Questions to be answered by the Entrepreneur for oneself

Promoter's capital - founders, core team

Bootstrapped (after initial setup) or needs fund-raising?

Raising additional investment and dilution

Angel's capital ("Family, friends")

Govt and other avenues

Use of Capital, Valuation and Return on Investment

Maximizing chances of funding - customer Lol, Advance/conditional PO, customer's (strategic) investment

Venture capital - series A/B/C etc

Raising Equity v/s Debt: when

Things to be prepared for: negotiating terms of investment with VC's

# Summary

- Business Plan needs entrepreneur to be familiar with all aspects
  - Some questions to be addressed on each aspect are given here
  - Mentoring from SBY can help with specific aspects
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# THANK YOU



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