



E - ENVIRONMENT

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BUSINESS PLAN

There are ten components of a business plan. As you develop your plan, you should assess each component. Be honest in your assessment since the main purpose is to improve your business plan and increase your chances of success. For instance, if your goal is to obtain external financing, you will be asked to submit a complete business plan for your venture. The business plan will help a funding source to more adequately evaluate your business idea

1, Executive Summary. This is the most important section because it has to convince the reader that the business will succeed. In no more than three pages, you should summarize the highlights of the rest of the plan.

This means that the key elements of the following components should be mentioned. The executive summary must be able to stand on its own.

It is not simply an introduction to the rest of the business plan, but rather discusses who will purchase your product or service, what makes your business unique, and how you plan to grow in the future. Because this section summarizes the plan, it is often best to write it last.

2. Description of the Business. This section should provide background information about your industry, a history of your company, a general description of your product or service, and your specific mission that you are trying to achieve.

Your product or service should be described in terms of its unique qualities and value to the customer.

Specific short-term and long-term objectives must be defined. You should clearly state what sales, market share, and profitability objectives you want your business to achieve.

3. Marketing. There are two major parts to the marketing section. The first part is research and analysis. Here, you should explain who buys the product or service-in other words, identify your target market.

Measure your market size and trends, and estimate the market share you expect. Be sure to include support for your sales projections. For example, if your figures are based on published marketing research data, be sure to cite the source.

Do your best to make realistic and credible projections. Describe your competitors in considerable detail, identifying their strengths and weaknesses. Finally, explain how you will be better than your competitors.

4. Operations. In this segment you describe the actual operations and outline their advantages. Zoning, taxes, access to transportation, and proximity to supplies should all be considered in this section.

5. Management. Start by describing the management team, their unique qualifications, and your plans to compensate them (including salaries, employment agreements, stock purchase plans, levels of ownership, and other considerations).

Discuss how your organization is structured; consider including a diagram illustrating who reports to whom. Also include a discussion of the potential contribution of the board of directors, advisors, or consultants. Finally, carefully describe the legal structure of your venture (sole proprietorship, partnership, or corporation).

6. Financial. Three key financial statements must be presented: a balance sheet, an income statement, and a cash-flow statement. These statements typically cover a one-year period. Be sure you state any assumptions and projections made when calculating the figures

7. Critical Risks. Discuss potential risks before they happen. Here are some examples: price cutting by competitors, potentially unfavorable industry-wide trends; design or manufacturing costs that could exceed estimates; sales projections that are not achieved.

The idea is to recognize risks and identify alternative courses of action. Your main objective is to show that you can anticipate and control (to a reasonable degree) your risks.

8. Harvest Strategy. Ensuring the survival of a venture is hard work. A founder's protective feelings for an idea built from scratch make it tough to grapple with issues such as management succession and harvest strategies.

With foresight, however, an entrepreneur can keep the dream alive, ensure the security of his or her venture, and usually strengthen the business in the process. Thus a written plan for succession of your business is essential.

9. Milestone Schedule. This section is an important segment of the business plan because it requires you to determine what tasks you need to accomplish to achieve your objectives.

Milestones and deadlines should be established and monitored on an ongoing basis.

Each milestone is related to all others, and together all of them provide a timely representation of how your objective is to be accomplished.

10. Appendix. This section includes important background information that was not included in the other sections. It is where you would put such items as resume of the management team, names of references and advisors, drawings, documents, licenses, agreements, and any materials that support the plan.

You may also wish to add a bibliography of the sources from which you drew information.

Macro-environment

Social

Legal, ethical and taxation

Economic

Political

Technological

Competitive

Micro-environment (digital marketplace)

The organisation

Its customers

Its suppliers

Its competitors

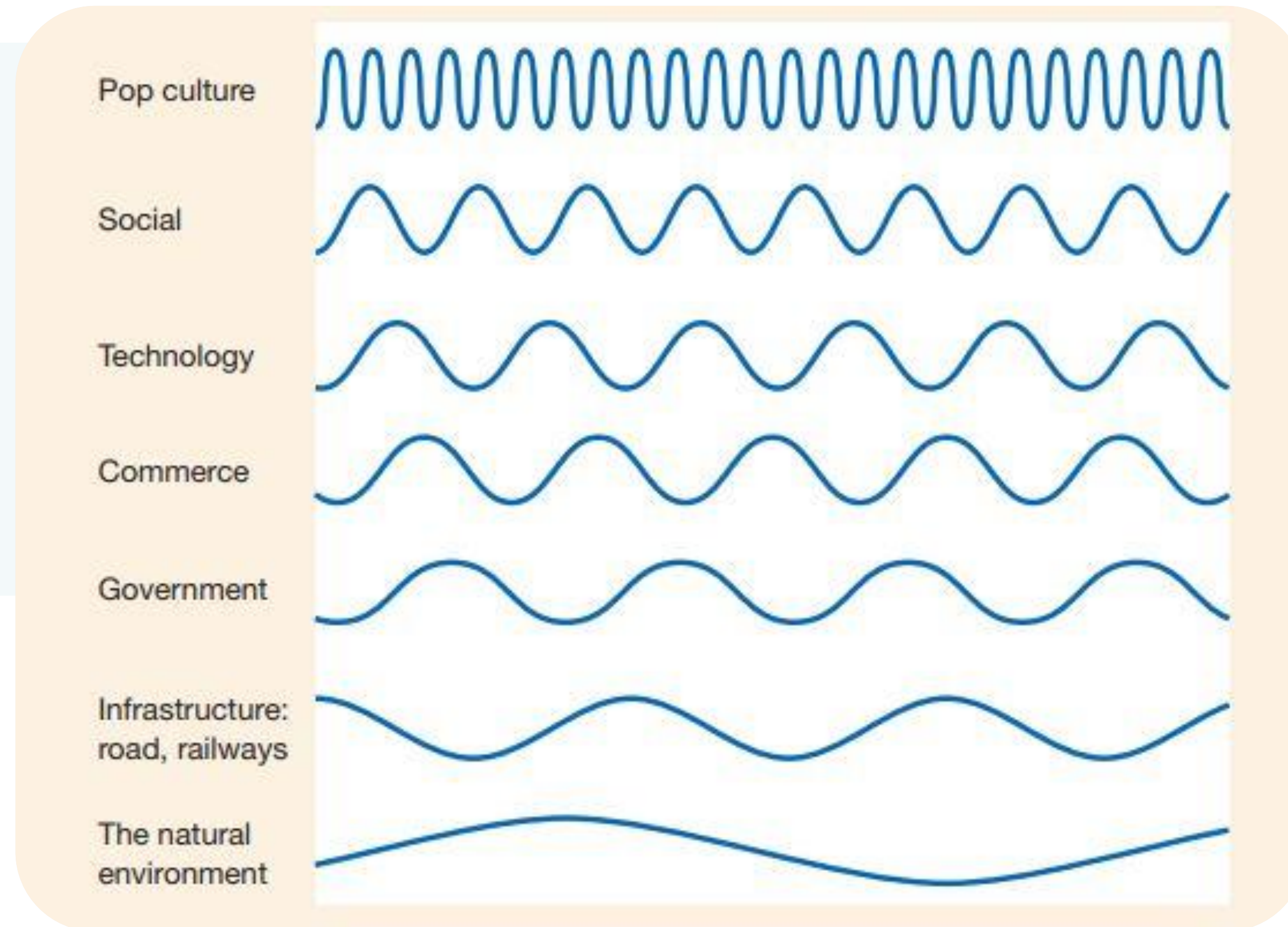
Intermediaries

The public at large

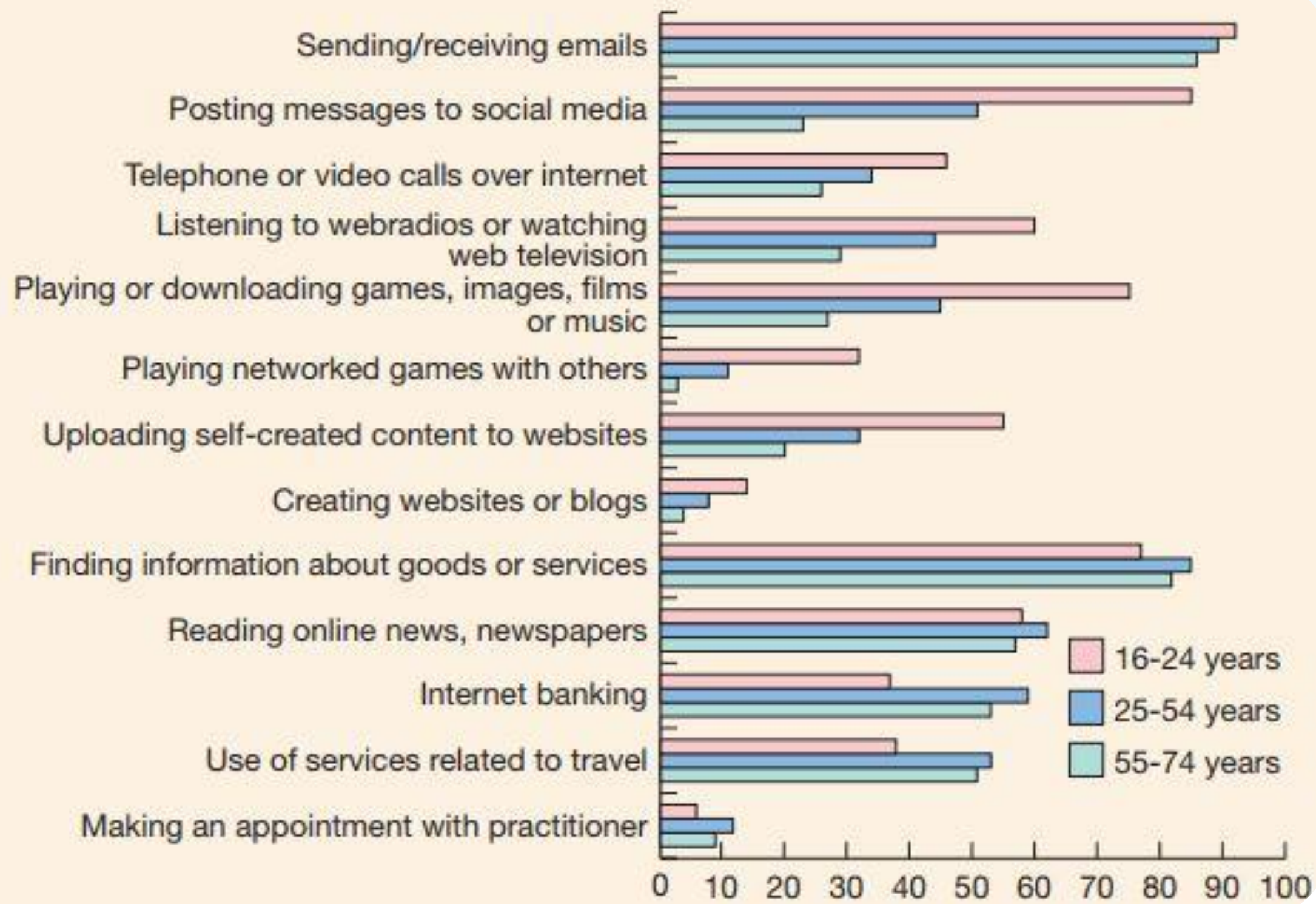
Competitive

The public at large

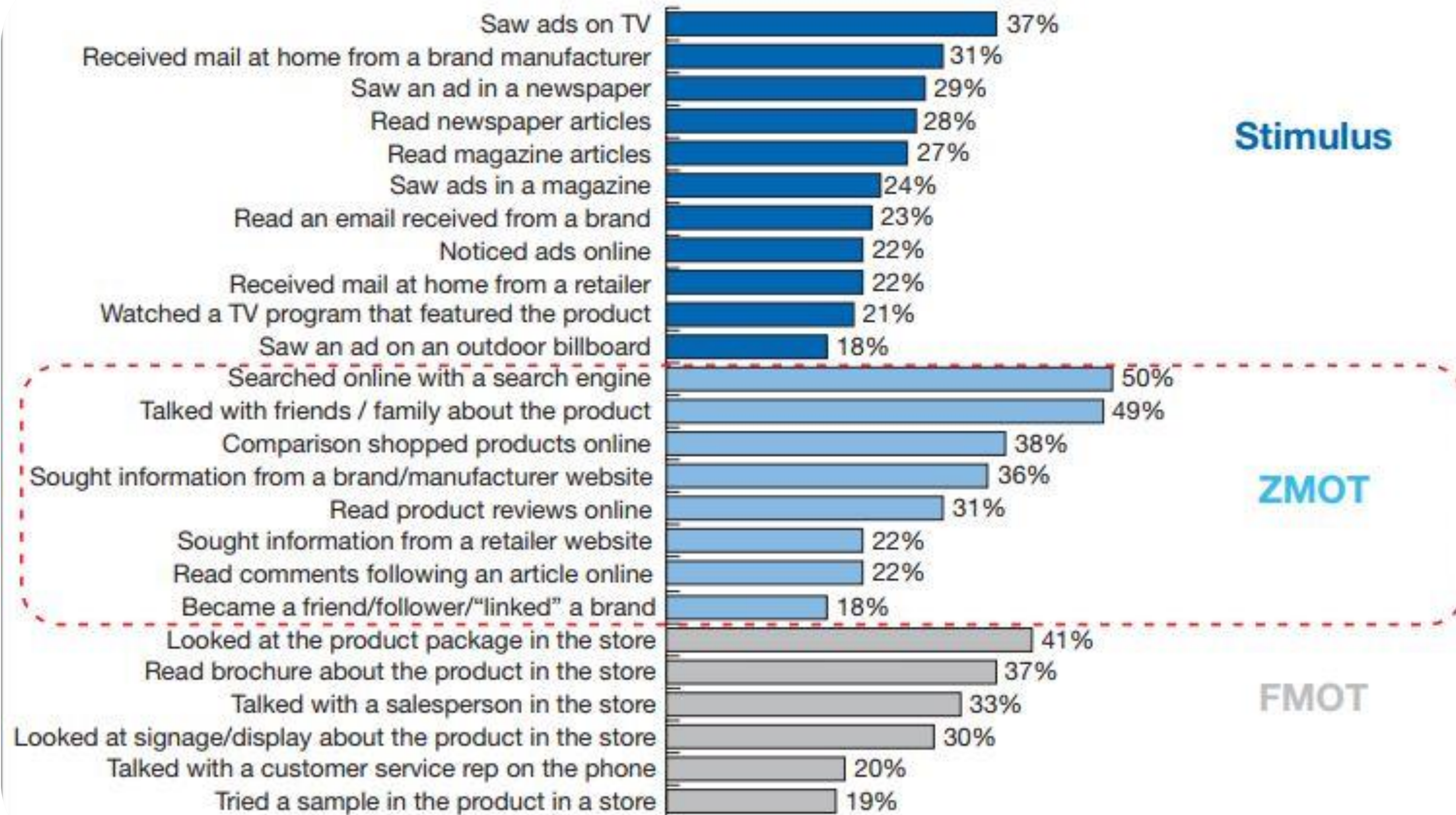
Waves of change' – different timescales for change in the environment



Applications of using the Internet



The influence of different information sources on purchase. ZMOT = Zero Moment of Truth (before visiting store), FMOT = First Moment of Truth



Psychographic segmentation for transactional e-commerce

Digital marketing agency Digitas (2007) developed this segmentation to represent different attitudes to online advertising (OLA) and usage of different online services.

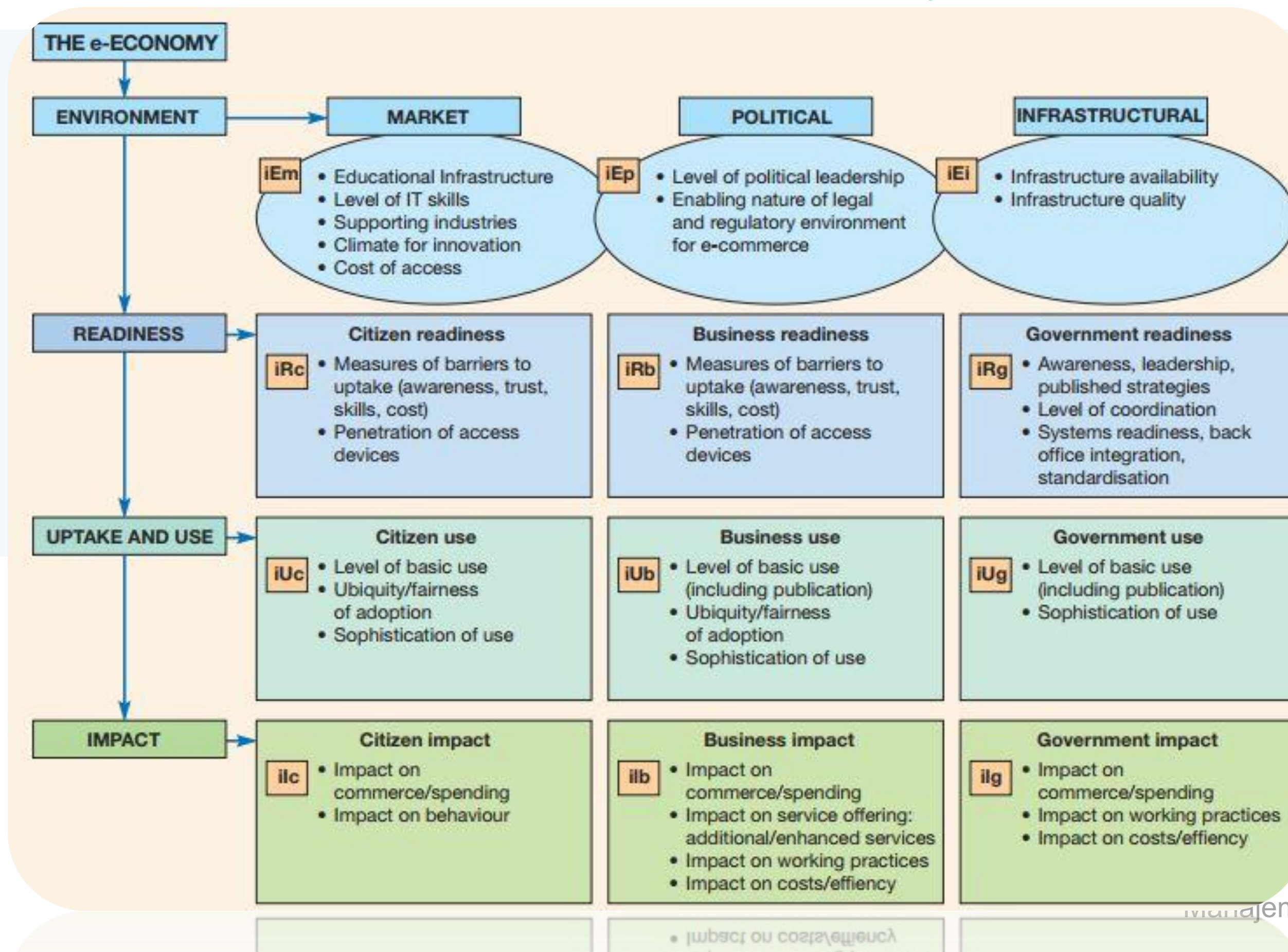
- 1 Casual user (20%) – To the casual user, the Internet is a fun and entertaining way to spend time. Generally, the casual user visits the same small set of sites on a regular basis and does not engage other users online. The oldest of the segments with an average age of 55, this is the segment most likely to subscribe to a daily newspaper, to find value in weekly newspaper circulars, and believe that companies should never send them email.
- 2 Task-based user (24%) – The task-based user believes that technology is moving too fast and sees Internet usage specifically as a chore. Non-responsive to OLA, this segment is also most likely to feel the need for assistance when using the Internet. Their online behaviours focus on completing a specific task such as online banking or making travel arrangements.
- 3 Researcher (16%) – The research segment enjoys being online and conducts online research prior to making offline purchases. They consider themselves to be trendsetters. However, they do not transact online. OLA is a trusted source of information and enables them to learn about new products and services.
- 4 Emerging user (19%) – This segment is the traditional 'sweet spot' for online advertisers. The segment is the most responsive to OLA, and they conduct research online as well as transact online.


- 5 Established user (17%) – The established segment consists of e-commerce veterans who nurture and develop online relationships. They consider themselves to be trendsetters but do not pay attention to online advertising. Rather, they rely on peer reviews to gain information on products and services.
- 6 Next Gen user (5%) – The youngest and most affluent of all the segments, the Next Gen segment grew up online and consider their mobile phone a natural extension of their Internet experience. Members of this segment enjoy being online and are the most likely to contribute via social networking tools.

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A framework describing the e-economy



The background is white with teal geometric shapes in the corners. The top-right corner has a large teal triangle pointing towards the center. The bottom-left corner has a smaller teal triangle pointing towards the center.

THANK YOU!

ANY QUESTIONS?