

BUSINESS PLANNING & MODELLING

Regional Workshop # 4 : Collaboration with Local Private Sector



Delivered by:
Business Innovation Center (BIC)
For Chemonics International Inc.
Jakarta, 18 Oktober 2013

Sasaran & Manfaat Program

- Mampu Memahami Konsep dan Framework Business Planning**
- Memahami Langkah-langkah Penerapannya**
- Mampu Mengembangkan “Business Canvas & Business Model”**

Garis Besar Program

- Memahami inovasi, invensi, business canvas, dan business plan
- Berlatih merumuskan dan memetakan bisnis dengan *“Business Model Canvas”*
- Memahami pentingnya Business Plan, serta konsep dan strukturnya
- Berlatih membuat Executive Summary suatu Business Plan.

Agenda Program

Topik	Waktu	Fasilitator	Metode
Pembukaan Business Planning and Modeling Concept	09:15 – 10:15	Kristanto Santosa	Lecture & Discussion
<i>Coffee Break</i>	10:15 – 10:30		
Exercise: Business Canvas	10:30 – 11:45	Antya Widita Dimas Yuditya	Working Group Problem Based Learning Approach
<i>Lunch Break</i>	11:45 – 13:15		
Business Canvas Discussion Business Plan Lecture	13:15 – 14:30	Kristanto Santosa	Lecture & Discussion
<i>Coffee Break</i>	14:30 – 15:00		
Exercise: Executive Summary (Group Work & Presentations)	15.00 - 16.30	Antya Widita Dimas Yuditya	Working Group Problem Based Learning Approach

Fasilitator:

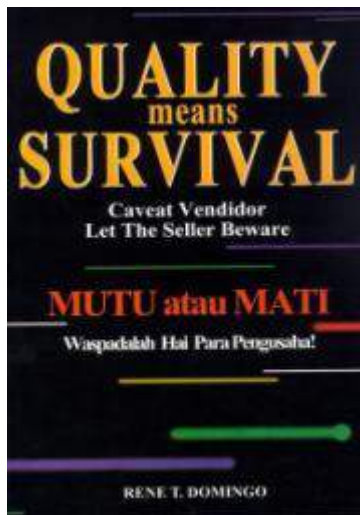
Kristanto Santosa

ks@bic.web.id

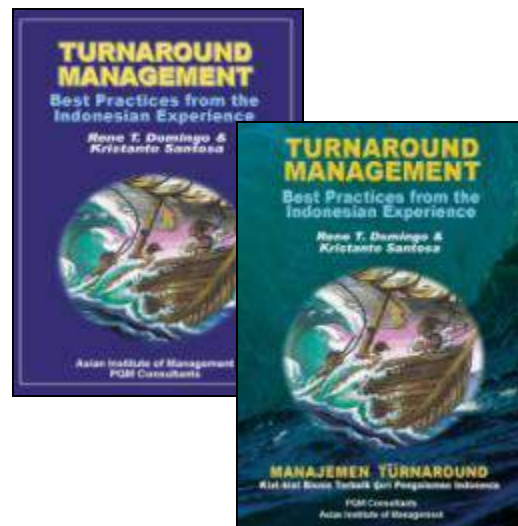
ks@pqm.co.id

Eksekutif	1978 - 1987 (Kalbe Group)
Konsultan	1988 - 2007 (PQM-Iris)
Intermediator	2008 - now (BIC)

Translator (1998)



Coauthor (2005)



Designer/ Editor (2008 -)



Fasilitator:

Antya Widita

antya@bic.web.id

Professional
MSc Innovation Mgmt
Intermediator Teknologi

2005 - 2009 (Halliburton)
2009 - 2012 (Univ Strathclyde)
2012 - now (BIC)

Copywriter/ Editor (2012 -)



Fasilitator:

Dimas Yuditya

dimas@bic.web.id

Intermediator Teknologi	2008 - now (BIC)
Supervisor Intertekda	2011 - 2012 (Kemenristek)
KTT ASEAN IMS-1	2013 (GIZ)

Team Member(2008 -)



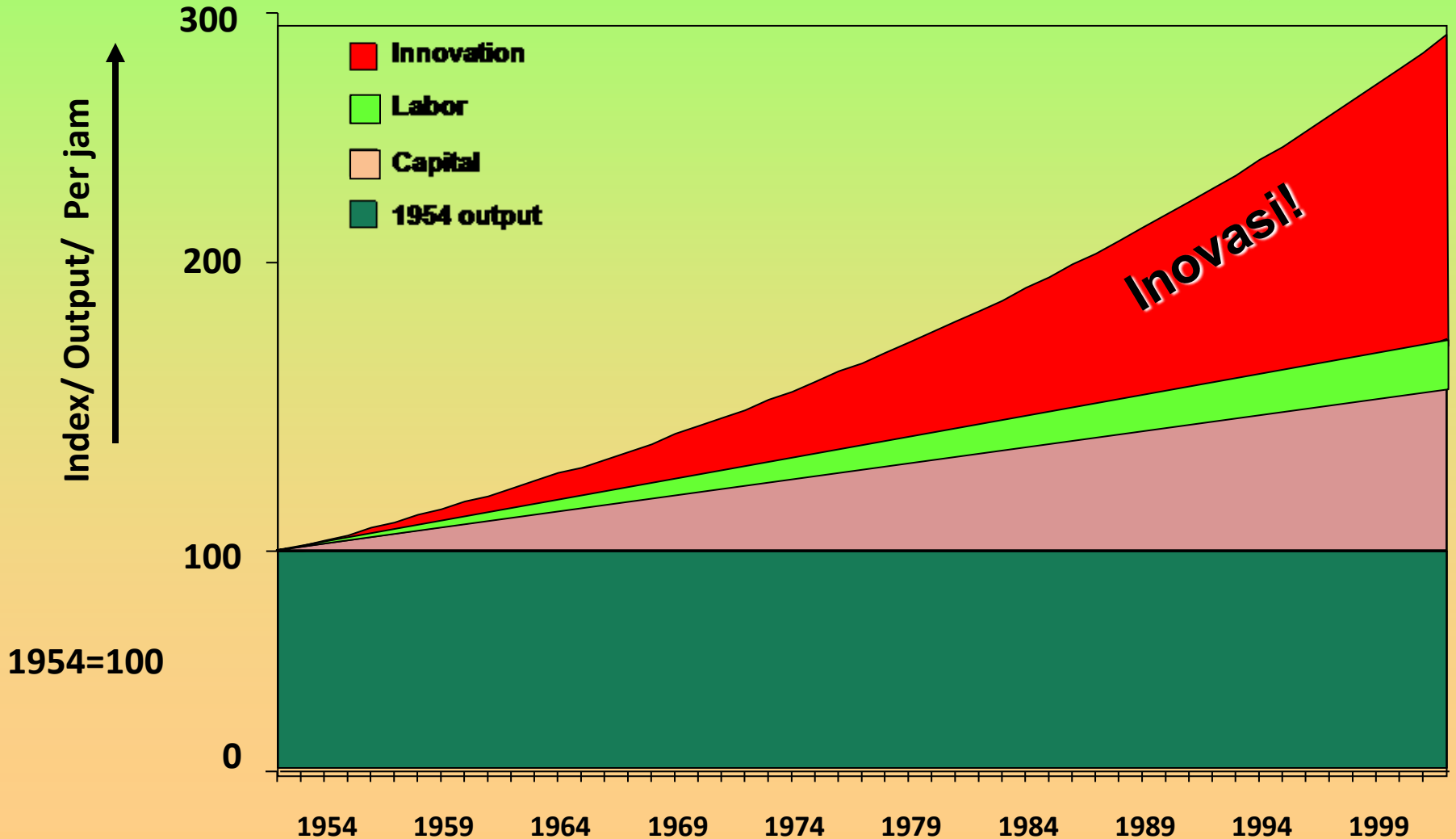
Session 01

Business Innovation, Planning & Modeling



PERGESERAN MOTOR PERTUMBUHAN EKONOMI

(DARI EKONOMI YANG RESOURCE LED KE INNOVATION LED)



Innovation vs. Invention

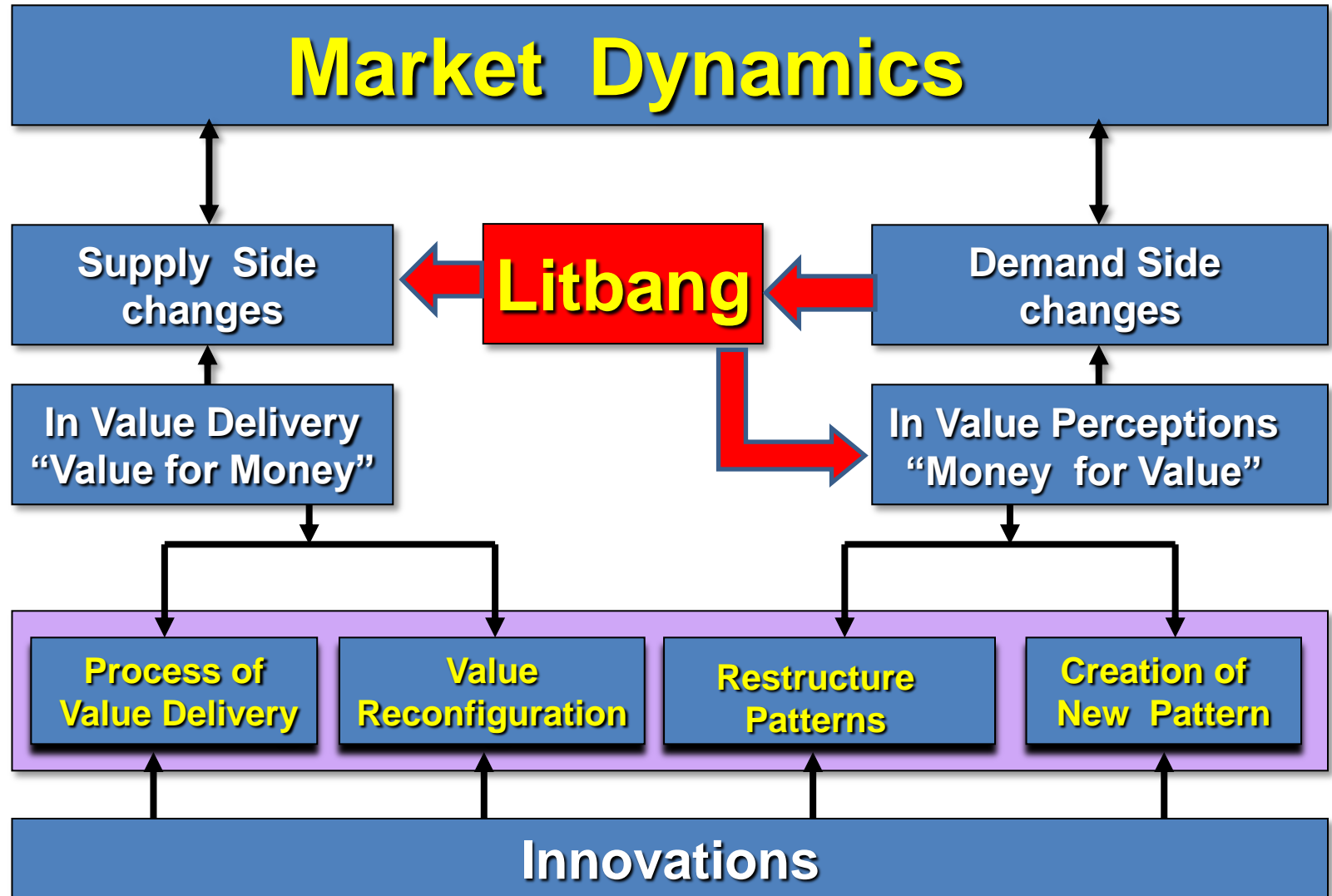
Innovation is the creation of better or more effective products, processes, services, technologies, or ideas that are **accepted** by *markets, governments, and society*.

Innovation differs from invention in that innovation refers to **the use** of a new idea or method, whereas invention refers more directly to **the creation** of the idea or method itself.

From Wikipedia, the free encyclopedia, 2012

Inovasi adalah penciptaan produk, proses layanan, teknologi, atau gagasan yang diterima oleh pasar, pemerintah dan masyarakat. Inovasi dibedakan dari invensi (temuan) dalam hal inovasi berurusan pada pemakaian suatu gagasan atau metoda baru, sedangkan invensi (temuan) berurusan lebih pada upaya penciptaan gagasan atau metoda itu sendiri.

Membuat “Litbang” Mendukung Inovasi



Inovasi: Nilai Tambah

(Penciptaan dan penguasaan nilai-tambah baru, dengan cara baru, yang menghasilkan pertumbuhan bisnis secara sehat dan berkesinambungan)

Google



Dimensi - Dimensi Inovasi

1 “Product” Innovation



Google™



2 “Value Chains” Innovation



3 “Business Model” Innovation



“Product” Innovation 1



2 "Value Chains" Innovation

Nilai tambah
600 X



2,500



6,000



20,000



60,000



1,500,000

Nilai KOPI per KG



“Business Model” Innovation



**Group
Exercise:**

Session 02

Business Canvas Development

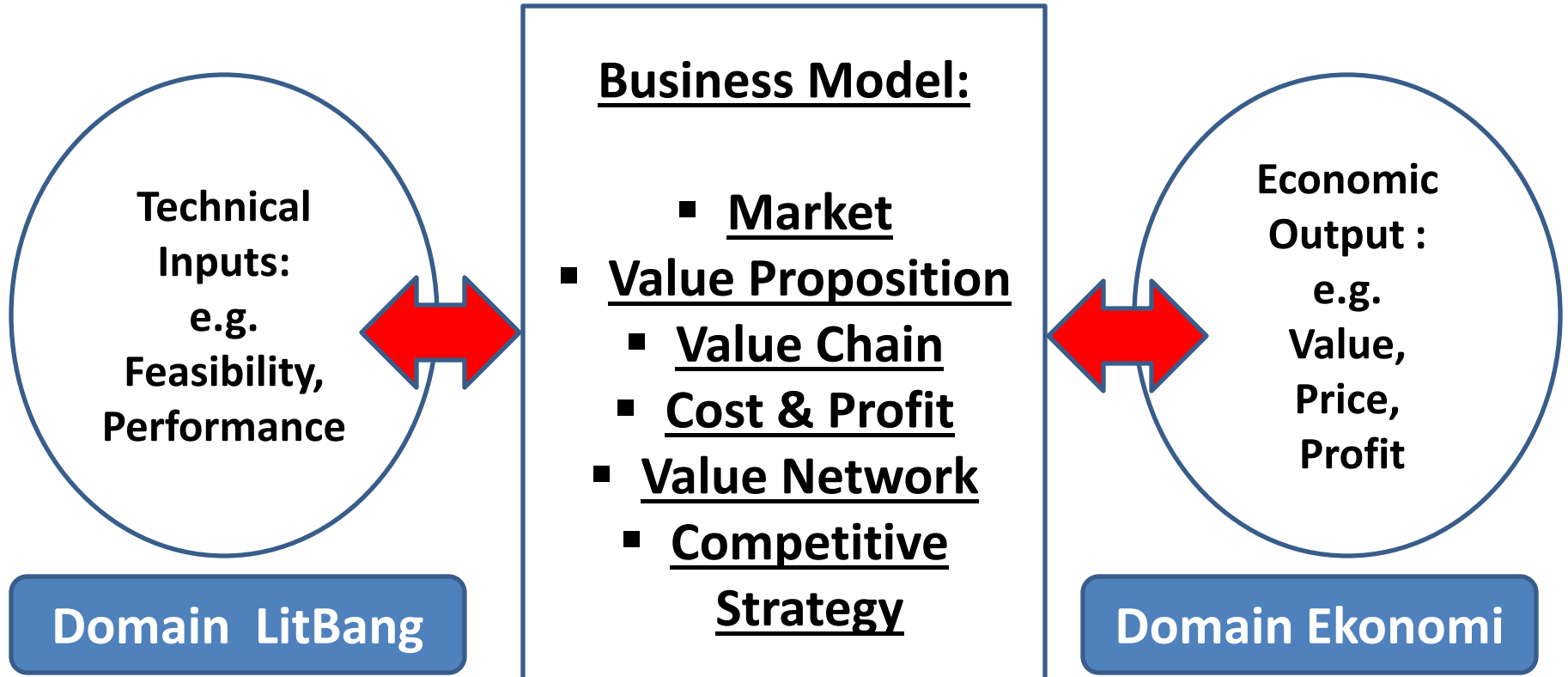


Business Model Canvas

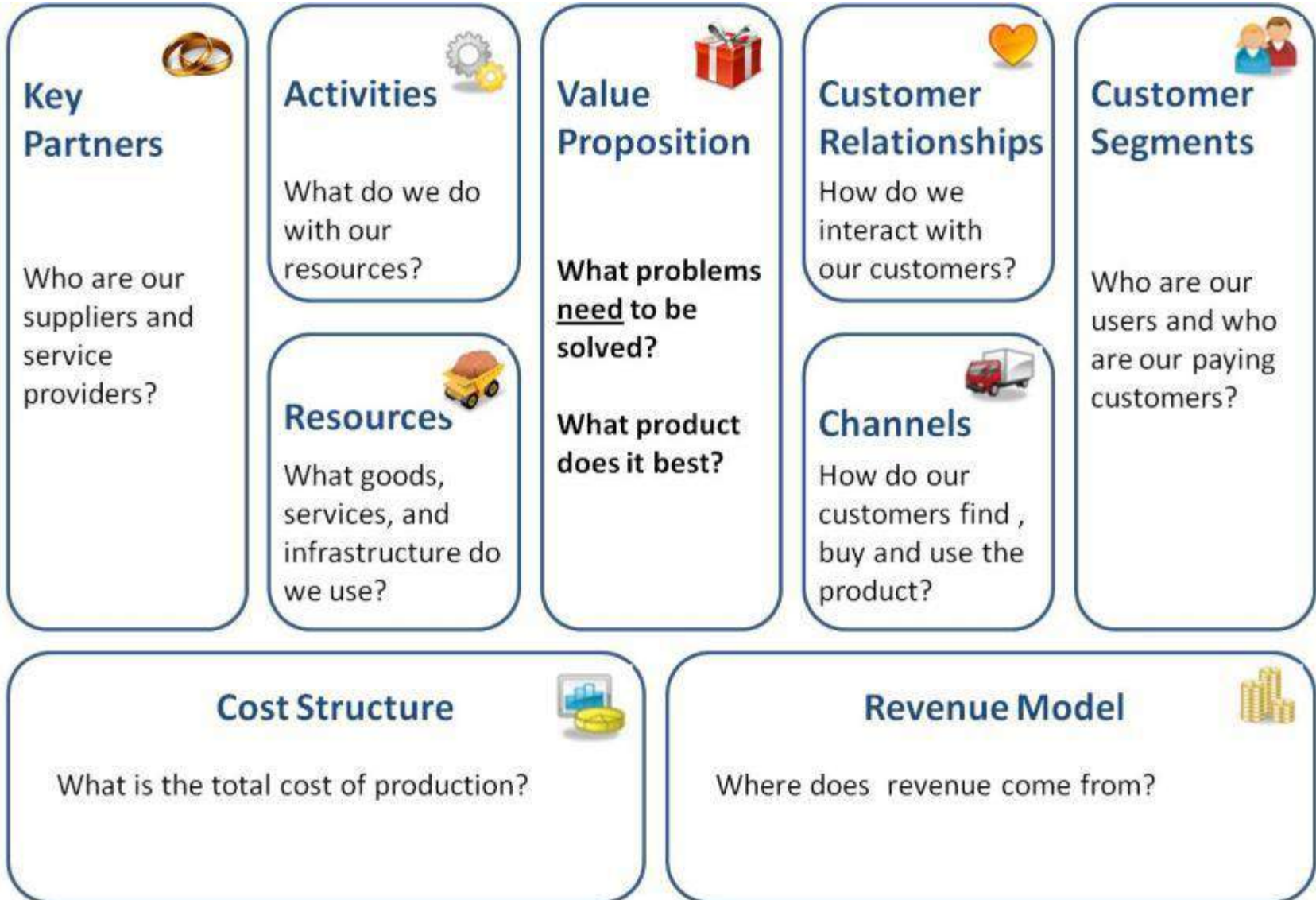
- ❑ Alat / template untuk mengembangkan, membahas, mensimulasikan dan memvisualkan elemen dari suatu kegiatan bisnis atau model bisnis , dan dalam hal ini adalah model bisnis inovatif dalam sektor atau bidang bisnis apa saja.
- ❑ Business model canvas template ini mempunyai sembilan (9) bagian di dalamnya, untuk mendeskripsikan keterkaitan secara logis antara “*value proposition*” bagi pelanggan karya inovasi, dengan komponen-komponen inovasi bisnis lainnya.
- ❑ Template dirancang dengan sederhana dan “*basic and hands-on*” sehingga bisa mendorong terjadinya penyamaan bahasa, pembahasan, analisis, dan kesepakatan.



Business Model as “Mediator”



The Business Model Canvas












The Business Model Canvas

Designed for:

Designed by:

Date: _____

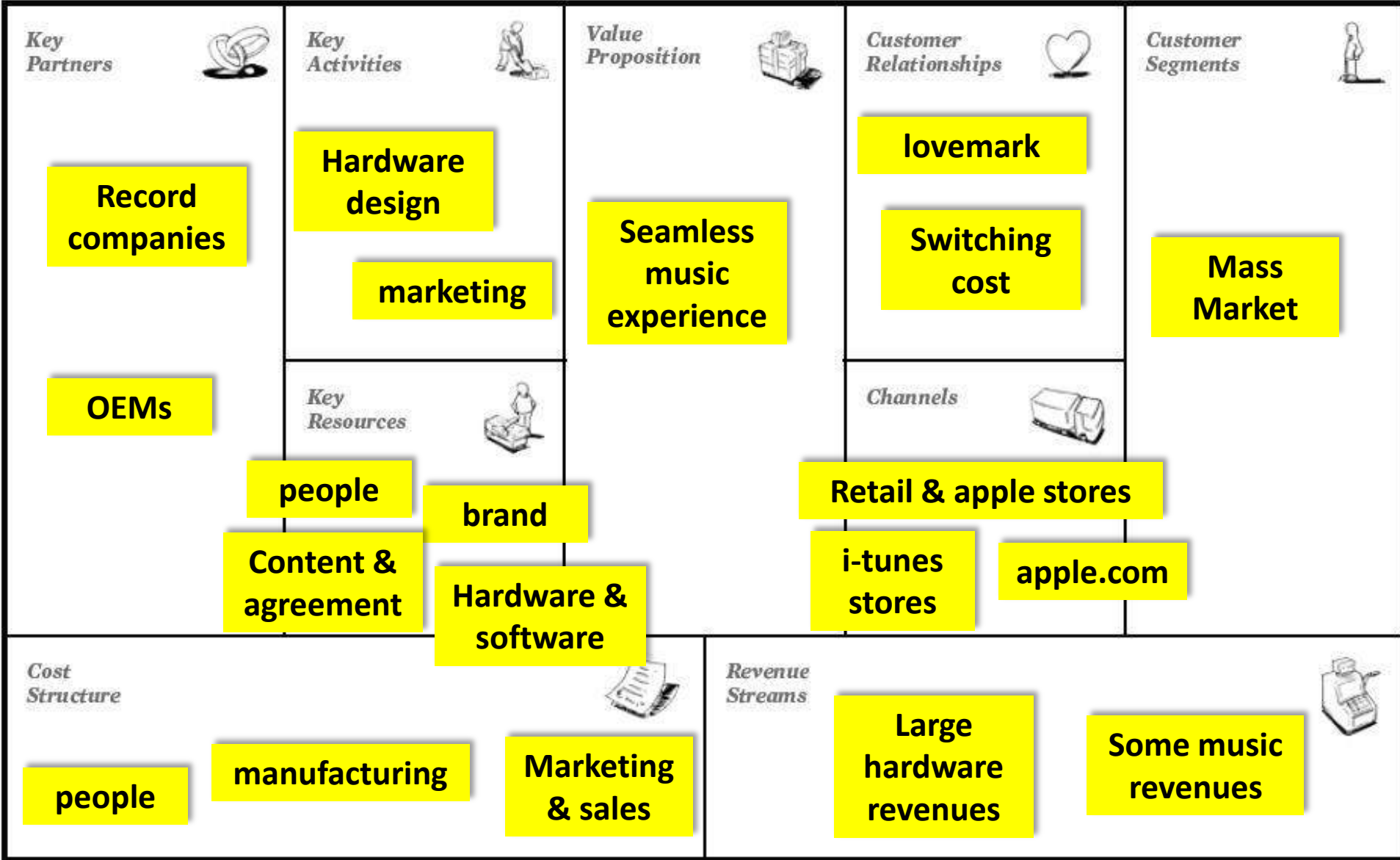
Iteration: _____

<h3>Key Partners</h3>  <p>Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?</p> <p><small>Key Partnerships</small> 1. Co-opetition 2. Joint ventures 3. Strategic alliances 4. Licensing 5. Franchising 6. Reselling 7. Distribution</p>	<h3>Key Activities</h3>  <p>What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?</p> <p><small>Key Activities</small> 1. Production 2. Logistics 3. Platform development 4. Software development 5. Sales and marketing 6. Service 7. Support</p>	<h3>Value Propositions</h3>  <p>What value do we deliver to the customer? Which one of our customer's problems are we helping to solve? What bundles of products and services are we offering to each Customer Segment? Which customer needs are we satisfying?</p> <p><small>Value Propositions</small> 1. Performance 2. Reliability 3. Customization 4. Design 5. Brand 6. Price 7. Convenience 8. Consistency 9. Compatibility 10. Usability 11. Interoperability 12. Portability 13. Security 14. Support</p>	<h3>Customer Relationships</h3>  <p>What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established? How are they integrated with the rest of our business model? How costly are they?</p> <p><small>Customer Relationships</small> 1. Personalized 2. Self-service 3. Automated 4. Community 5. Co-creation 6. Status-based 7. Structured 8. Unstructured</p>	<h3>Customer Segments</h3>  <p>For whom are we creating value? Who are our most important customers?</p> <p><small>Customer Segments</small> 1. Mass 2. Niche 3. Segments 4. Markets 5. Demographics 6. Psychographics 7. Geography 8. Behavior 9. Attitudes 10. Values 11. Needs 12. Problems 13. Jobs-to-be-done</p>	
<h3>Key Resources</h3>  <p>What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?</p> <p><small>Key Resources</small> 1. Physical 2. Intellectual 3. Financial 4. Human 5. Social 6. Channels 7. Partners 8. Infrastructure 9. Technology 10. Data 11. Reputation 12. Networks</p>		<h3>Channels</h3>  <p>Through which Channels do our Customer Segments want to be reached? How are we reaching them now? How can our Channels be integrated? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer routines?</p> <p><small>Channels</small> 1. Direct 2. Indirect 3. Retail 4. Wholesale 5. Franchise 6. Agency 7. Distributor 8. Reseller 9. Retailer 10. Supplier 11. Manufacturer 12. Retailer 13. Wholesaler 14. Distributor 15. Reseller 16. Retailer 17. Wholesaler 18. Distributor 19. Reseller 20. Retailer</p>			
<h3>Cost Structure</h3>  <p>What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive?</p> <p><small>Cost Structure</small> 1. Variable 2. Fixed 3. Semi-variable 4. Overhead 5. Direct 6. Indirect 7. Material 8. Labor 9. Energy 10. Rent 11. Depreciation 12. Amortization 13. Interest 14. Taxes 15. Insurance 16. Marketing 17. Research and Development 18. Sales and Distribution 19. Support 20. Administration</p>		<h3>Revenue Streams</h3>  <p>For what value are our customers really willing to pay? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenues?</p> <p><small>Revenue Streams</small> 1. Transactional 2. Subscription 3. Usage-based 4. Performance-based 5. Advertising 6. Commission 7. License 8. Royalty 9. Rental 10. Leasing 11. Resale 12. Brokerage 13. Intermediation 14. Arbitrage 15. Agency 16. Franchise 17. Joint venture 18. Strategic alliance 19. Co-creation 20. Crowdfunding</p>			

A business model describes the rational of how an organization creates, delivers and captures values

Contoh:

i-Pod Business Canvass



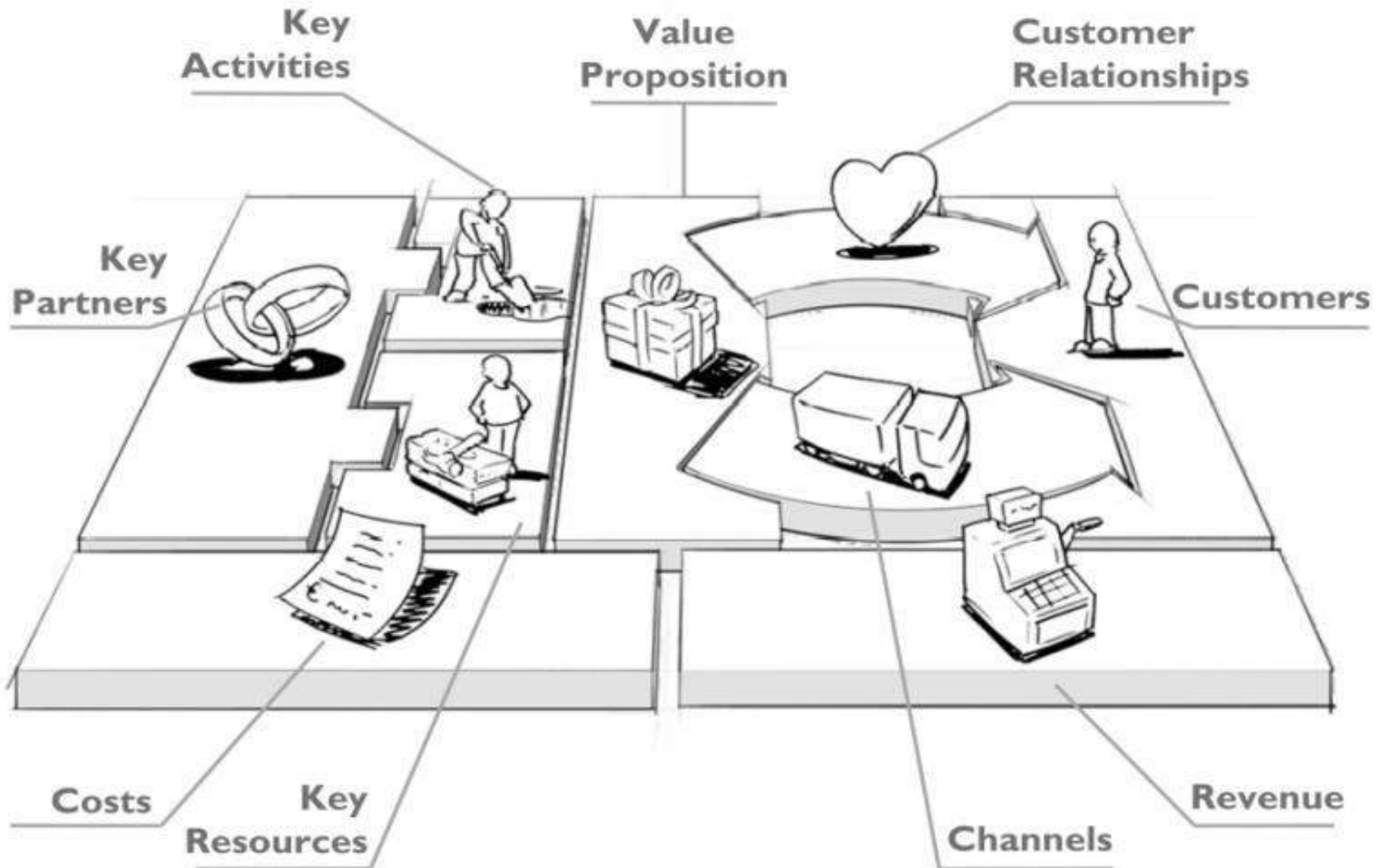
Exercise :

Identifikasikan “Ide Bisnis” Dalam Group Anda

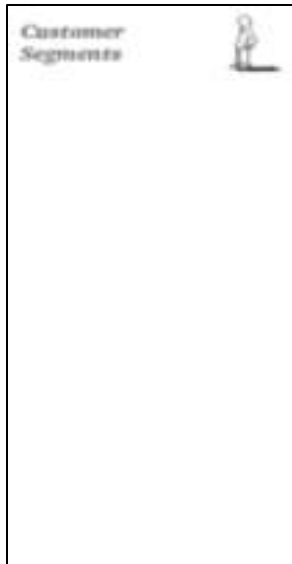
Ide Bisnis Kami :	Apa “Kata Kunci” / “Keyword” yang Pas untuk Bisnis / Produk /Jasa Yang Anda Tawarkan ?
1.	
2.	
3.	

.... Pilih Salah Satu untuk exercise selanjutnya !

The Business Model Canvas



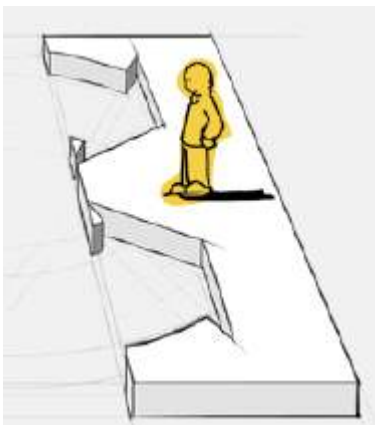
Customer Segments



An organization serves one or several Customer Segments

- Different groups of people or organisations an enterprise aims to reach and serve
 - Segments with common needs, common behavior or other attributes
 - Important decision about which segments to serve and which segments to ignore
- **design of Business Model around a strong understanding of specific customer needs**

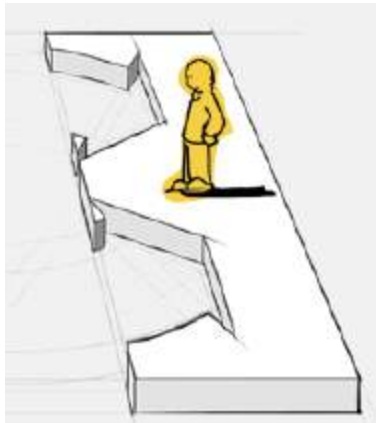
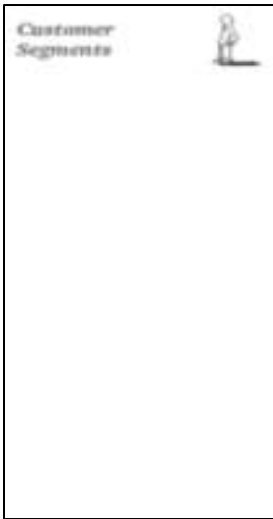
The heart of any Business Model



Customer Segments

Customer groups represents separate segments if:

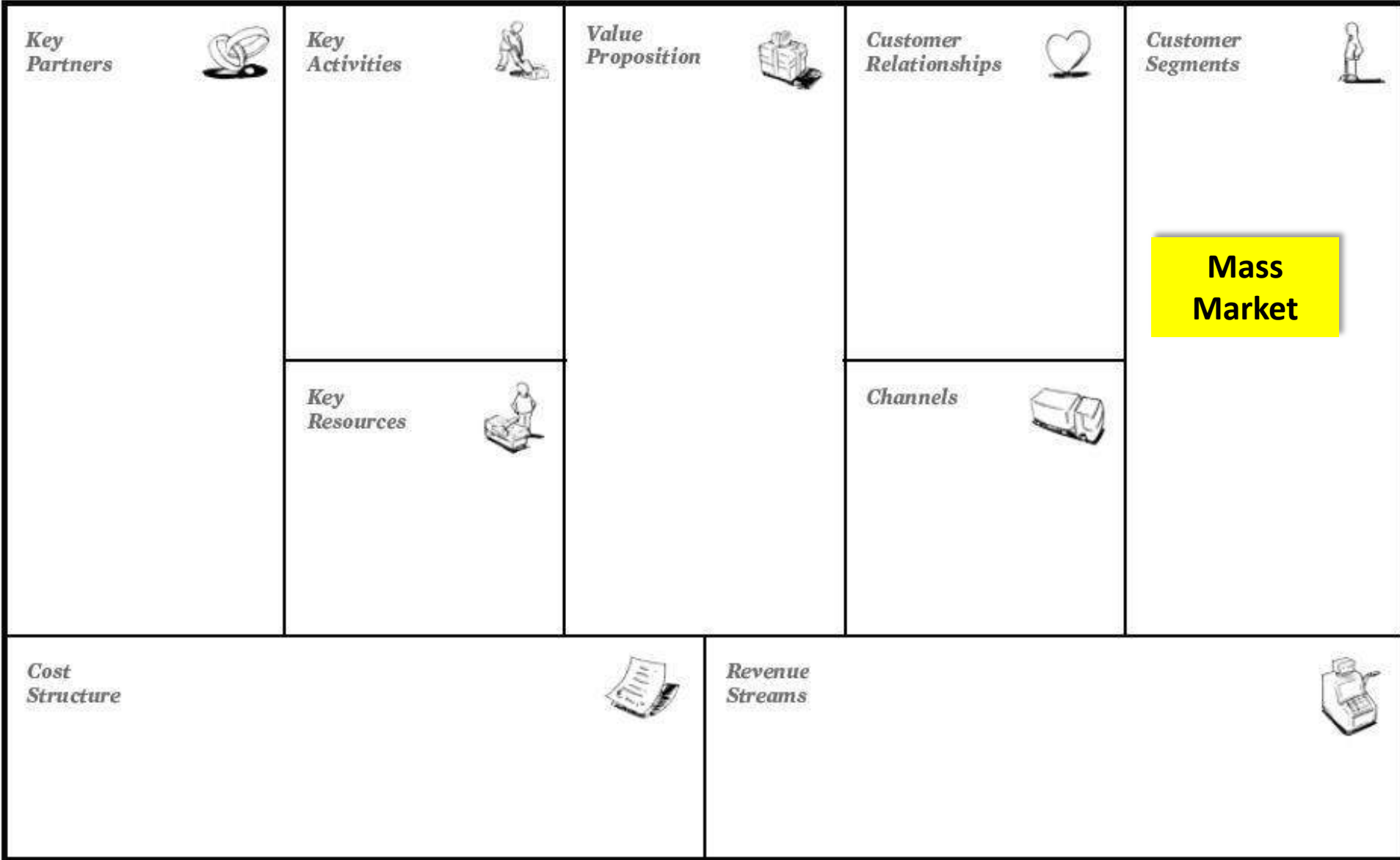
- their needs require and justify a distinct offer
- they are reached through different Distribution Channels
- they require different types of relationship
- they have substantially different profitability
- they are willing to pay for a different aspect of the offer



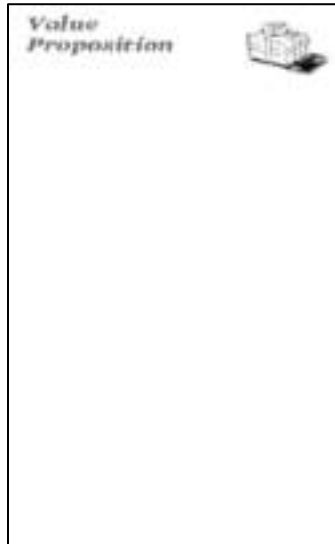
For whom we are creating value?

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i-Pod Business Canvass

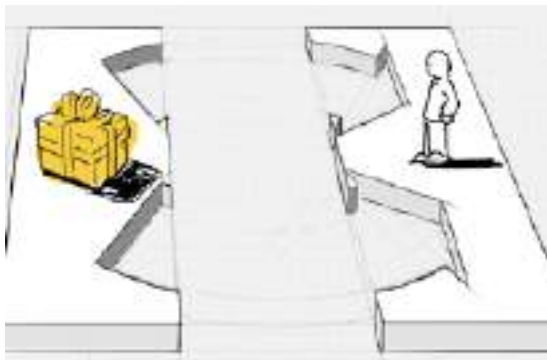


Value Propositions



It seeks to solve customer problems and satisfy customer needs with value propositions.

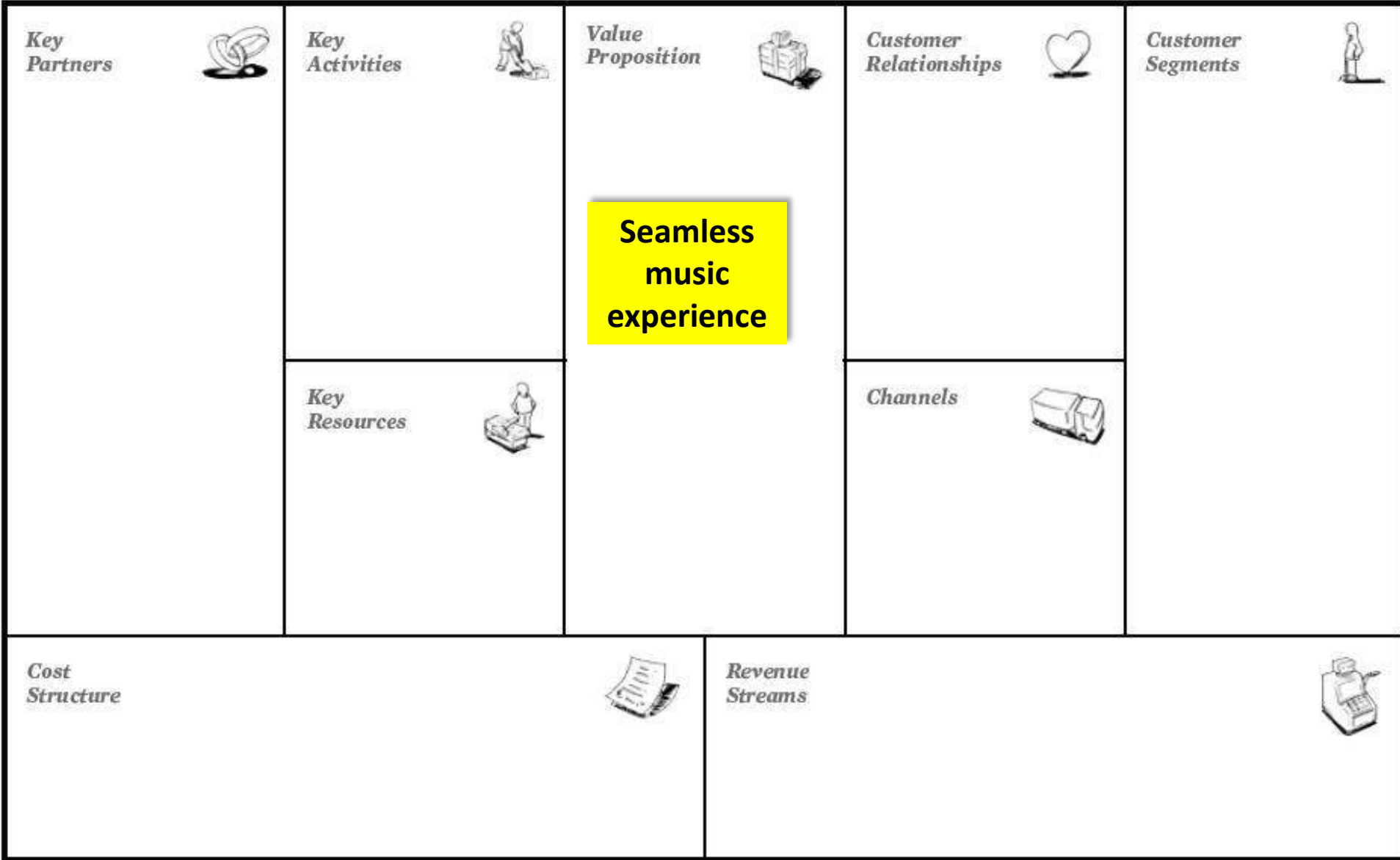
- A selected bundle of products and/or services that caters the requirements of a specific Customer Segment
 - A aggregation or a bundle of benefits and value
- **It solves a problem or satisfies a customer need**



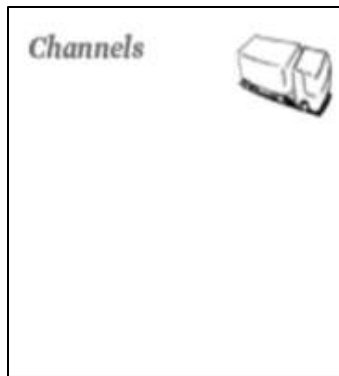
The reason why customers choose a supplier

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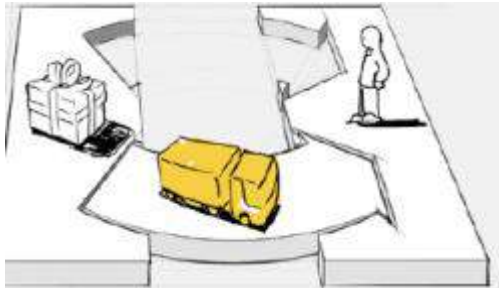
Channels



Value Propositions are delivered to customers through communication, distribution, and Sales Channels

- Raising awareness among customers about a company's product and services
- Helping customers to evaluate a company's Value Proposition
- Delivering a Value Proposition to customers

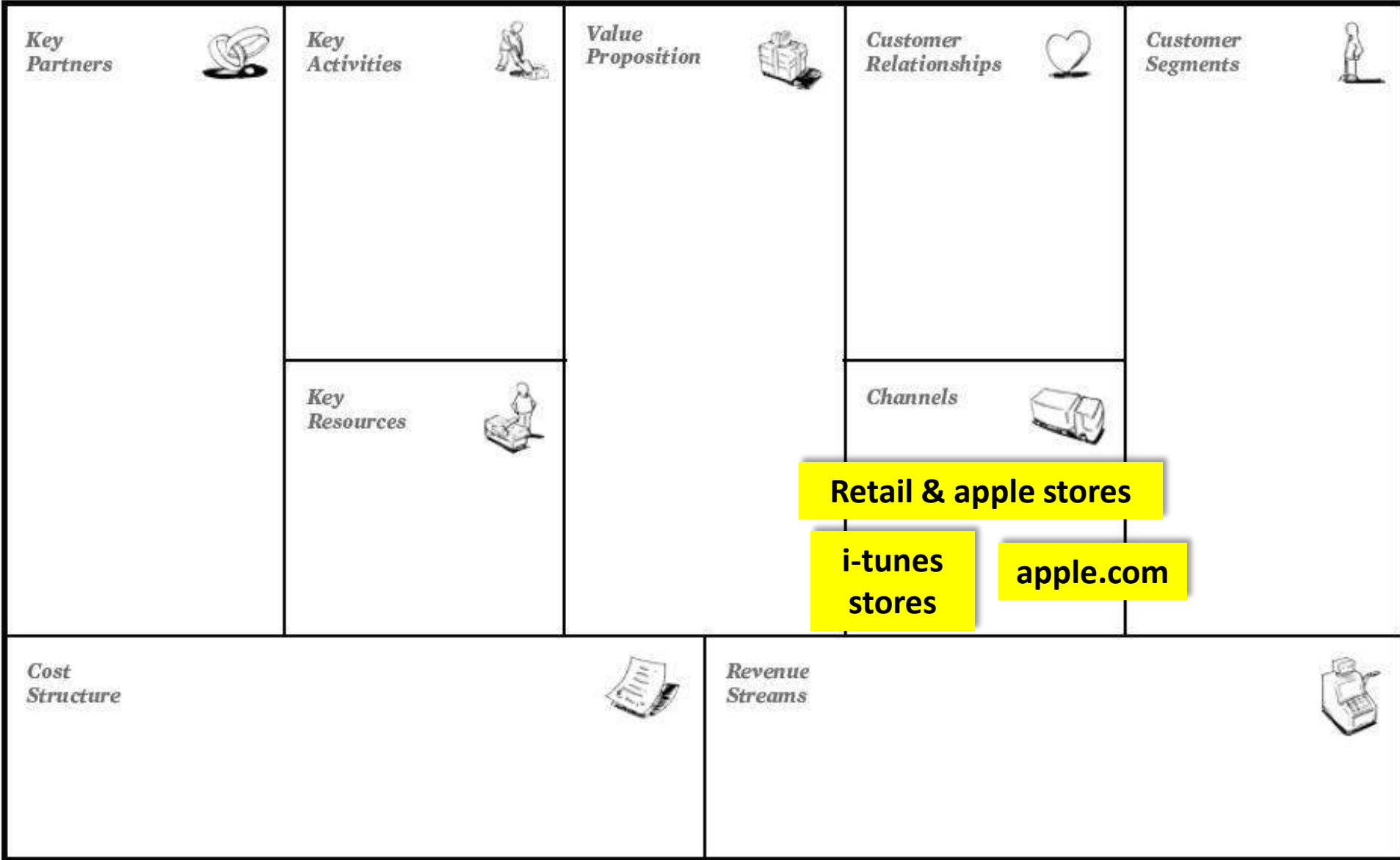
➤ **Reaching Customer Segments**



How to deliver a Value Proposition

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Customer Relationships



Customer relationships are established and maintained with each Customer Segment

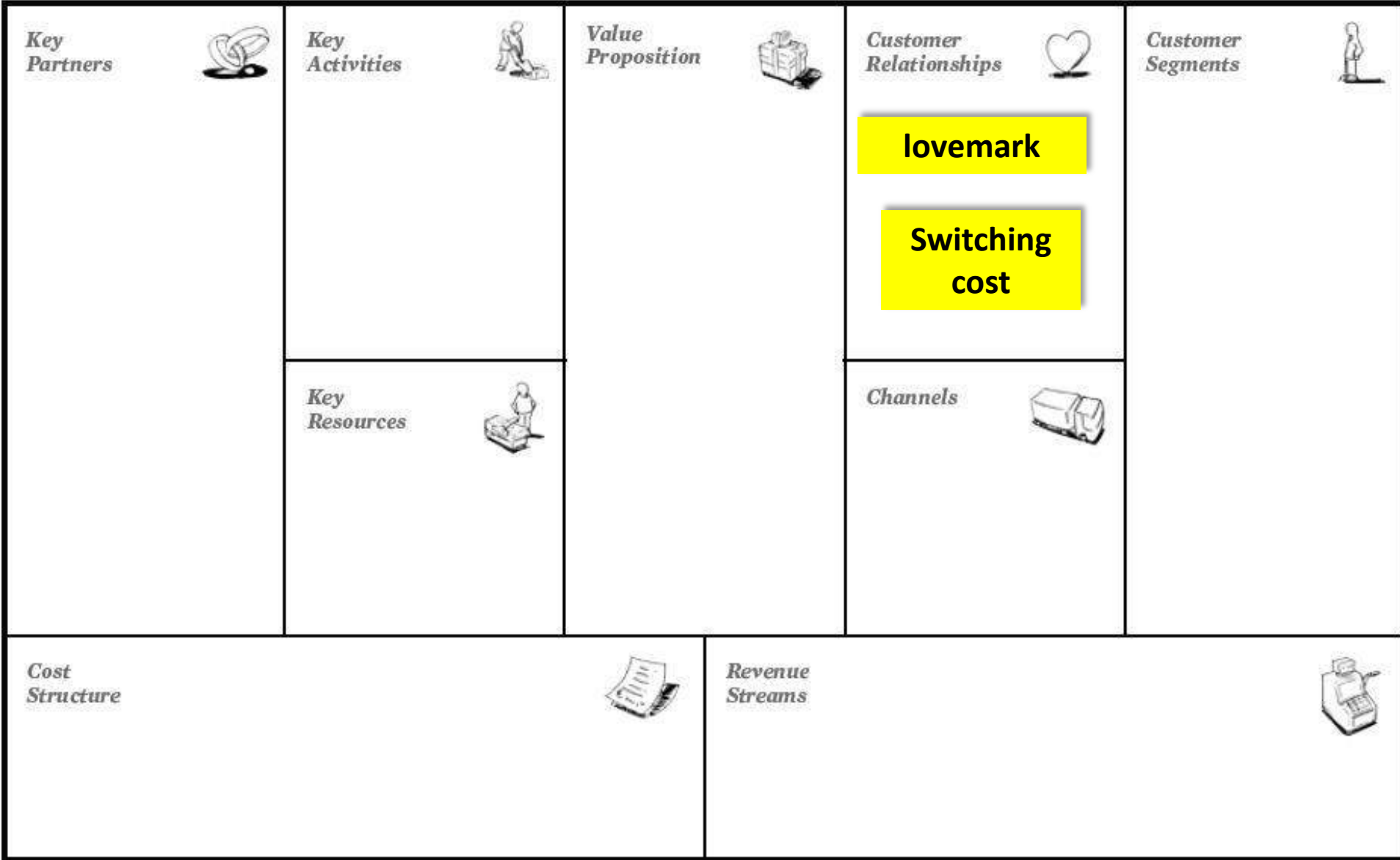
- Serving the expectation of each Customer Segment - establish and maintain relationships
- Calculating the costs of relationship
- Several categories of Customer Relationship:
 - Personal assistance
 - Automated services
 - Communities

➤ **Integration with rest of the Business Model**

The overall customer experience

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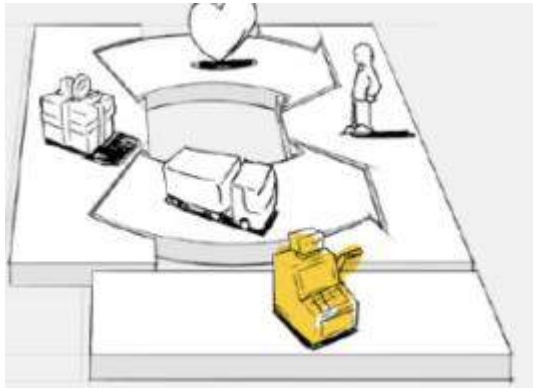


Revenue Streams



Revenue streams result from Value Propositions successfully offered to customers

- Value for what each Customer Segment is truly willing to pay
- Each Revenue stream could have different pricing mechanisms
- Two types:
 - Transaction revenues from one-time customer payment
 - Recurring revenues from on going business

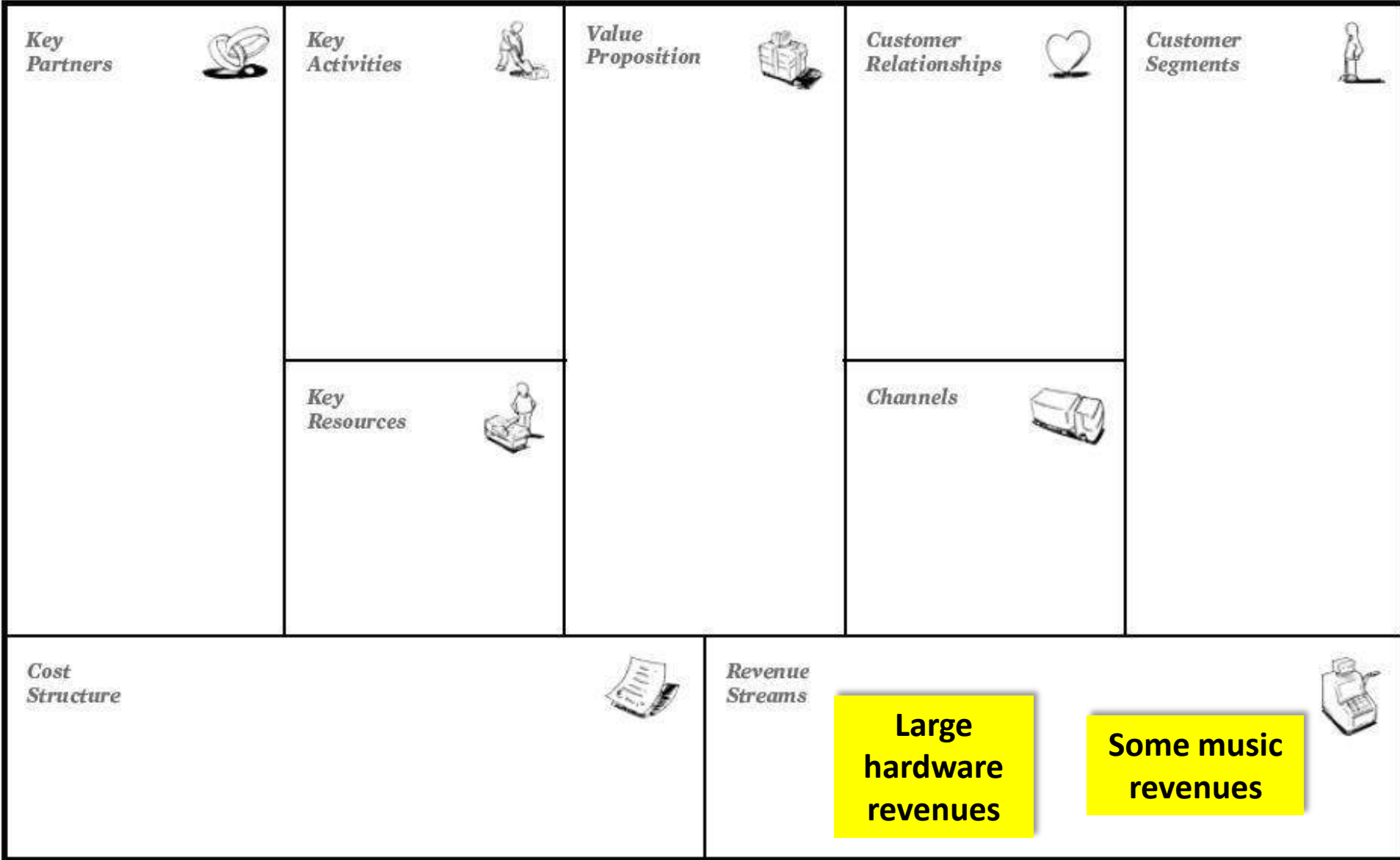


➤ **Cash a company generates from each Customer Segment**

The arteries of the Business Model

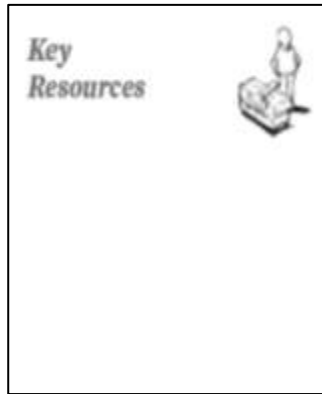
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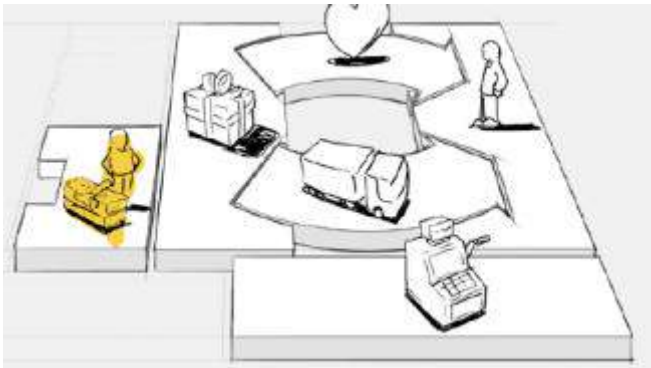


Key Resources

Key resources are the assets required to offer and deliver the previously described elements...



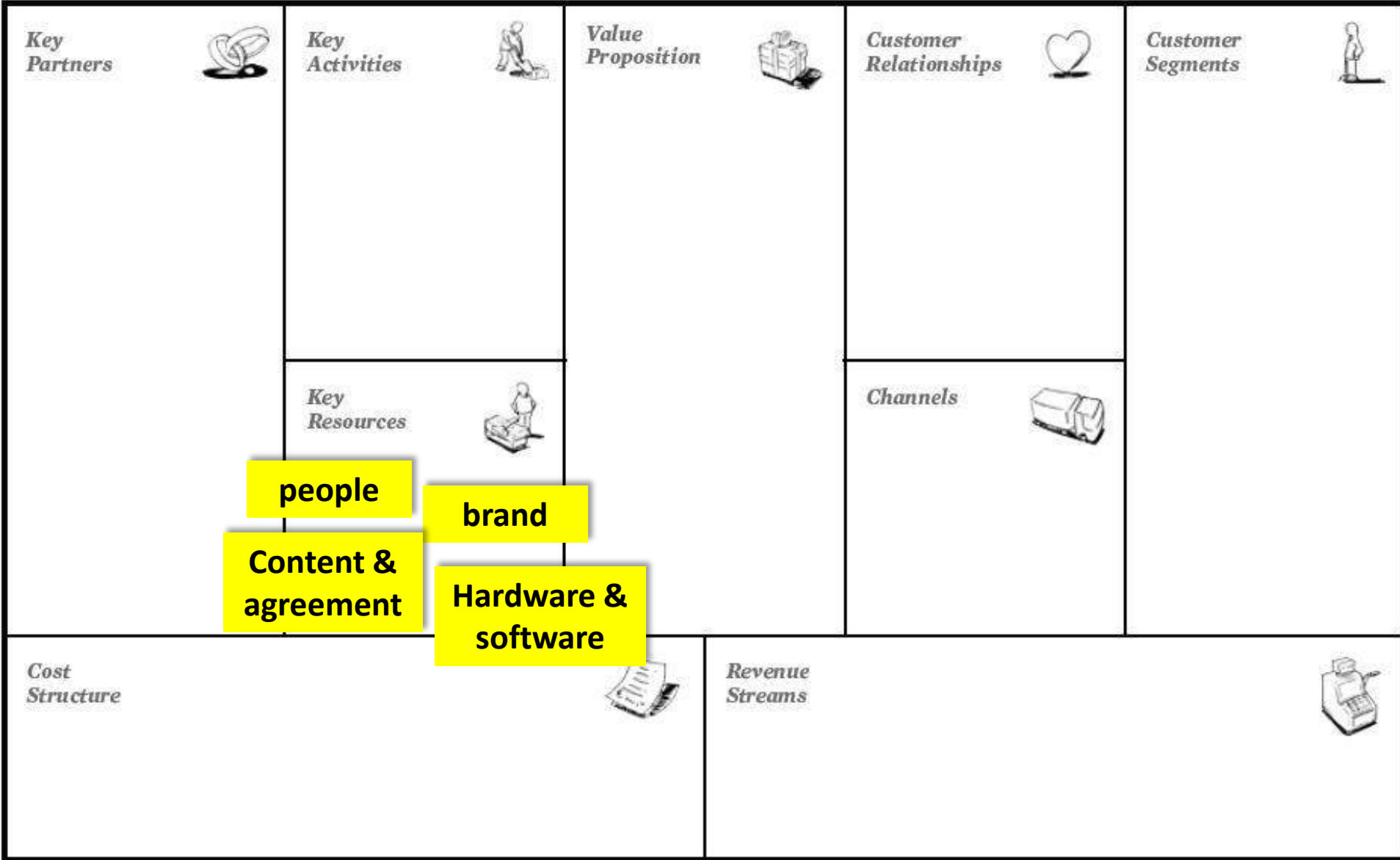
- Depending on the type of Business Model
- Can be physical, financial, intellectual or human
- **Base to create and offer a Value Proposition, reach markets, maintain relationships with Customer Segments and earn revenues**



Most important assets: to bring a Business Model to life

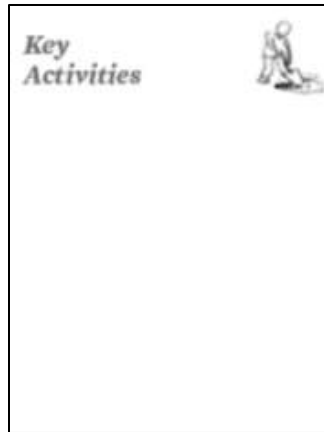
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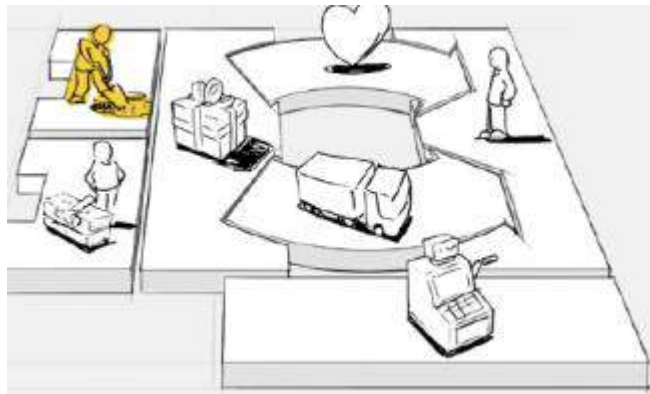
Key Activities

Key resources are the assets required to offer and deliver the previously described elements...



...by performing a number of Key Activities.

- Actions for the success of a company:
 - Production
 - Problem solving
 - Platform/network-related



- **Required to create and offer a Value Proposition, reach markets, maintain relationships with Customer Segments and earn revenues**

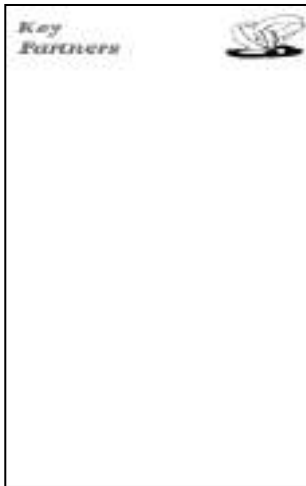
Most important things to make a Business Model work

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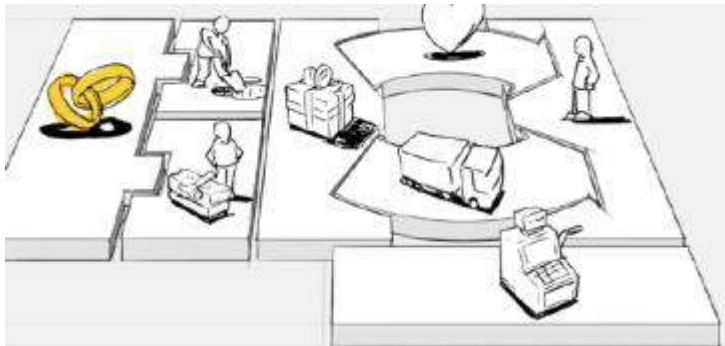
Key Partners



Some activities are outsourced and some resources are acquired outside the enterprise.

Alliances to optimize Business Models, to reduce risks or acquire resources

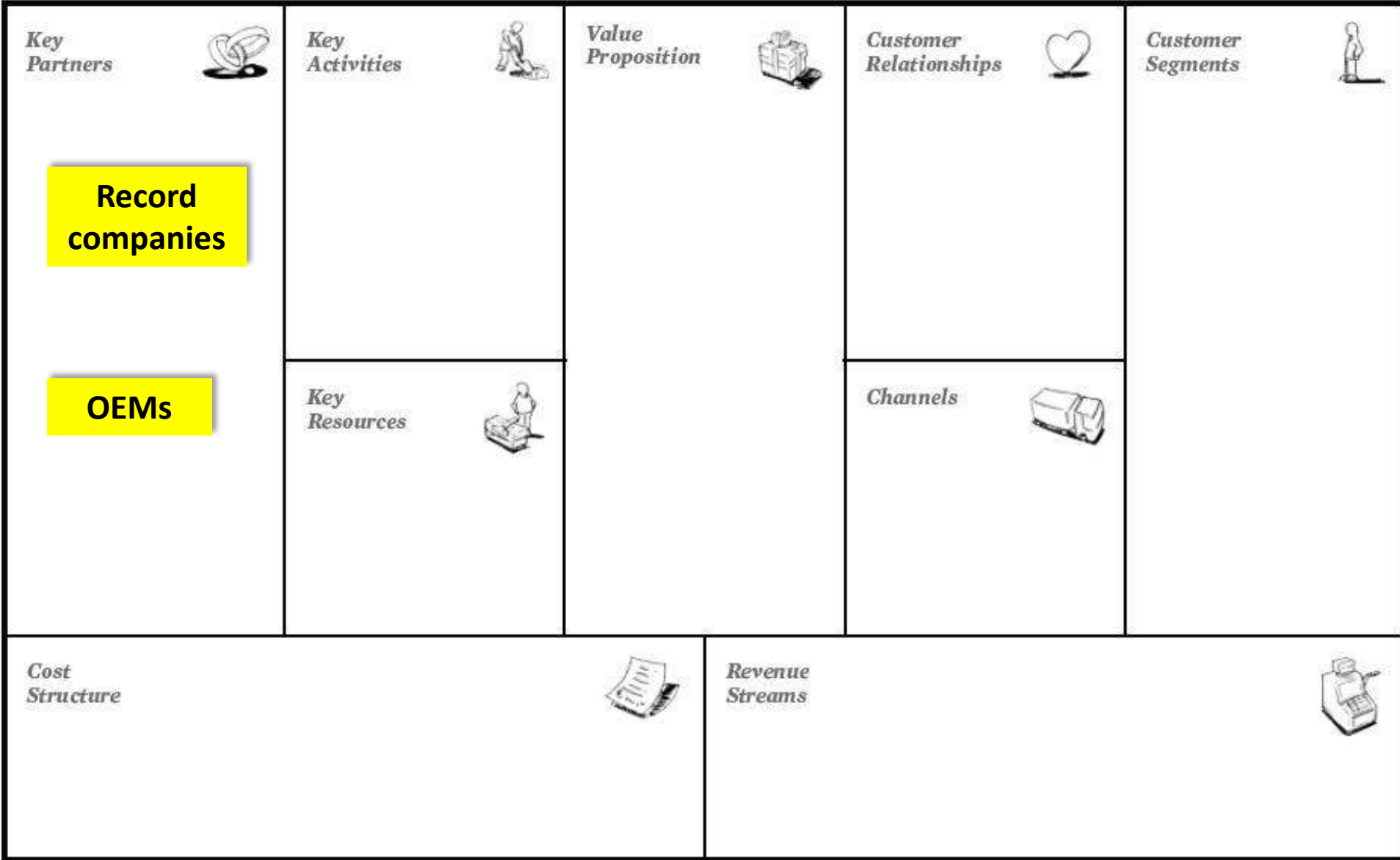
- **Partnerships to strengthen the position in the competitive surrounding**



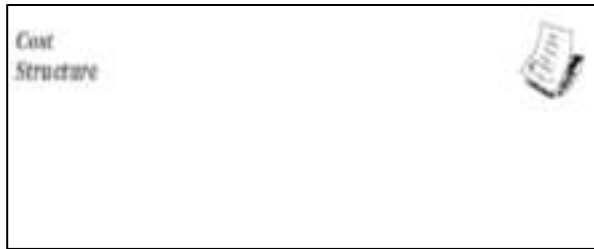
Network of suppliers and partners that make the Business Model work

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Cost Structure



The business model elements result in the cost structure.

- All costs incurred to operate a Business Model
- Classes of Cost Structures

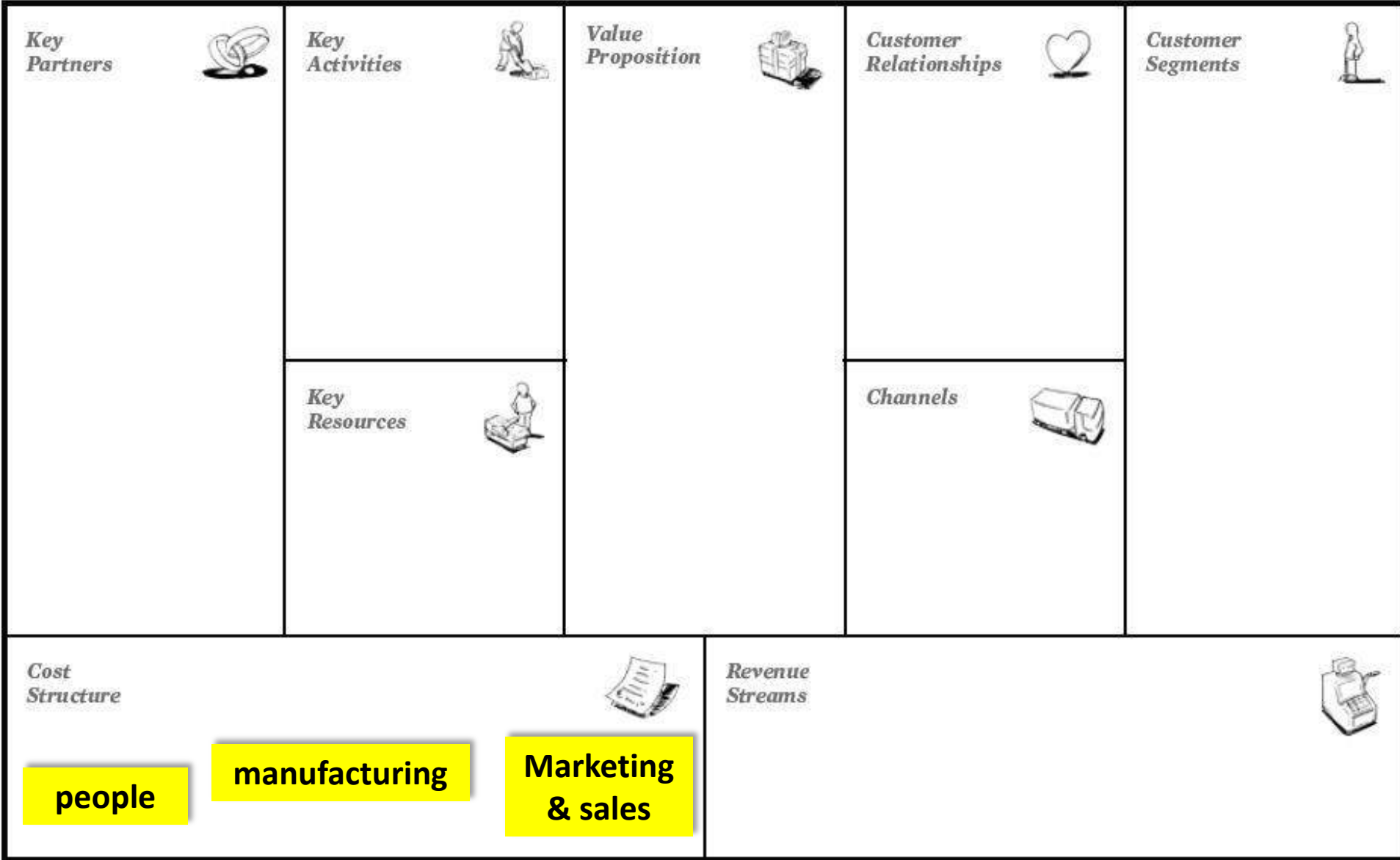


- Cost-driven (-> the leanest possible Cost Structure)
 - Value-driven (-> focus on value creation)
- **Definition follows the Business Model**

Costs should be optimized in every Business Model

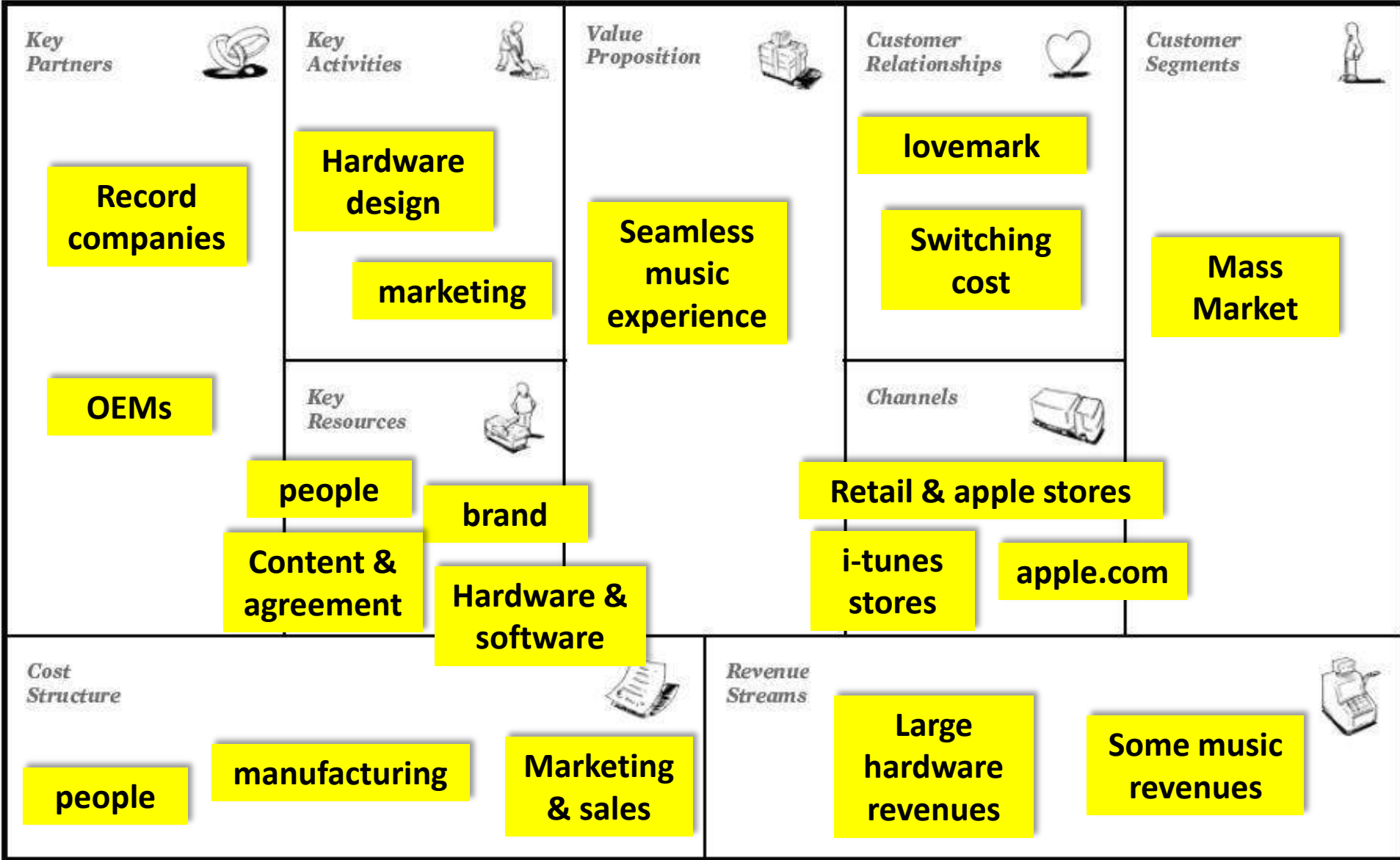
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Session 03

Business Plan



BUSINESS PLAN BASICS

- **Why Write A Business Plan?**
- **What Should Be In A Business Plan?**
- **Preparing a Good Business Plan**

BUSINESS PLAN BASICS

Why Write a Business Plan?

- Needed for financing
- Strategic partnering
- To explain business to customers / suppliers
- To attract key people

BUSINESS PLAN BASICS

Why Write a Business Plan?

Because **I Need to Understand My Business**

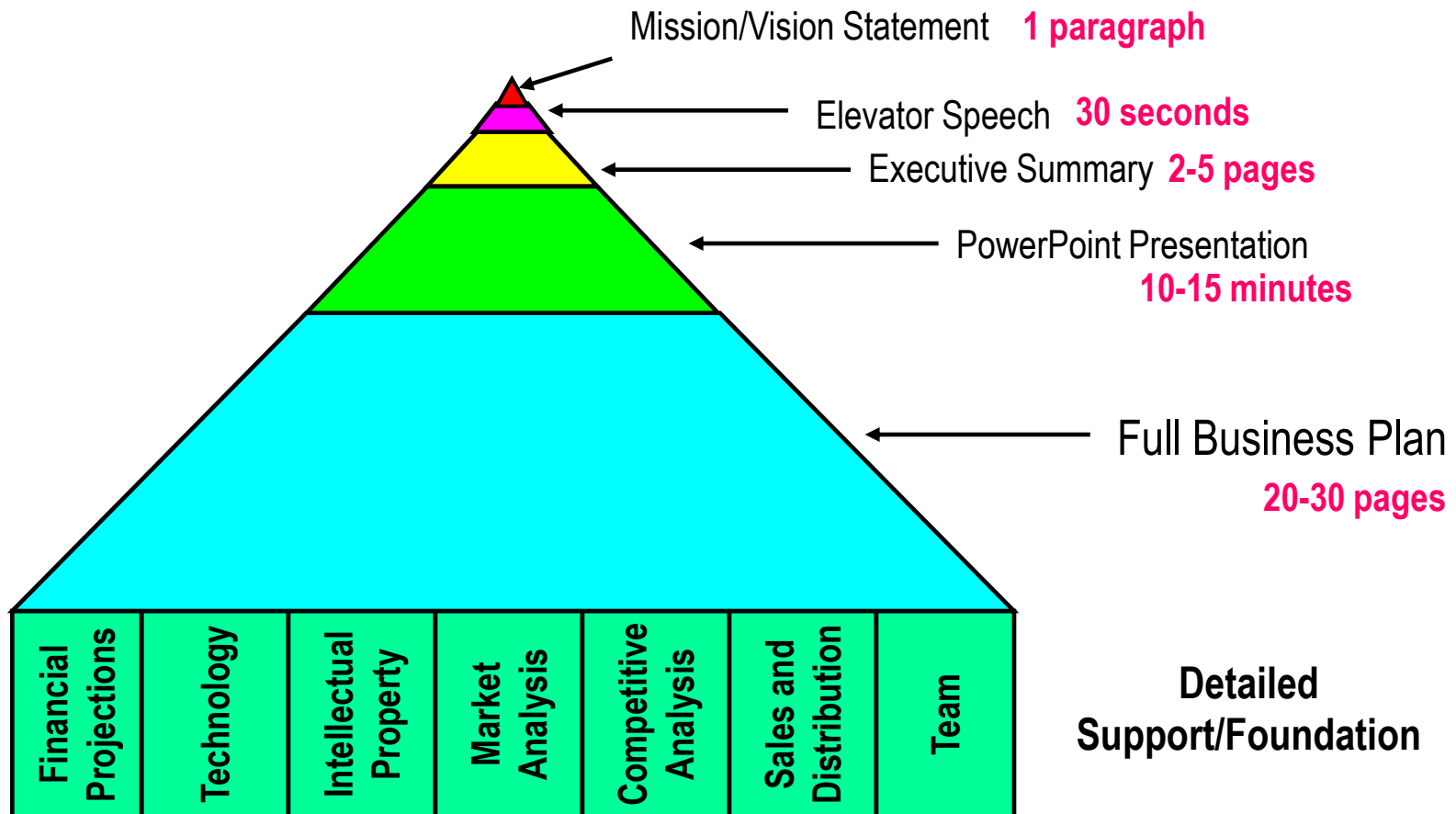
- The Business Plan is a result of a **PLANNING PROCESS**
- People don't **Plan to Fail**; they **Fail to Plan !...**
 - » Who are your customers?
 - » Why will they buy your service or product?
 - » What will they pay?
 - » How will you make and deliver the service/product
 - » What resources (people, money, technology) will you need?
 - » Can you make money/create value?

BUSINESS PLAN BASICS

- **What** Should Be **In** A Business Plan?
 - The Plan is a **SELLING** DOCUMENT
 - Don't lose sight of the vision
 - The excitement must come through
 - The Plan should project your image
 - BUT: The Plan Must Be **Defensible**

BUSINESS PLAN BASICS

The Business Plan - **A SUPPORTED VISION**



BUSINESS PLAN BASICS

- Mission Statement (**What You Do**)

A one-sentence statement describing the reason an organization or program exists and used to help guide decisions about priorities, actions, and responsibilities.

- 1) What do we do?
- 2) Why did I go into business in the first place?
- 3) Why did I want to work at this industry?
- 4) What do I want this company's legacy to be?
- 5) What *doesn't* matter to this company's legacy?
- 6) How do I want to help people?
- 7) What value do we bring that's unique from others?

Great Mission Statement

- **Facebook:** Facebook's mission is to give people the power to share and make the world more open and connected.
- **Microsoft:** Microsoft's mission is to enable people and businesses throughout the world to realize their full potential.
- **Amnesty International:** To undertake research and action focused on preventing and ending grave abuses of these rights.
- **Global Gillete:** We will provide branded products and services of superior quality and value that improve the lives of the world's consumers.
- **Microsoft:** We work to help people and businesses throughout the world realize their full potential.
- **PT Astra International:** Sejahtera bersama bangsa dengan memberikan nilai terbaik kepada stakeholder kami.

BUSINESS PLAN BASICS

Vision Statement

*A **vision** is a realistic, credible, attractive future of an organization*

Burt Nanus

*The word **vision** connotes something grand or mystical that guides transformation to a direction*

John P Kotter

***Visi** suatu organisasi adalah “impian”/ cita-cita hari depan organisasi*

Bill Gates, Microsoft



**“A computer on
every desk,
and in every home,
running
Microsoft software.”**

Kecantikan Tradisional nan Modern





BUSINESS PLAN BASICS

- What Should Be In A Business Plan?

Elements of a Plan

- Executive Summary
- The Opportunity, the Company and its Services / Products
- Market Research/Analysis
- Economics of the Business
- Marketing Plan
- Design and Development Plan
- Manufacturing and Operations Plan
- Management Team
- Schedule
- Critical Risks, Problems and Assumptions
- The Financial Plan
- Appendices

Notice That “Technology” Is NOT A Section

BUSINESS PLAN BASICS

- What Should Be In A Business Plan?

Executive Summary

- **The Executive Summary tells:**
 - Who you are
 - What your strategy/vision is
 - What you are doing and/or propose to do
 - What is the market
 - How many \$\$\$\$ do you need and what will you do with them
 - What your **SUSTAINABLE COMPETITIVE ADVANTAGE** is

When the reader is finished he or she should be able to tell someone what you are up to.

BUSINESS PLAN BASICS

- What Should Be In A Business Plan?

Executive Summary (continued)

The Executive Summary Should Contain:

- Description of the Business Concept and the Business
- The Opportunity and Strategy
- The Target Market and Projections
- The Competitive Advantages
- The Economics, Profitability and Harvest Potential
- The Team

(Details & Exercise at the last session)

BUSINESS PLAN BASICS

- What Should Be In A Business Plan?

The Body of the Plan:

The Opportunity!

- What is the Market / Opportunity?
 - » How big is it now?
 - » What are the trends- how fast is it or will it grow?
- Why Is This is The Right Time For Your Product / Service?
 - » Convergence of Opportunity and Solution

BUSINESS PLAN BASICS

- What Should Be In A Business Plan?

The Body of the Plan:

Market Analysis

- Existing and **planned products** in **marketplace**
- Market segments
- Market players / competition:
 - **Competitive Advantages**
- Estimated Market Shares:
 - **Current Players**
 - **You!**

BUSINESS PLAN BASICS

What Should Be In A Business Plan?

The Body of the Plan:

Marketing Plan

- **What is your 4P Marketing Strategy?**
- **Pricing and Distribution**
 - **Pricing and margin erosion**
 - **Distribution must match strategy/pricing**
- **Sales Tactics**
 - **Who will be the first customer, second customer etc.?**
 - **How will you reach the customer?**
- **Advertising and Promotion**

BUSINESS PLAN BASICS

What Should Be In A Business Plan?

The Body of the Plan:

Development Plan

- Where is development today - product status
- What development is needed?
 - Time and resources needed for development
 - Do you have to produce a complete product to get going? Avoid “Nuclear Fusion”
- Difficulty and Risks
- Product Pipeline Plans

BUSINESS PLAN BASICS

- What Should Be In A Business Plan?

The Body of the Plan:

Action Plan

What Will You Do and When?

- Identification of “Credibility Testers”
- Sequencing to build VALUE
- Eliminate or Reduce Dependencies
- Coordination of Schedule, Value Recognition Events and Financing Requirements

BUSINESS PLAN BASICS

What Should Be In A Business Plan?

The Body of the Plan:

The Financial Plan

- Typically: Projected Financial Statements (Income Statement, Balance Sheet & Cashflow Projections)
- What (financial) investors are interested in?
 - » Investment / Financing Scheme / DER
 - » Price & Cost & Working Capital Profiles
 - » Projected Profitability / Returns on Investment (ROI)
 - » Financial Risk Profile / Sensitivity Analysis
- Underlying Operational / Financial Assumptions

BUSINESS PLAN BASICS

What Should Be In A Business Plan?

Appendices

- Separately Bound Volume
- Resumes of Principals
- Product Literature
- Trade Press/Business Press
- Patents (front page)
- Testimonials Letters
- Technical Information
- Confidentiality
- Technical person to technical person discussion

BUSINESS PLAN BASICS

Fine Tuning/Targeting the Plan

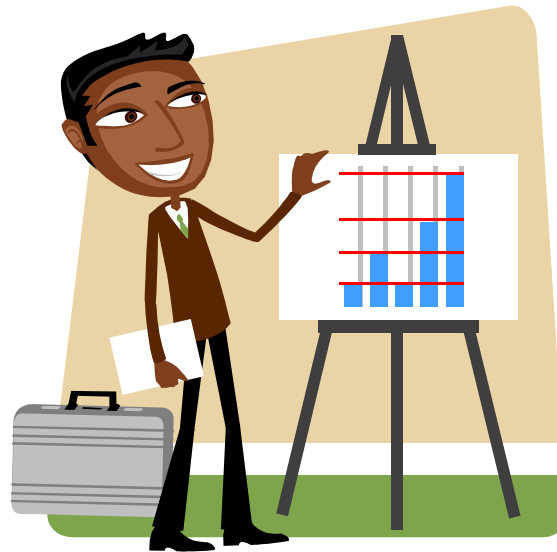
Have an Independent Reader Review the Plan

(One or more independent readers for feedback)

- » **Retired Industry Professional?**
- » **Customer ?**
- » **Consultant?**
- » **Professor?**
- » **Accountant / Financial Analyst?**
- » **Lawyer?**

Session 04

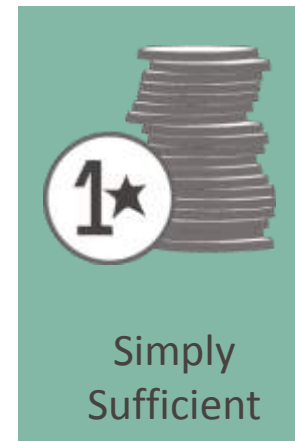
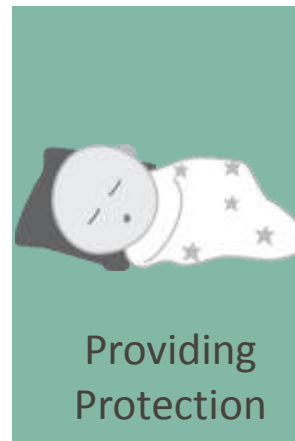
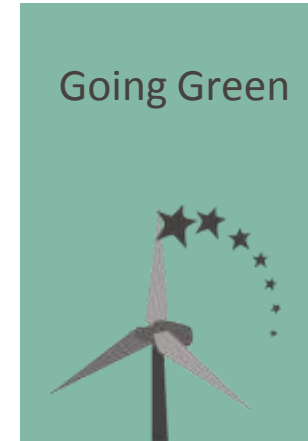
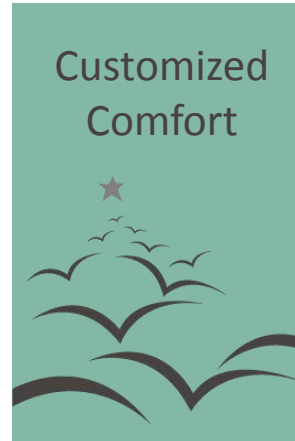
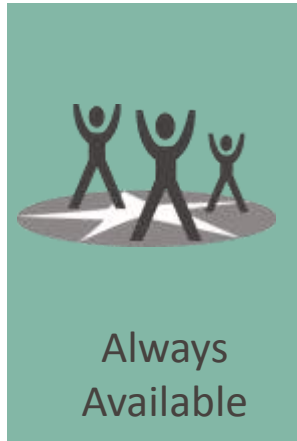
Exercise: **Developing Business Theme & Executive Summary** *(Group Work)*



Bisnis & Teknologi Masa Depan?



10 Tema Inovasi Teknologi Menuju Masa Depan *





Customer Experience

Customer Experience is the sum of all interactions a customer has with a company, from the moment they first learn about the company to the moment they last interact with the company. It is a key driver of customer loyalty and repeat business.



Merumuskan Tema-Tema Inovasi yang cocok untuk Produk atau Bisnis Anda



Perusahaan /produk saya
“mungkin” cocok untuk
mengembangkan tema :

Bayangkan... , kira-kira apa “kata” atau “komentar “ (positif)
pelanggan Anda, seandainya Anda berhasil menerapkan
tema inovasi ini ? ... Boleh “mimpi” !

Exercise :

Identifikasi Tema-Tema Inovasi bagi Produk atau Bisnis Masa Depan Anda



Perusahaan /produk saya “mungkin” cocok untuk mengembangkan tema :	Bayangkan... , kira-kira apa “kata” atau “komentar “ (positif) pelanggan Anda, seandainya Anda berhasil menerapkan tema inovasi ini di bawah ini ? Boleh mimpi !
1.	
2.	
3.	

.... Pilih Salah Satu untuk exercise selanjutnya !

BUSINESS PLAN BASICS

- What Should Be In A Business Plan?
 - Executive Summary (continued)
 - **Size**
 - One pages (preferable) to five pages (max)
 - **The Executive Summary must be**
 - Logical
 - Clear
 - Interesting/Exciting
 - **The Executive Summary is like a RESUME**
 - If it gets the reader's attention, the rest gets read
 - The Elevator Speech is to the Exec Summary as the Exec Summary is to the Full Plan

EXECUTIVE SUMMARY: PEOPLE EXPRESS

The Eastern seaboard of the United States is ripe for the entry of a new, superefficient, low-cost air carrier to provide quick, reliable inter-city air transportation. Such an entity would bring to the Northeast the same benefits that have accrued to other areas of the United States. Chief among these are:

- Frequent jet commuter service between major cities
- Prices competitive with private automobiles
- Fulfillment of the congressional goals in enacting the Airline Deregulation Act of 1978 to have better service at lower fares.

The new company will be able to achieve these goals for the following reasons:

- Aggressive, innovative management that has been tested in the field and been on the leading edge of innovation in air transportation marketing and systems
- Equipment and facilities designed specifically for the low-cost production of air transportation
- Manpower selected, trained, and motivated to be efficient and profit oriented
- New systems to be applied to the entire business of air transportation to minimize investment in manpower and machines

All of these, when applied to the new entity, will result in considerable economies vis-à-vis existing air carriers.

- 40 years of regulation have created an industry heavily unionized with tremendous inefficiencies
- The economics of a new entity should be at least 30%-40% better per seat mile than the current trunks.
- Other new carriers such as Southwest or Air Florida have shown a consistent ability to compete on a price basis and earn extraordinary returns
- The current political, economic, and regulatory climate is ideal for the proposal herein envisioned.
- The Northeast is waiting for someone to bring it what the rest of the nation already has: low air fares.

EXECUTIVE SUMMARY: ELECTRONIC COMPONENTS, INC.

Electronic Components, Inc. is a start up company that will make a variety of electronic components, beginning with a new type of aluminum-based capacitor. This unique product, coupled with excessive demand for capacitor devices, will provide us with an ample share of the capacitor market and numerous opportunities for expansion into related electronic components.

The founders are dedicated and determined to make the venture a successful and profitable entity. Technical expertise is provided by James F. Lynch, who has been involved in designing capacitors for 11 years. He obtained a Bachelor of Science degree in electronic engineering from the Massachusetts Institute of Technology.

Technology for capacitors is changing rapidly. Electronic Components, Inc. has an opportunity to capitalize on a major technological change by getting off to a quick start and expanding quickly.

This proposal pertains to two additional phases of required financing. The first phase, consisting of about \$150,000 for pilot plant start-up, has been completed from the personal funds of the principals. The remaining financing is for the following:

Phase Two: Obtain \$750,000 capital for:

- Hiring and training production personnel;
- Purchasing additional equipment necessary for appropriate productivity;
- Develop the market;
- Complete the sales rep network;
- Explore new markets.

Phase Three: Increase Production and Sales

- Computerize manufacturing to triple output with minimal increase in labor;
- Begin exporting;
- Expand new marketing activity.

Financing will be used to purchase manufacturing equipment, hire the necessary employees, and develop new markets. In addition, management intends to spend between 10% and 20% of revenues on research and development of new products.

The electronic component field offers attractive opportunities for fast sales and profit growth. Already, demand exceeds supply in the capacitor area as well in other related areas.

The Virtual Ink Executive Summary

Virtual Ink Corporation is a computer peripherals company whose lead product automatically transcribes what users write on existing chalk or whiteboards, thus enabling automatic, inexpensive, error-free, real-time transcription of handwriting and sketching. Virtual Ink was the first place runner-up in the 1997 MIT Entrepreneurship and Business Plan Competition for its primary product, the e•pen™. e•pen™ is a labor-saving, productivity and communication enhancement tool that could enable the automatic capture of valuable shared thoughts communicated daily between millions of office and academic users.

EXECUTIVE SUMMARY

**What is the product ?*

e•pen™ is a patentable human-computer interface tool that converts any common writing surface as large as 10 meters x 16 meters into an electronic transcription device. e•pen™ links the writing instrument wirelessly to a personal computer replacing the need for subsequent manual transcription. Hand sketches and notes can be captured accurately, rapidly, and automatically during brainstorming sessions and incorporated directly into documents.

**What is the market size ?*

The estimated 50 million white-collar offices world-wide with both a personal computer and either a chalk or whiteboard are potential e•pen™ sales candidates. We anticipate initial adoption by several hundred thousand team-oriented professionals such as management consultants, design engineers, academics, and industrial designers. Over time, the direct electronic capture of written group meeting notes will be as indispensable as a common conference call or document photocopying.

**What are the startup costs ?*

Virtual Ink anticipates initially requiring \$320,000 to complete the beta prototype of the e•pen™, provide for legal and infrastructure expenses related to startup and to cultivate potential customers. To finance start-up we intend to seek initial capital from venture capitalists and corporate partners. Further investment of \$2.0 million is needed for finalizing the product, further setting up company infrastructure, lining up lead vendor-channel relationships, landing significant corporate accounts, and accelerating global marketing efforts.

**What is the payoff ?*

Virtual Ink anticipates break-even within 2 years. In addition to our product sales, we expect royalty revenue from licensing our position sensing and software technology. Within 3 to 5 years, Virtual Ink anticipates an IPO or sale of the company to fuel further growth and to offer liquidity to investors.

** Management Team*

The technology component of the management team consists of MIT-trained engineers: Yonald Chery (product conceiver and Chief Technology Officer), William Moyne (Software Development Lead), Andrew Kelley (Manufacturing Development Lead), and Matthew Verminski (Hardware Development Lead). The business component of the management team currently consists of MIT Sloan-trained finance and marketing members: Michael Dixon (Chief Financial Officer) and Rosaline Gulati (Marketing Director). We are currently recruiting a chief executive officer and directors for our corporate board.

Writing an Executive Summary

Exercise :

Product / Value Proposition

Market Size

Investment / startup cost

Payoff - Return

Management Team

