



**Università degli Studi di Roma "La Sapienza"
Centro interdipartimentale di ricerca in studi europei
ed internazionali "EuroSapienza"**

The Business Plan of an International Firm

Prof. Vincenzo Sanguigni

e.mail: studio.sanguigni@tiscali.it

Rome – May 29th 2006



Business Plan's Features

- **Project feasibility analysis tool (start-up firms)**
- **Strategic planning tool**
- ***Business idea promoting tool***
- **Checking tool for firm's development**





Feasibility analysis

The Business plan process obliges to an accurate and complete feasibility study of the business.

The global project feasibility (for a start-up or for an existing firm) concerns:

- **The industrial aspect**
- **The marketing aspect**
- **The financial aspect**

In other words the process concerns the evaluation of the overall project's variables

The feasibility study is a tool in order to validate the goodness of the business idea and to choose the starting strategy



Environmental variables analysis: to find opportunities and weaknesses

Initiative features analysis: to set issues and resources

The planning role

START-UP

- Focusing on the business idea
- Updating in order to check the project development status
- oriented to the found raising and to the management recruiting
- Long run targets: top financial demand, Break even point, *payback*, investment return.



Involvement tool

EXISTING BUSINESS

- Strategic analysis on the acquired positioning
- increase of the business forecast ability
- Internal use
- Is often focalized on the short run planning (*budgeting*)



Competitive advantages tool research

The *BUSINESS PLAN*

Business plan's contents :

❖ <i>Business Idea</i>	what? When?
❖ Mission end Strategy	How?
❖ Market	Where?
❖ Competitive landscape	Competitors
❖ <i>Customer Value Proposition</i>	product value
❖ Marketing plan	price, retailing channels, promoting
❖ Operative plan	which technology, logistic strategy
❖ Human Resorce plan	management, employers
❖ Financial plan	balance sheet pro-forma, <i>cash-flow</i> pro-forma

BUSINESS PLANNING

Business Idea

***Business
Planning***

Resource demand
(Human, financial, technical
assets)

Structure
(corporate, organizational,
productive, etc.)

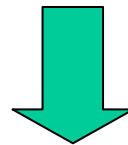


1a. The *BUSINESS IDEA*

The *business idea* is briefly presented in the general description of the firm, and it has to solely describe the firm's business core.

The business idea has to give an answer to the following question:

“Industrial firm? Commercial firm? Service company?”



Sector

1.a. Mission and Strategy

Mission

Simple, strongly symbolic

Account of business unique aspects

Long run perspective

Be clear

Be convincing

Be challenging

Strategy

Has to highlight significant aspects

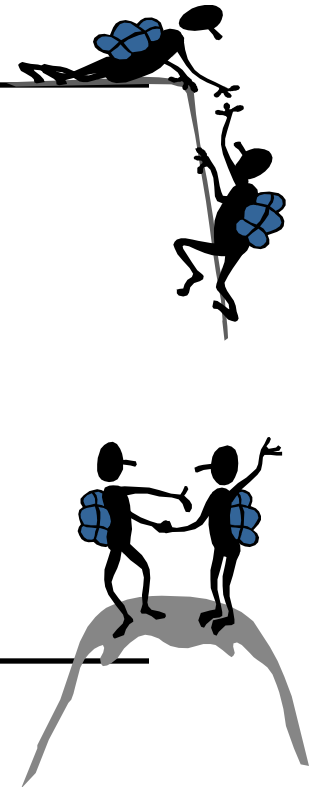
Able to drive the acts

Able to communicate

Be incisive

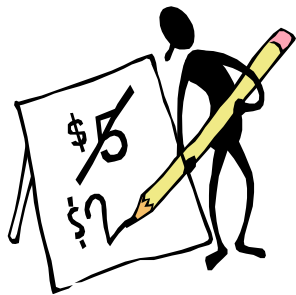
Implementation oriented

Be involving

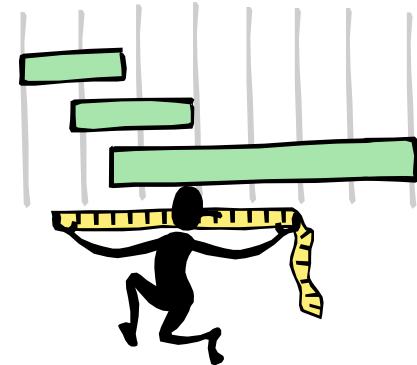


1.b. FOREIGN MARKET ANALYSIS

The aim is to evaluate the foreign target market, by means of a market strength analysis: L'obiettivo è quello di stimare il mercato estero target in cui l'impresa intende operare. Più precisamente, lo *studio del mercato potenziale* consiste nella raccolta, elaborazione ed analisi di dati ed informazioni utili a realizzare la valutazione della domanda:



- product identification
- market analysis
- consumer identification
- demand measurement



Methods:

top down (focus on the target market starting from the overall market)

bottom up (focus on the target market starting from the consumption hypothesis).

PRODUCT IDENTIFICATION

Clear and detailed description of the product, highlighting:

technical and physical features

performance capabilities

exploitation opportunities

appealing features

life cycle status

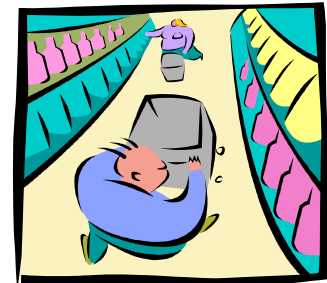


COSTUMER VALUE PROPOSITION

CVP answer the question: *Why should consumers choose our product?*

The answer is about usually 3 points:

- 1. less costs**
- 2. more value**
- 3. unique or differential purchase and use experience**



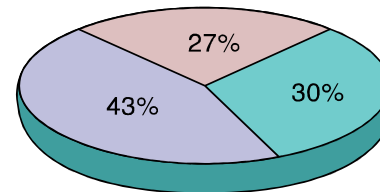
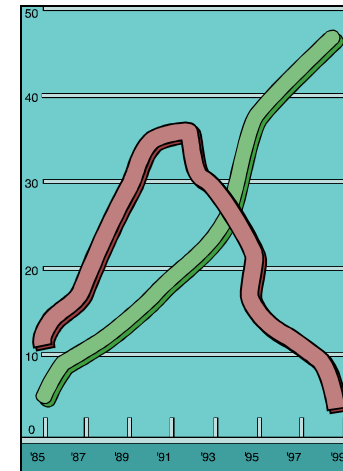
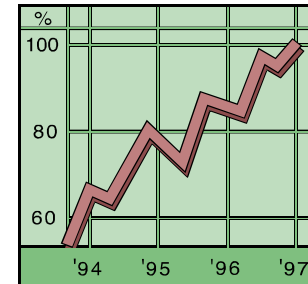
Points 1. and 2. refer to rationality, while 3. request a strong communicational effort

The CVP has to be tested on market in order to verify its effectiveness, and after brought as a support of the business idea investment demand.

SECTOR ANALYSIS

Using the collected informations, it's necessary to make an accurate sector analysis, highlighting:

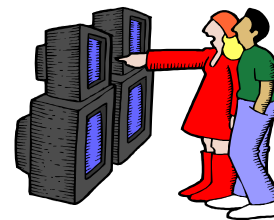
- overall dimension
- concentration degree
- profitability
- fragmentation
- consumption growth rate
- development trend
- perspective



CONSUMER IDENTIFICATION

Describe the target buyer's features and the related market segment.
The segmentation process is set up by means of:

- **geographic variables** (region, city, ect)
- **demographic variables** (age, gender, family dimension, ecc.)
- **socio-economic variables** (income, instruction degree, job, ecc.)
- **psychological variables** (social recognition, novità, ecc.)
- **behavioral variables** (life style, purchase habits, ecc.)



DEMAND MEASUREMENT

Once the targeted consumer is identified, is essential to proceed with a likely costumer evaluation, resting on:

Localization

geographical concentration

number

market share



1.c COMPETITIVE LANDSCAPE

The competitive scenario analysis consist of 3 phases

- **competitors identification**
- **competitors analysis**
- **entry barriers analysis**



COMPETITORS IDENTIFICATION

1. identify direct end indirect competitors
business name, dimension, other info

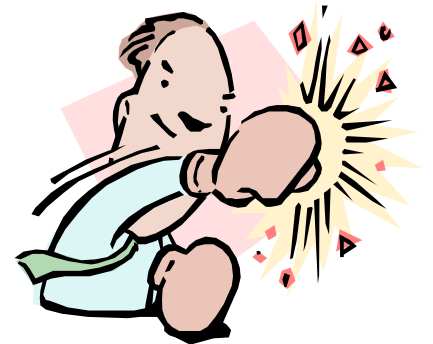
2. classify competitors in Strategic Business Groups

leader

follower

niche

weak



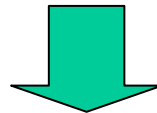
Depending on followed market up and therefore the supplied segment, the group of competitors will be classed as well.

COMPETITORS ANALYSIS

Acquire outstanding information about each direct competitor, referring to the following items:

- **Market share quota di mercato acquisita**
- **strategic issues obiettivi strategici**
- **adopted marketing strategy**
- **firm's structure**
- **S.W.O.T. analysis**

the analysis is oriented to identify the competitor's strategy



A good comprehension of the existing competitive dynamics allows to achieve an actual and distinctive business idea.

ENTRY BARRIERS ANALYSIS

Access to the sector may be hindered by:

- **Required technology barriers**
- **Marketing-mix barriers**
- **Legal measure barriers**
- **Charges barriers**



2. ACTION PLAN

The action plan concerns:

- internationalization's entry modality
- Localization,
- Adopted technology and production process.

technology

innovative aspects
life cycle's phase
patents, licenses, ect...

production process

type tipologia – in line or batch
resources required– raw materials, supply chain, etc.
logistics
quality control
maintenance



2.a Internationalization's entry modalities

→ The entry modality is affected by:

---- endogenous variables

- type of product/service,
- control intensity
- resources availability

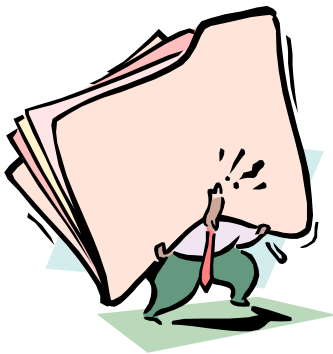
---- external variables

- potential demand,
- competitors
- charges barriers

2.d LOGISTIC SYSTEM PLANNING

In order to guarantee a synchronic sequence between material's flow and products, is essential to have the use of a parallel informative chain in which the information flow has been oriented to support the industrial flow. **Per garantire una corretta sequenza dei complessi flussi di materiali e di prodotti finiti è necessario disporre di una parallela *catena informativa* in cui fluiscano, in modo preciso e tempestivo, tutte le informazioni utili a muovere e gestire i flussi fisici.**

Supply Chain Management:



Prof. Vincenzo Sanguigni

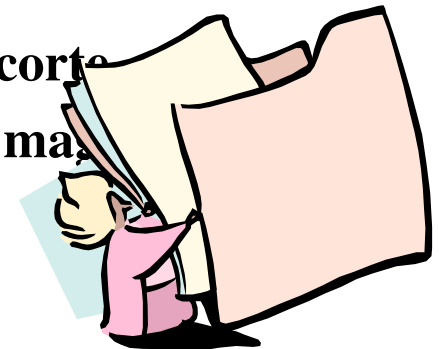


procurement

provision gestione scorte

warehouse gestione magazzino

logistics



The Business Plan of an
International Firm - 21

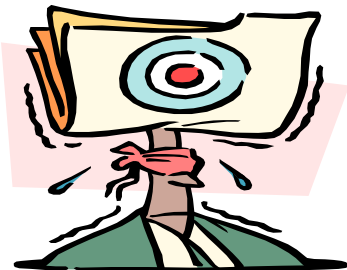
2.e MARKETING PLAN

By means of the results of the market analysis, is possible to identify marketing issue: In base ai risultati dello studio del mercato e dell'analisi della concorrenza occorre innanzitutto definire gli obiettivi di marketing.

Overall issue = sales

Partial issue = market share

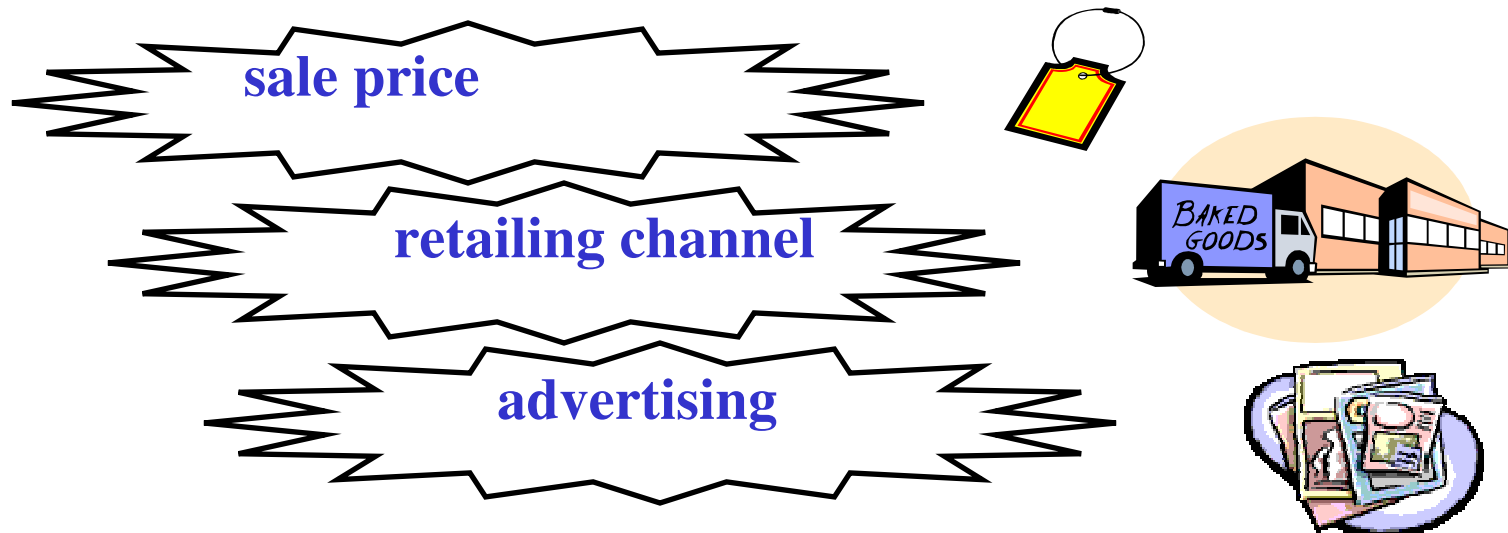
Quality issue = costumers



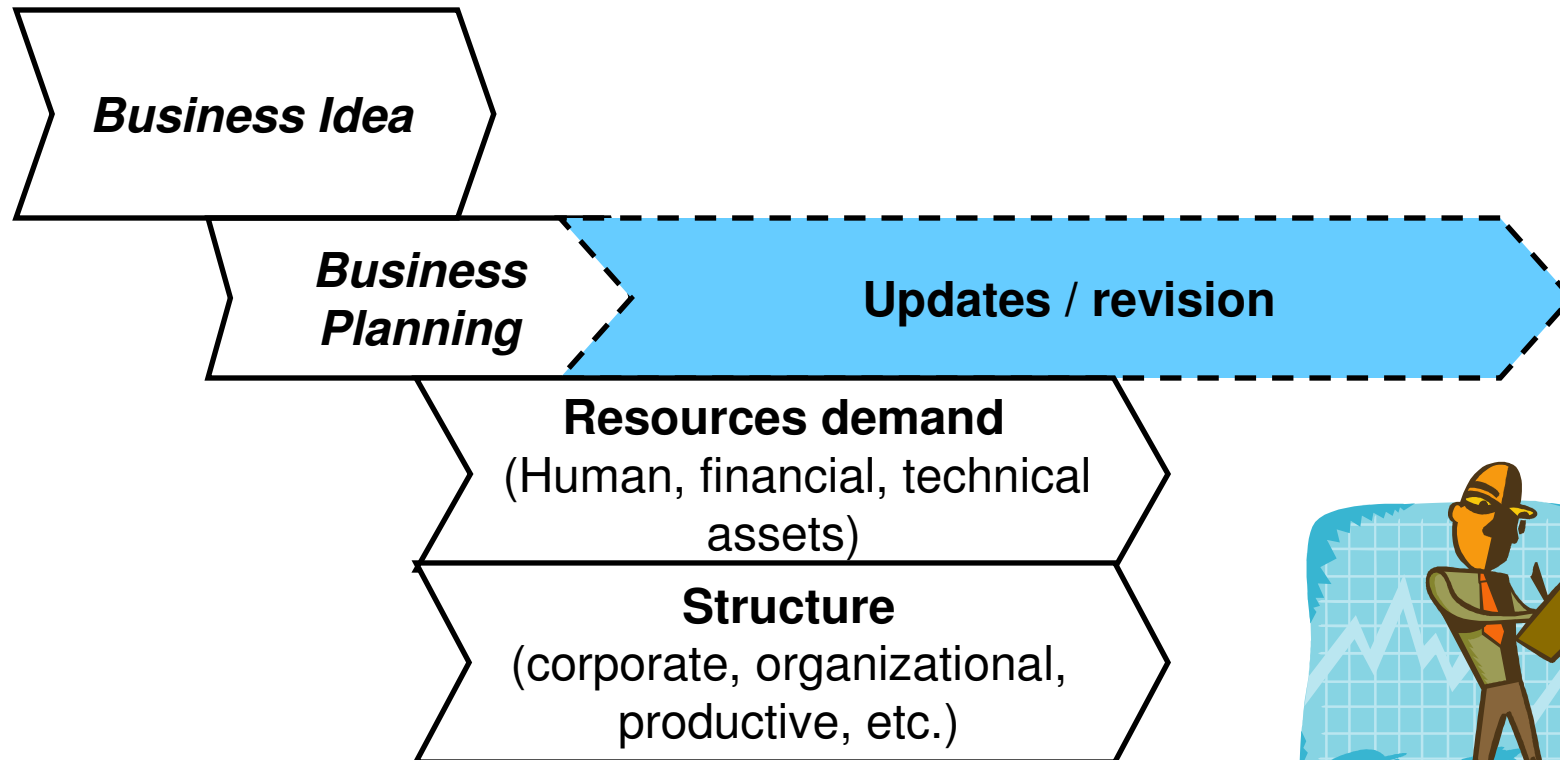
... MARKETING PLAN

The aim of this section is to explain how the firm intend to exploit the market conditions in order to achieve its own commercial target.

The contents of the marketing plan should reflect the marketing strategy and the decisions in terms of marketing-mix variables:



... BUSINESS PLANNING



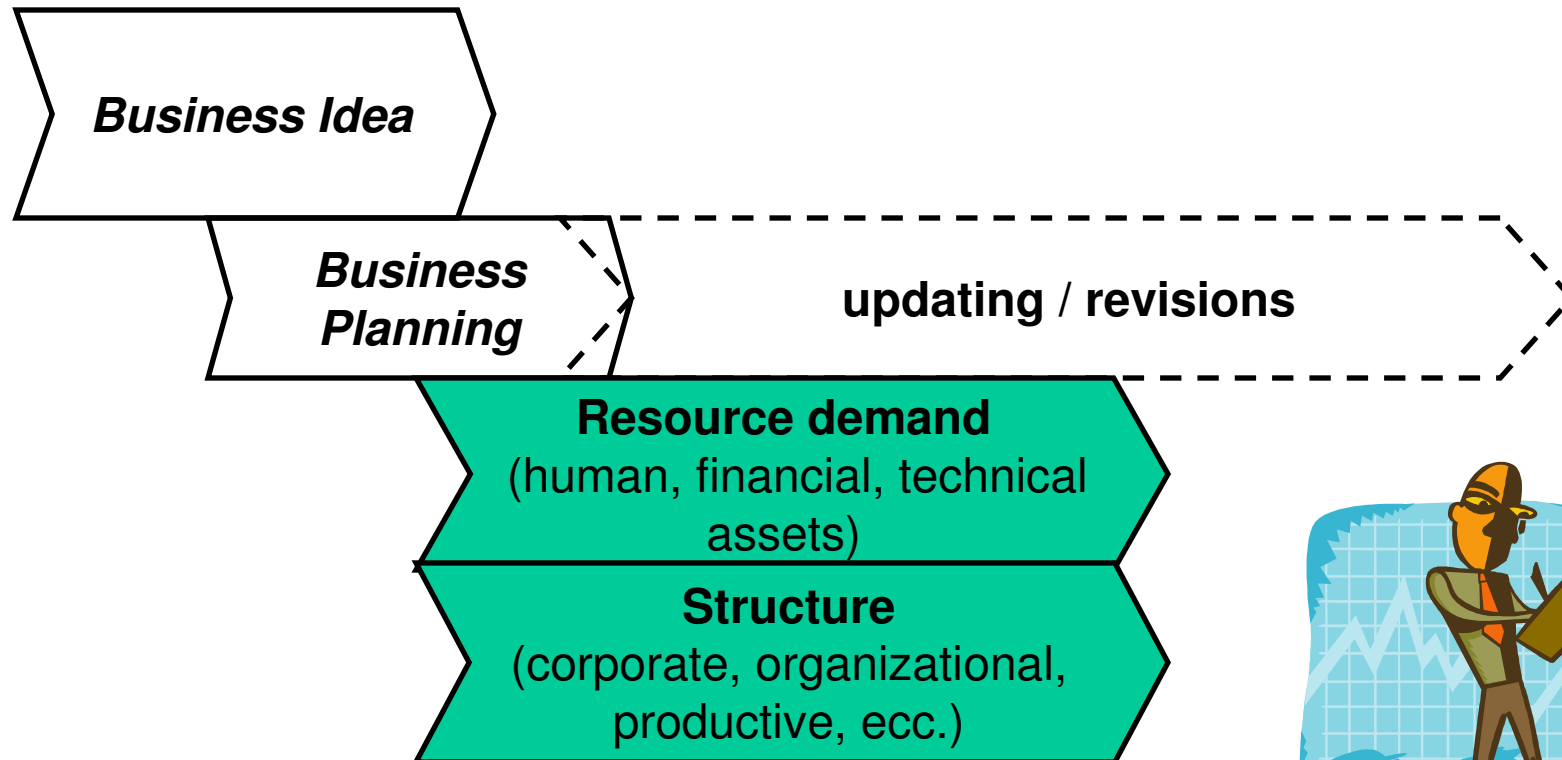
THE BUSINESS PLAN'S REVISION

Periodically it's should be proceed to a business plan revision in order to:

- ❖ **Evaluate the strategy goodness and whether the executed actions had been usefull or not.**
- ❖ **identify possible spreads in the involved variables;**

Business plan updating is the required element in order to deepen spet by step the firm's performance effectiveness.

... *IL BUSINESS PLANNING*



RESOURCES AND STRUCTURE

- a. Project structure and involved subjects: Human Resource Plan;
- b. Relazioni unità - casa madre (eventuale)
- c. Forma giuridica (eventuale)



3.a ORGANIZZAZIONE DEL PROGETTO E PERSONE COINVOLTE: IL PIANO DELLE RISORSE UMANE

La sezione del *business plan* dedicata alle risorse umane e all'organizzazione mostra quante e quali professionalità saranno coinvolte nell'impresa ai diversi livelli di responsabilità ed in relazione alle diverse aree aziendali.

Management

**individuazione del gruppo dirigente
descrizione delle competenze, esperienze e funzioni**

Organizzazione

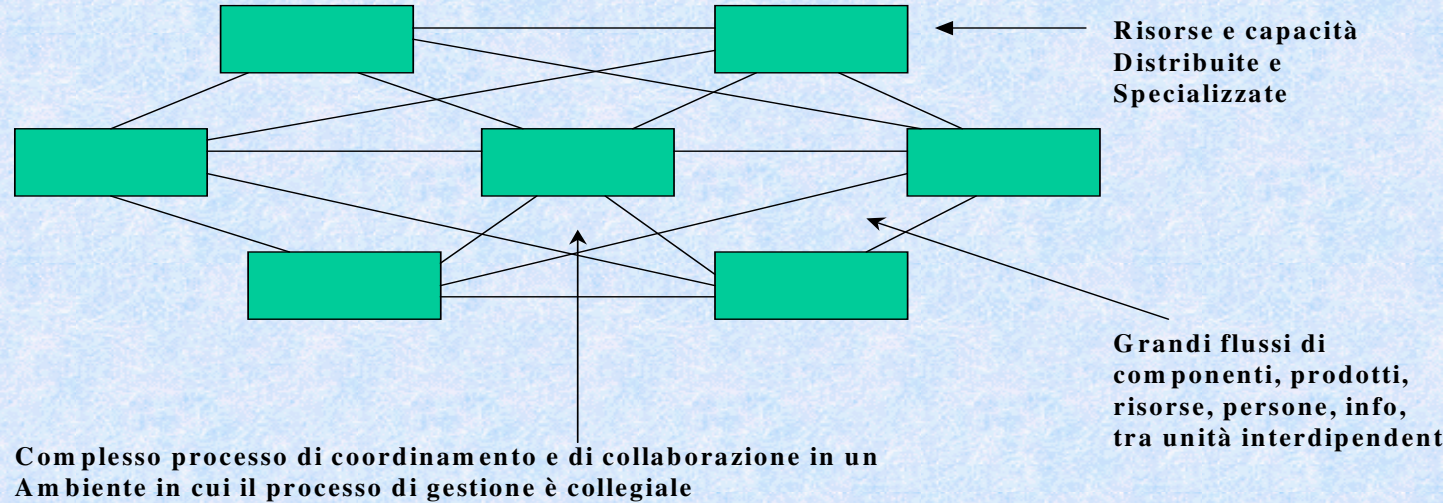
**definizione dei ruoli e delle mansioni
all'interno di ciascuna funzione aziendale**

Personale

**reclutamento e selezione delle persone "giuste"
programma di addestramento e formazione
progettazione del sistema di valutazione e del
sistema premiante**

3.b Relazioni unità-casa madre (eventuale)

Le relazioni tra casa-madre e unità locali Il modello transnazionale



Caratteristiche.

- configurazione geografica distribuita;
- Specializzazione delle unità nazionali.

3.c Personalità giuridica, forma e controllo (eventuale)

- Ufficio di rappresentanza;
- Unità produttivo/commerciale in *sole venture*:
 - Controllata;
 - Collegata.



Investimento greenfield o acquisizione

- Unità in *joint venture*:
 - *Equity joint venture*: paritaria/minoritaria/
maggiorataria (%);
 - *Non equity joint venture*
- } Competenze apportate

4. IL PIANO ECONOMICO-FINANZIARIO

- ★ **Le informazioni che non possono mancare:**
 - Bilancio pro-forma (conto economico e stato patrimoniale)**
 - Cash Flow pro-forma / Fabbisogno Finanziario**

- ★ **Le informazioni che completano la valutazione:**
 - Indicatori di performance**
 - Misure del rischio (*sensitivity*)**

- ★ **Cosa calcola un possibile investitore:**
 - Valore dell'iniziativa**
 - Ritorno sull'investimento**



LA PRESENTAZIONE DEL *BUSINESS PLAN*

Poiché si tratta di un documento ibrido – in parte proiezione di dati e in parte strumento di vendita della *business idea* – il *business plan* deve essere molto curato nel contenuto e nella forma:

- ◆ informazioni precise
- ◆ presentazione chiara ed interessante, di taglio professionale
- ◆ presentazione accurata dei risultati dell'analisi finanziaria
- ◆ *editing* gradevole
- ◆ indice dettagliato
- ◆ allegati

