

Module 3 – Session 1 Human ressources

PEOPLE IN BP PROCESSUS



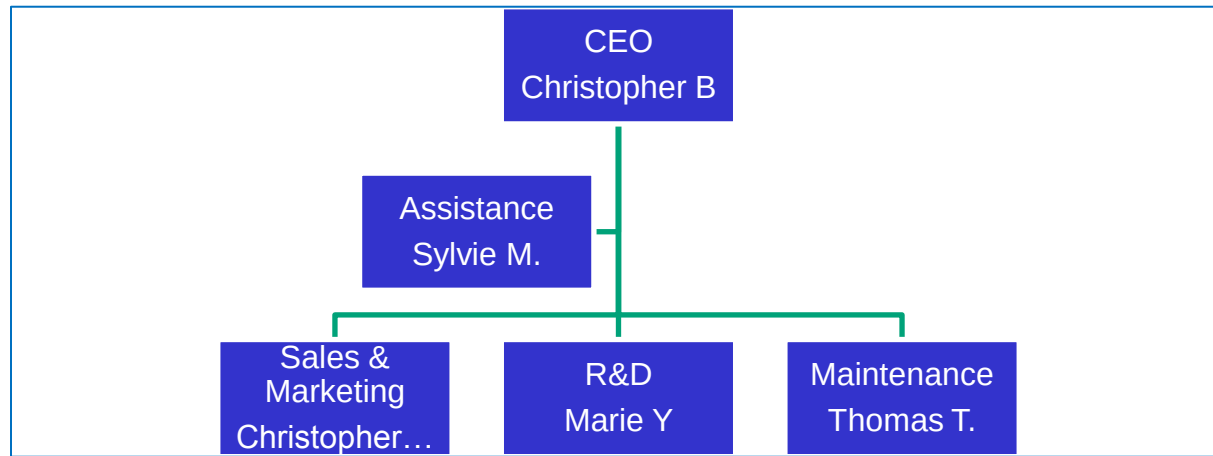
Purposes of this session

- *Which organization chart?*
- *What to write in my business plan?*

Define the tasks to be done:

Sales & marketing, R&D, Manufacturing, maintenance, etc.

Define the organization chart



How many people at beginning?

Then?

Explain with a monthly time-table, evolution of resources, for the first 3 or 5 years:

Month	1	2	3	4	5	6	7	8	9	10	11	12
Sales												
R&D												
...												

PRESENT THE TEAM

 **Christopher B: CEO + sales & marketing**

+ mini CV

3 years experience in the company...

Had responsibilities to sell....

....

Marie Y

2 years experience in the company...

Had responsibilities to design IT systems....

Action plan 5

Give replies to each question raised from slides
4 to 6

Session 2 Turnover Expectation

MAIN STEPS FOR A BP



3 TYPES OF REVENUES

1- Sales from direct activities:

1 full time seller:

- What about competition turnover / seller
- Analyze the sales cycle

2 - Sales from communication

3 - Sales from partners

Direct activities: COMPETITORS BENCHMARKING?

How?

1. If possible, compare with your competitors:

1.1 similar competitors:

Young company, based in same area, with same organisation.

You should therefore expect revenues (turnover) in the average of these companies

COMPETITORS?

How?

1. If possible, compare with your competitors:

1.2 Larger competitors:

Calculate turnover per salesperson,

Apply a 50% safety ratio:

If a salesman from a large company make 500 k€ turnover, take only 250 k€ in your BP.

Sales cycle modelling

Sales by direct contacts:

- Time spent on **phone** to get a meeting: 2 hours
- 1st meeting**: 3 hours (including round trip)
- Written proposal**: 2 hours
- 2nd meeting**: 3 hours (including round trip)
- Total: 10 hours, i.e 1 working day
- You win 1 proposal out 3 => 3 days work, for one contract
- 220 working days a year => 73 contracts.
- 1 contract = 10 000 € (on average)

=> 1 fulltime salesperson able to sell 730 000 € a year

METHODS LIMITS

These 2 methods are not 100% reliable:

- Hypotheses are not 100% sure.
- Indication of figures which are not too false.

Advices:

- Use the 2 methods and compare.
- Be very careful: Do not take too optimistic revenues.
- Consider that 1st year will bring only 50 to 80% of calculated revenues, next year 100 % of revenues.

2- Revenues from Communication

Sales Helped by Communication:

Done in communication plan

EX: 1000 faxes will bring 1000 € of turnover

3- Revenues from partners

With similar way that communication & direct activities, imagine how sales could come from your partners:

1. How long time to set up the business network, then consider:
2. How the partner will sell

You have to calculate his meeting times with final customers, etc.

Same method than direct sales, applied to partners

With the assumption of 1 full time seller,
what turnover to expect ?

- From the direct sales activity

Considering 2 ways: competition & sales
cycle

- From communication planned

- From partners

Build Excel Spreadsheet to simulate calculation.

Direct sales

Competition

similar "young" competitor

Turnover per seller

"large" competitor

Turnover per seller

Sales activity

phone
2 hours

meeting
...

proposal

negotiation

communication

Partners

Session 2

Financial simulations

Why to simulate revenues and cost?

- 1) To verify if hypotheses of revenues and costs bring enough profit
- 2) Adjust all required (and possible!) hypotheses to bring profit.

To be calculated at 1st, 2nd, 3rd year

THE FIXED COSTS

Fixed costs do not change, whatever you sell

Fixed costs: human resources :

- Sales people,
- R&D...
- Etc.

Material resources :

Office rental, demonstration equipment, car, sales tool, communication, etc

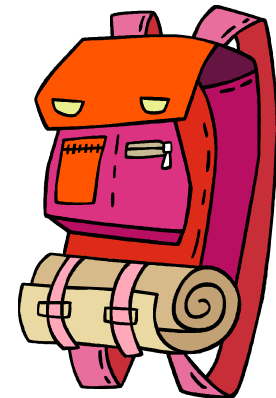
Other fixed costs :

VARIABLE COSTS

Example: wholesaler of backpacks.

Exeter Company Data

Selling price	\$ 20.00
Cost of bags from manufacturer	10.00
Variable cost to pack and ship	1.00
Sales commission at 5% of selling price	1.00
Total variable cost per unit	<u>12.00</u>
Total monthly fixed costs (rent, salaries, depreciation, etc)	40,000



- Each time we sell a backpack: variable costs of the backpack itself, the packing and shipping and the commission. (12 €)
- What is the real cost of a bag, if we sell 5000 bags this month?

THE INCOMES - PROFITS

Take into account the turnover growth, month after month.

Profit rates:

- Deduct profits month after month.
- Required investments, at company's launch brings medium-term incomes.
- Then, simulate your incomes over a long period enough in order to:

➤ The strategic choices allow you to comply with good profit: Go for it!

➤ The strategic choices do not allow these criteria:

Which parameter to change: Prices? costs? Etc.

Finally, if no sufficient profitability, choose another offer, customers... if possible.

Write down the fixed and variable costs:

1. Model the expected resources + costs: sales people, etc.
2. model according to resources, what turnover to expect:
 - From salespeople (direct + indirect)
 - From communication
3. Pick up Cap alpha tool and enter main figures

Session 3

Executive summary

- **Why an executive summary ?**
- **Main topics**
- **What do Investors search for ?**

Executive Summary: What is it – why to have it?

- The most important part of your business plan
- Objective: Capture the interest of the readers and especially a decision maker
- General rules:
 - Max 1 or 2 pages
 - Not a summary of your table of content
 - IS a summary of the CONTENT of you BP**
 - Stand-alone

- Product/Service = Features & benefits
- Competitive Advantage = Unique
- Financial = Revenue, when profitable; Funds required
- Market = Potential markets: segmentation, size, trends
- Targeted market = Describe your targeted segments, why
- Main sales tactics: price – place - promotion
- Management = Experience of founders

ACTION PLAN 7

Write your executive summary:

- Product/Service = Features & benefits
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On PowerPoint at 13.30 on USB drive

Oral: October 17th 2014 -afternoon:

Each team will present his BP executive summary:
15 minutes to present (Each person has to present a part)
+ 15 mn for questions:

From teachers

From other teams

Written Business plan: before 30/11/14

Minimum: 20 pages of winword at
craye@optivente.com

+ Excel spreadsheet: financial simulation on Cap Alpha; Please name your files with group names.