Lean Business Planning
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Been around since 1977
Statewide presence
“Helping Good Businesses Become Better”
Resource partner of the Small Business Administration
Services for the life cycle of your business:
- Financial Management
- Business Development
- Operations Management

http://nbdc.unomaha.edu/
About the Presenter

- Graduate of the University of Nebraska at Omaha
  - Master of Business Administration
  - MS – Management Information Systems

- Professional Certifications
  - Economic Development Finance Professional
  - Certified Global Business Professional

- Seven years at NBDC – Omaha office
  - 343 entrepreneurs served (YTD)
  - $16,887,836 in capital infusions
Today’s Agenda

Introduction to business planning
- What is a business plan?
- The business plan document

High-Level Business Planning
- Lean business planning
- NBDC lean business canvas
- Next steps

Q&A
Introduction to Business Planning
What is a business plan?

- It is NOT just a document...
- The plan is a set of decisions (based on assumptions) that aim to ensure the success of a venture.
- Business planning is a process for deciding:
  - **What** products or services to offer
  - **Where** to compete
  - **Why** customers will buy
  - **How** to accomplish goals
The business plan document (1)

- It has both internal and external uses

- The business plan helps you:
  - organize your ideas
  - list out your assumptions
  - evaluate the overall business concept
  - provide a sense of direction
  - formulate a strategy
  - determine priorities
  - apply for funding

- It’s a living document!
The term “business plan” is not used consistently.

- Traditional business plans
  - Templates galore
  - Business model is known
  - Detailed and lengthy
  - Focused on operations

- Other “business plan” mentions
  - When you are developing a product
  - When the business model is unclear
  - When you are applying for non-bank funds
High-Level Business Planning
Lean Business Planning

- Describe the high-level strategy
- Focus on the overall business model
- Discover the revenue-generation model
- List out assumptions
Adapted from Alexander Osterwalder’s business model canvas


Nine key areas:
- Problems
- Customers
- Value proposition
- Solution
- Channels
- Revenue Streams
- Cost Structure
- Metrics
- Unfair Advantage
Derived and modified from *The Business Model Canvas* (http://www.businessmodelgeneration.com)
**LEAN CANVAS - INSTRUCTIONS**

<table>
<thead>
<tr>
<th>PROBLEMS</th>
<th>SOLUTION</th>
<th>VALUE PROPOSITION</th>
<th>UNFAIR ADVANTAGE</th>
<th>CUSTOMERS</th>
<th>COST STRUCTURE</th>
<th>REVENUE STREAMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>List here the 3 most important things that will be solved by this offering. They should be “pain points” or strong “wants” in the marketplace. Remember that customers do not buy what they need. They buy what they want.</td>
<td>Describe the product or service that provides the solution to the problems at left.</td>
<td>Every problem has more than one solution. No product or service is without competition, if not directly then with acceptable or known alternatives. Describe why the product or service is the best alternative for the customer. The value does not have to be low price. Value in a luxury good can be high price. The value is the description of the reason why the customer will choose this product or service over all other alternatives.</td>
<td>Sometimes called the “distinctive difference,” this is the way in which the product or service can’t be matched by competitors.</td>
<td>This is a description of the customer. Any brand that has value will have persons devoted to it. That means it will also have persons who don’t want it. Who are they? Why do they think like they do? Where do they live? What is their education level? What is their income level? What is their attitude toward unproven products? How will they purchase (online, in person, through an agent, etc.)?</td>
<td>Cost structure should include development, production, sales and delivery. The percent of cost devoted to personnel, overhead, production, inventory, receivables, and promotion should receive attention. Try to think of every potential cost and how it will be handled in the business structure.</td>
<td>Describe how the product will be sold and revenue obtained. If it is through distributors, representatives, sales staff or other means then the cost structure at left should describe the cost of financing the sales. In some high tech ideas, particularly online or smart phone apps, customers are obtained by free offers. Describe how these will be monetized.</td>
</tr>
</tbody>
</table>

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Derived and modified from *The Business Model Canvas* ([http://www.businessmodelgeneration.com](http://www.businessmodelgeneration.com))
<table>
<thead>
<tr>
<th>Problem</th>
<th>Solution</th>
<th>Unique Value Proposition</th>
<th>Unfair Advantage</th>
<th>Customer Segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 3 problems</td>
<td>Top 3 features</td>
<td>Unique Value Proposition</td>
<td>What's the unfair advantage on competition</td>
<td>Who is your potential customer</td>
</tr>
</tbody>
</table>

<table>
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<th>Key Metrics</th>
<th>Channel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activities that drive customer retention</td>
<td>How you reach your potential customers</td>
</tr>
</tbody>
</table>

**Cost Structure**
- Costs to build and sustain the business

**Revenue Streams**
- Revenue model, lifetime value of a customer
- Profits
Go over the canvas a many times as you need to.
Develop a short narrative that covers the 9 components.
If you are applying for specific funding, find out the requirements and follow them!
Call for clarifications.
When your narrative is done, have it reviewed.
Be prepared to “pivot” as needed.
Further Reading

- **The Startup Owner's Manual (2012)**
  - by Steve Blank and Bob Dorf

- **The Lean Startup (2011)**
  - by Eric Ries

- **Business Model Generation (2010)**
  - by Alexander Osterwalder
Additional Information
This is the original Business Model Canvas.
This is an example of a more traditional business plan outline.
# EXAMPLES OF BUSINESS EXPENSES

<table>
<thead>
<tr>
<th>GENERAL ADMINISTRATIVE EXPENSES</th>
<th>MARKETING EXPENSES</th>
<th>START-UP EXPENSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities: Electricity, Water, Gas, Telephone, Internet, Trash Removal, Rent / Lease, Repair and Maintenance, Credit Card Machine, Bank Charges, Accountant, Bookkeeping, Licenses and permits, Dues and Subscriptions, Insurance - General Liability, Insurance - Workers’ Comp, Insurance - Other, Legal Fees / Attorney, Postage / Shipping, Office Supplies, Training expenses, Travel expenses</td>
<td>Payroll Taxes, Newspaper Advertising, Land and Building, Building Repairs / Improvements, Starting Inventory, Legal Fees (entity formation)</td>
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To find a consultant near you, please go to:

http://nbdc.unomaha.edu/financing-options/consultants.cfm