



**Training Week for Students
University Haxhi Zeka Peje
14th – 17th December 2015**

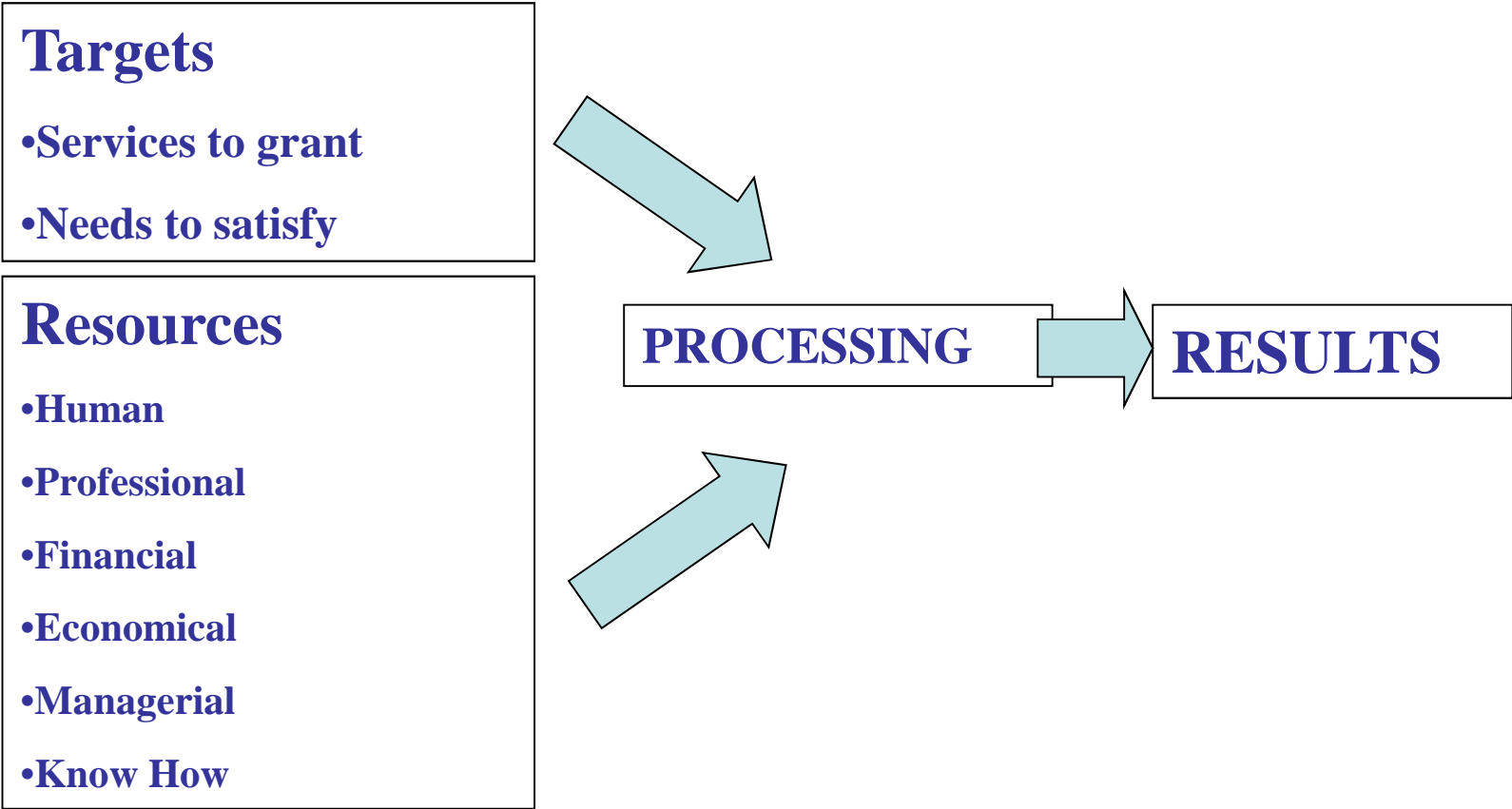
BUSINESS PLAN DEVELOPMENT

Basic Methodology

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The Basic Framework of Business Plan





Business Plan Inadequacy

- Product inadequate in connection with customers
- The cost of first clients acquisition
- The time length of product development cycle
- The wrong focus

THE FOCUS

- Small, Medium or Large Business ?
- Yearly BP or Start Up BP ?
- From Company Structure or from the C.Process ?



THE FOCUS

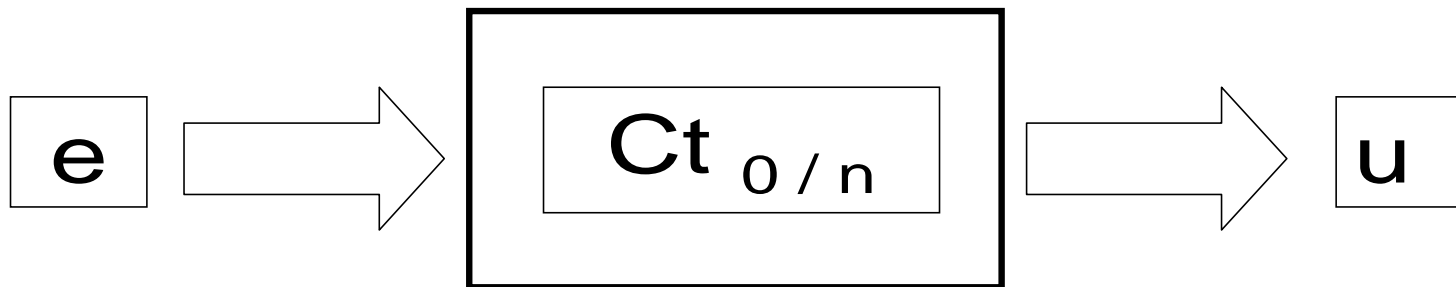
- From Company Structure or from the C.Process ?
- Yearly BP or Start Up BP ?
- Small, Medium or Large Business ?

Paul's Guitar Shop, Inc.
Balance Sheet
December 31, 2015

Assets		Liabilities	
Current Assets		Current Liabilities	
Cash	32,800	Accounts Payable	49,000
Accounts Receivable	300	Accrued Expenses	450
Prepaid Rent	1,000	Unearned Revenue	1,000
Inventory	<u>39,800</u>	Total Current Liabilities	<u>50,450</u>
Total Current Assets	73,900	Long-term Liabilities	<u>99,500</u>
		Total Liabilities	149,950
Long-term Assets		Owner's Equity	
Leasehold Improvements	100,000	Owner's Equity	
Accumulated Depreciation	<u>(2,000)</u> 98,000	Retained Earnings	11,950
Total Long-term Assets	<u>98,000</u>	Common Stock	<u>10,000</u>
Total Assets:	171,900	Total Owner's Equity	<u>21,950</u>
		Total Liabilities and Owner's Equity	171,900

TRADITIONAL , SLIM OR ZERO BASE BUDGETING ?

The Renewal System



$$Ct_n = Ct_0 + e - u$$



Yearly ?

	A	B	C	D	E	F
1		[Company Name]		Balance Sheet		
2				Date:	9/29/2008	
3						
4		Assets		2008	2007	
5		Current Assets				
6		Cash		11,874		
7		Accounts receivable				
8		Inventory				
9		Prepaid expenses				
10		Short-term investments				
11		<i>Total current assets</i>		\$ 11,874	\$	-
12		Fixed (Long-Term) Assets				
13		Long-term investments		1,208		
14		Property, plant, and equipment		15,340		
15		(Less accumulated depreciation)		(2,200)		
16		Intangible assets				
17		<i>Total fixed assets</i>		\$ 14,348	\$	-
18		Other Assets				
19		Deferred income tax				
20		Other				
21		<i>Total Other Assets</i>		\$ -	\$	-
22						
23		Total Assets		\$ 26,222	\$	-
24						
25		Liabilities and Owner's Equity				
26		Current Liabilities				
27		Accounts payable		8,060		
28		Short-term loans				
29		Income taxes payable		3,145		
30		Accrued salaries and wages				
31		Unearned revenue				
32		Current portion of long-term debt				
33		<i>Total current liabilities</i>		\$ 11,205	\$	-
34		Long-Term Liabilities				
35		Long-term debt		3,450		
36		Deferred income tax				
37		Other				
38		<i>Total long-term liabilities</i>		\$ 3,450	\$	-
39		Owner's Equity				
40		Owner's investment		7,178		
41		Retained earnings		4,389		
42		Other				
43		<i>Total owner's equity</i>		\$ 11,567	\$	-
44						
45		Total Liabilities and Owner's Equity		\$ 26,222	\$	-
46						



Management versus S.M.E.

Traditional theories

S.M.E. are ...

- **Undercapitalized**
- **Hardly to change their work methods**
- **Oriented to local market**

New Theories

S.M.E. are ...

- **Supported by family estate**
- **Strongly innovative and flexible**
- **Easy moving in globalization flows**



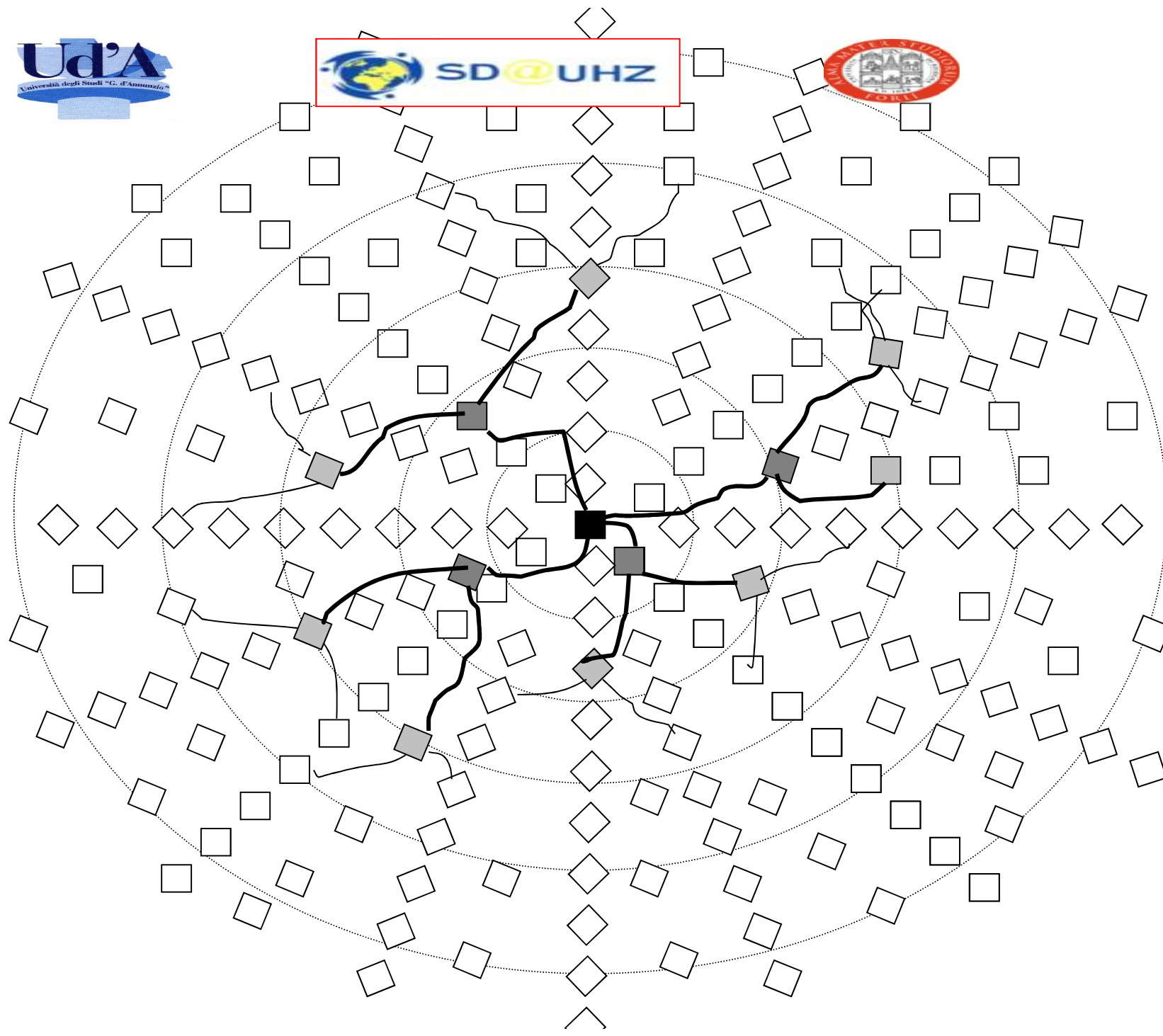
U.S. Statistics 2003

	N° firms	establishments	employees	Annual payroll (x 1000\$)
All firms	24,416,241	25,903,859	113,398,043	4,040,888,841
Nonemployer firms	18,649,114	18,649,114	n/a	n/a
Employer firms	5,767,127	7,254,745	113,398,043	4,040,888,841
Firms with no employees as of March 12, but with payroll at some time during the year	770,299	772,325	0	38,404,329
Firms with 1 to 4 employees	2,734,133	2,738,027	5,768,407	158,836,735
Firms with 5 to 9 employees	1,025,497	1,037,709	6,732,132	187,418,785
Firms with 10 to 19 employees	620,387	655,427	8,329,813	246,561,569
Firms with 20 to 99 employees	515,056	687,107	20,186,989	635,269,094
Firms with 100 to 499 employees	84,829	331,496	16,430,229	552,003,350
Firms with 500 employees or more	16,926	1,032,654	55,950,473	2,222,394,979
Firms with 500 to 749 employees	5,678	66,672	3,432,914	121,816,473
Firms with 750 to 999 employees	2,730	42,137	2,354,268	84,346,542
Firms with 1,000 to 1,499 employees	2,721	57,395	3,312,888	123,432,170
Firms with 1,500 to 2,499 employees	2,246	73,668	4,314,523	167,423,764
Firms with 2,500 employees or more	3,551	792,782	42,535,880	1,725,376,030
Firms with 2,500 to 4,999 employees	1,758	107,722	6,057,167	249,655,966
Firms with 5,000 to 9,999 employees	910	115,433	6,389,355	269,455,186
Firms with 10,000 employees or more	883	569,627	30,089,358	1,206,264,878



Push and pull approaches to BP.

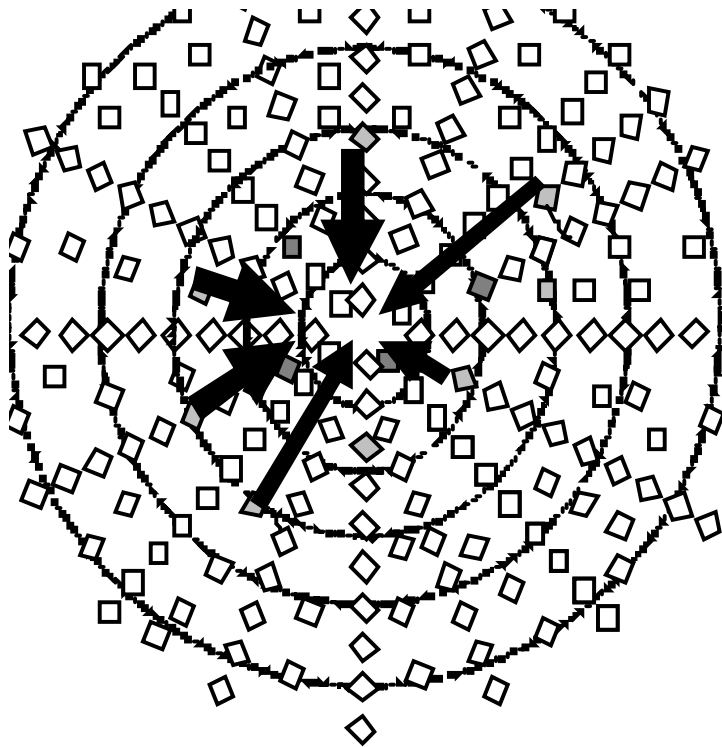
Push	Pull
Professional training	The commitment
Financial supports and facilities	The achievement of entrepreneurial practice
The join of minimum size of economic production .	The building of strong ties with customers and suppliers



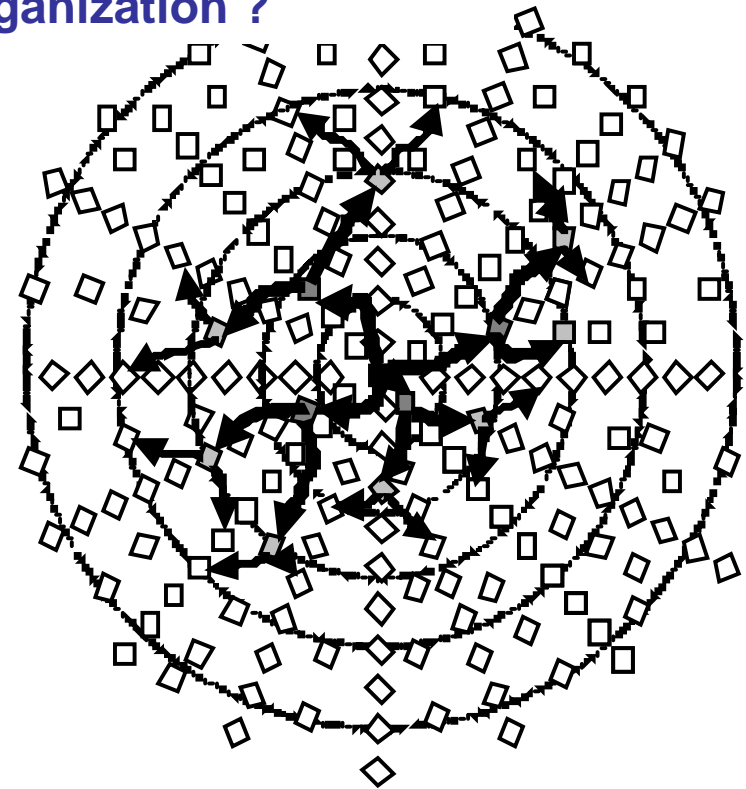
The Clustering and the Networking Approaches in Business Creation

– Clustering and Networking approaches

How many resources we need to ensure an enterprise successful start up ?



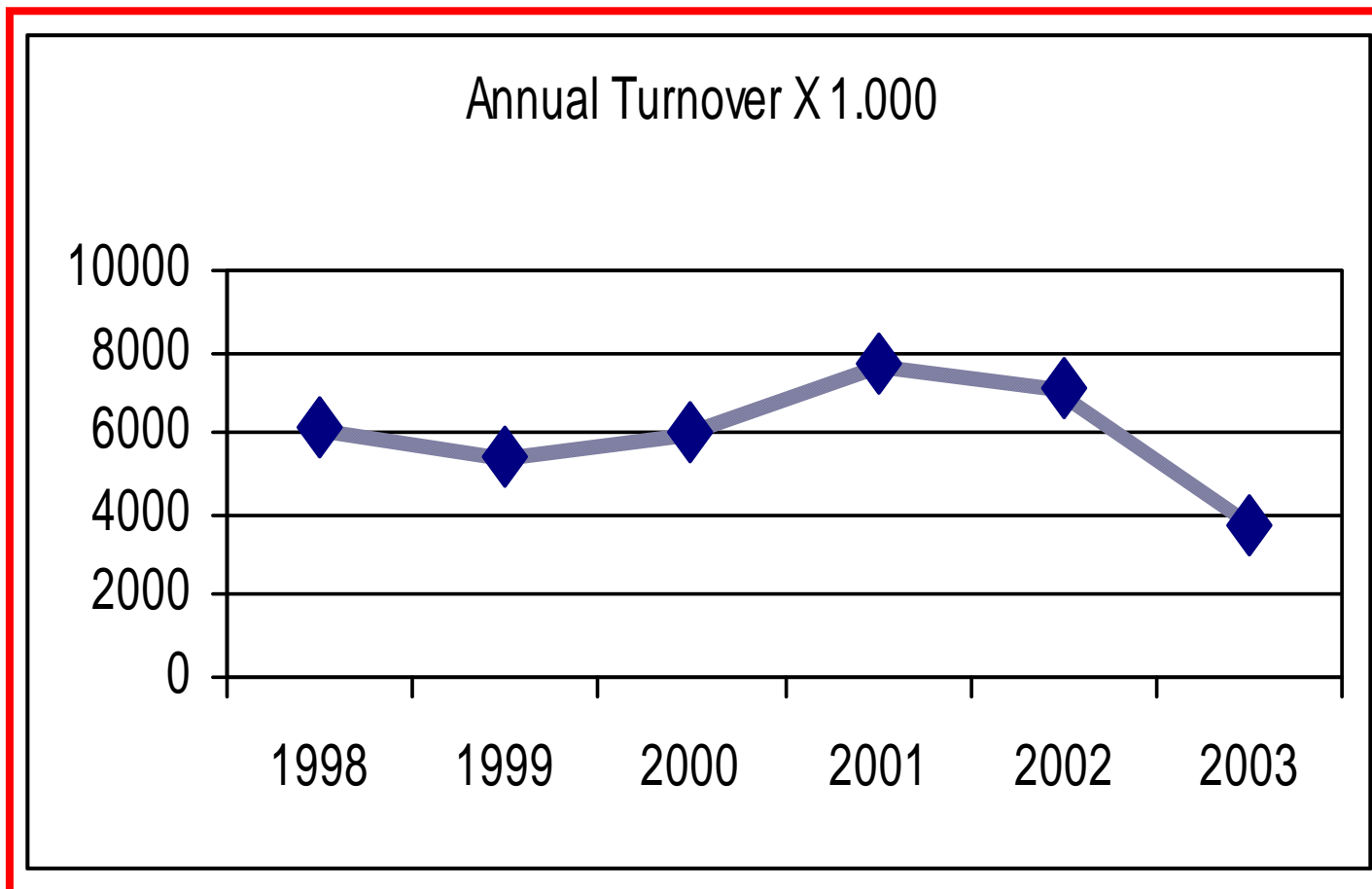
How many times we need to be sure about the survival of the new organization ?



To make evident less obvious items (1)

An Enterprise Yearly Turnover.

1998	1999	2000	2001	2002	2003
6170	5395	6075	7735	7155	3720



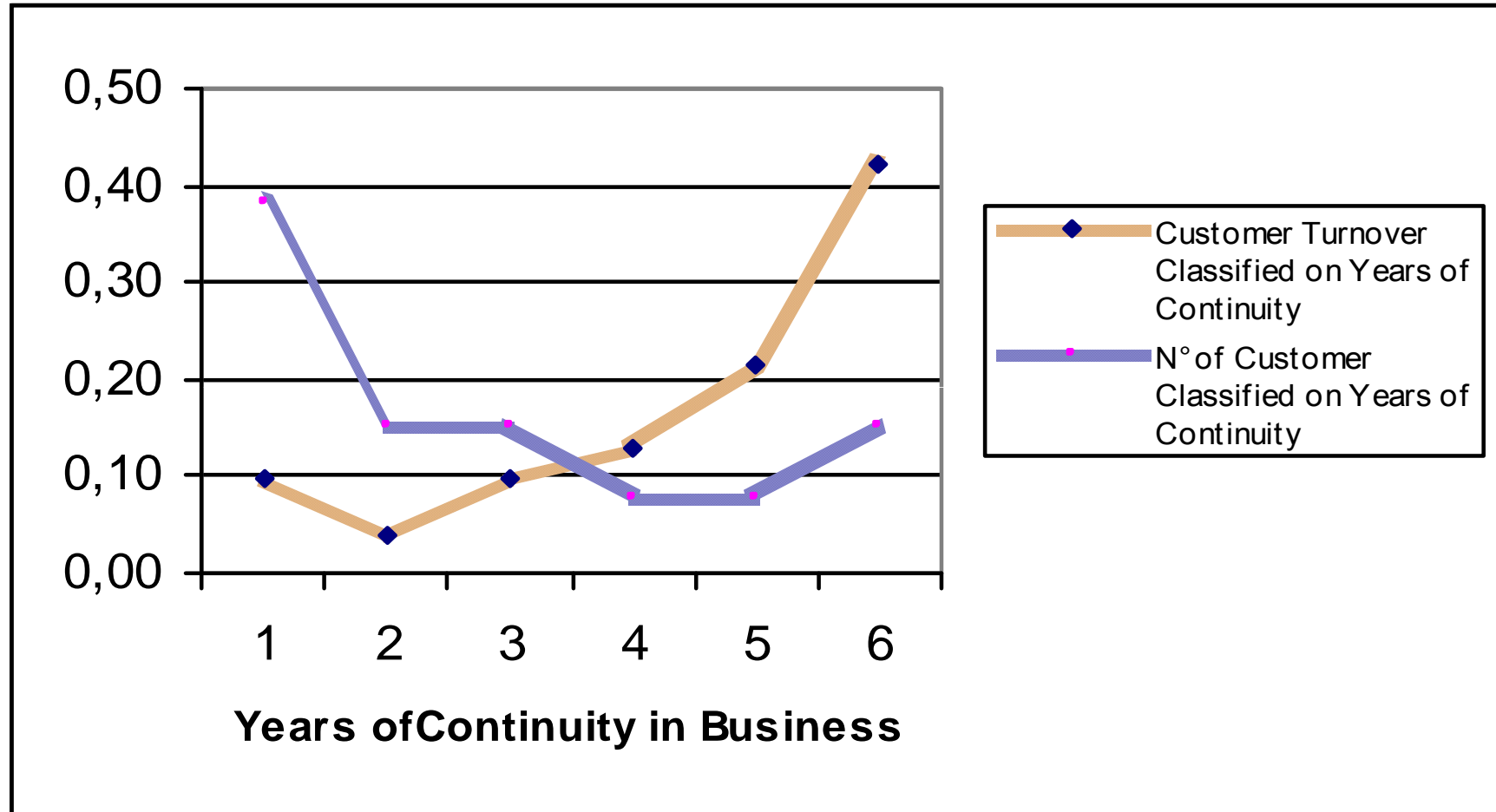
To make evident less obvious items (2)

Customer	1998	1999	2000	2001	2002	2003	SubTotal	Years of Business	Average
A		115					115	1	115,0
B	140		180				320	2	160,0
C			225	315	210		750	3	250,0
D				120			120	1	120,0
E	1000	980	900	1200			4080	4	1020,0
F	550	680	670	470	360	520	3250	6	541,7
G	1200	1320	1800	2600	1560		8480	5	1696,0
H			180				180	1	180,0
I					125		125	1	125,0
L	2700	1850	1900	2800	4300	3200	16750	6	2791,7
M	500	450			600		1550	3	516,7
N			220				220	1	220,0
O	80			230			310	2	155,0
	6170	5395	6075	7735	7155	3720	36250	36	1006,9

To make evident less obvious items (3)

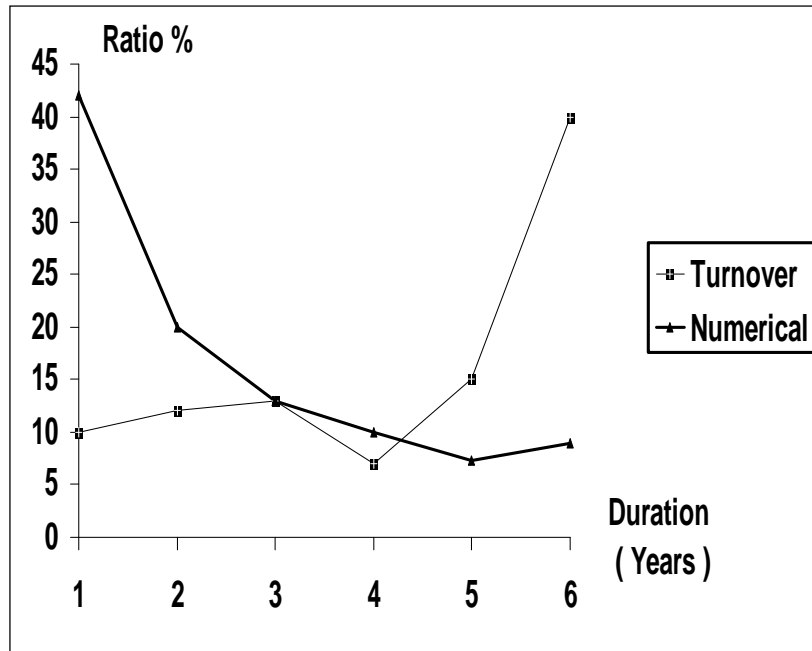
Customer Turnover Classified on Years of Continuity							
	1	2	3	4	5	6	
	115	160	250	1020	1696	542	
	120	155	517			2792	
	180						
	125						
	220						
Total	761	317	770	1024	1701	3340	7913
% on Tot.	0,10	0,04	0,10	0,13	0,21	0,42	
N° of Customer Classified on Years of Continuity							
	1	2	3	4	5	6	
Total	5	2	2	1	1	2	13
%	0,38	0,15	0,15	0,08	0,08	0,15	

To make evident less obvious items (4)

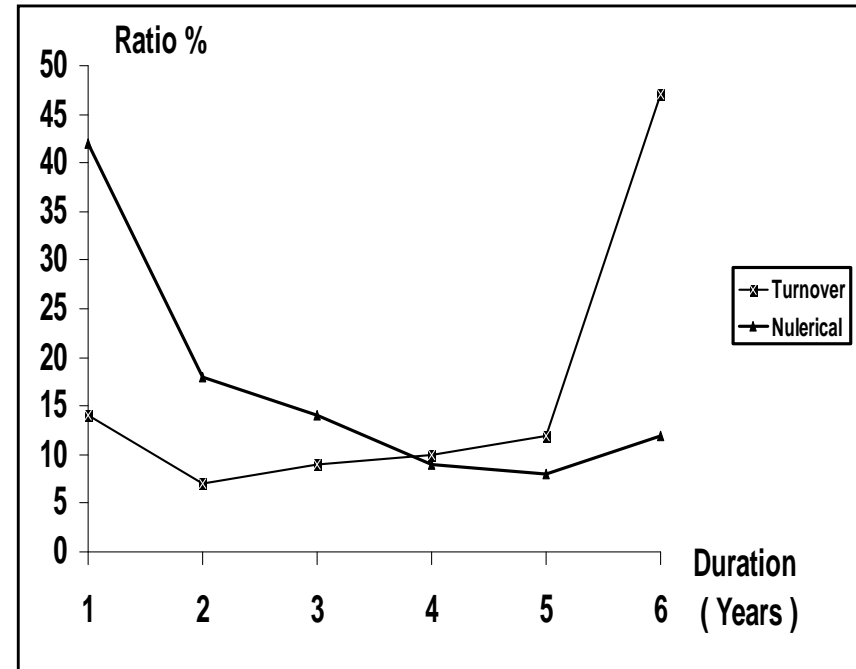


The Results of an Empirical Research on a Sample of E.R. SMEs of # Sectors

LINKS WITH CUSTOMERS



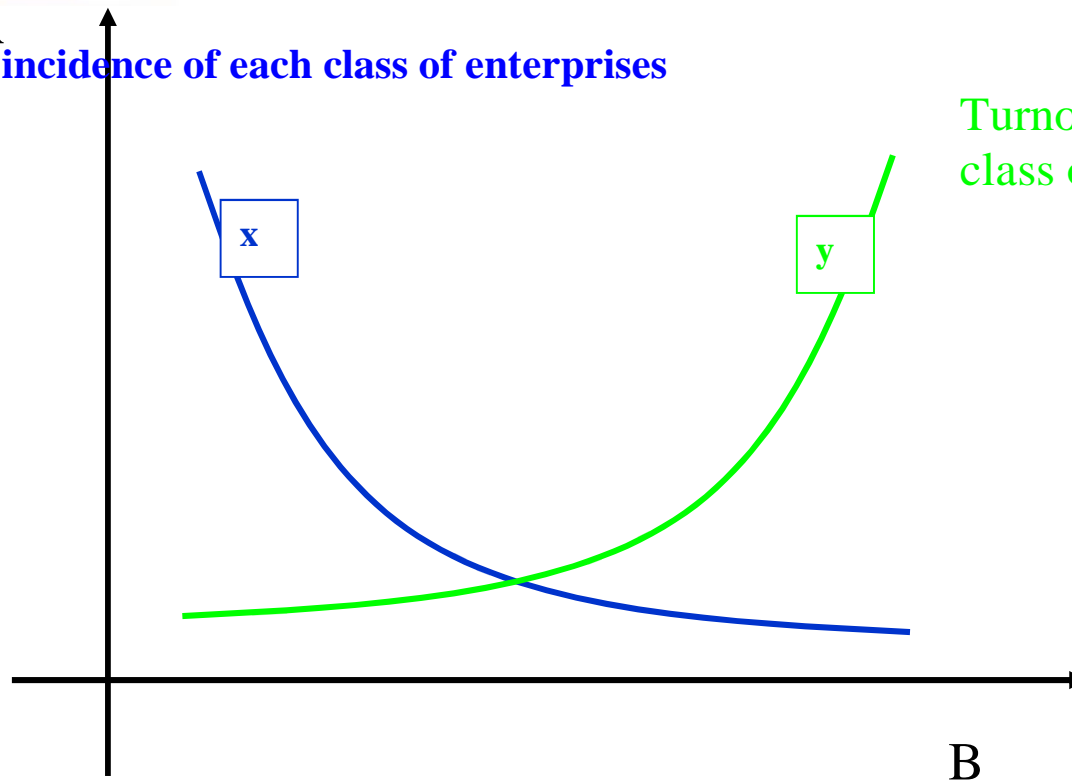
LINKS WITH SUPPLIERS





A
Numerical incidence of each class of enterprises

Turnover incidence of each class of enterprises

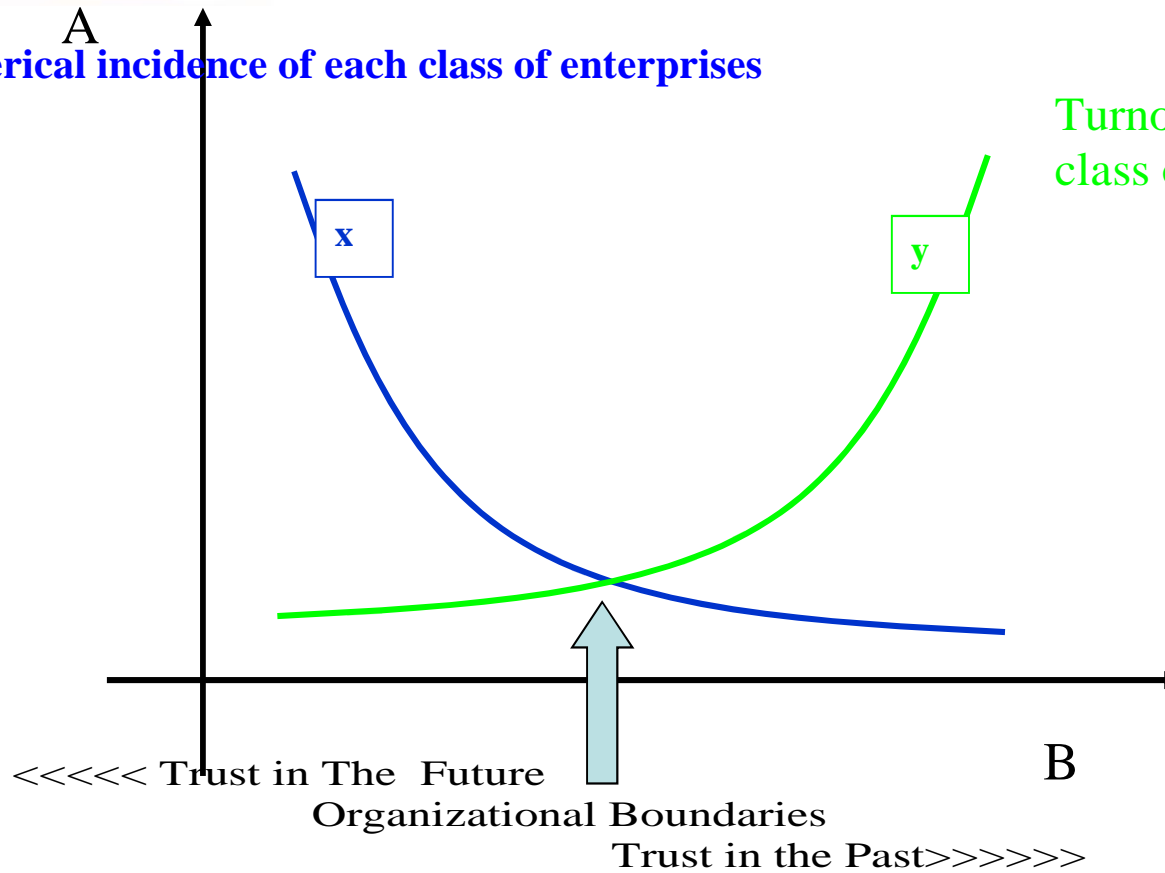


Repetition of links
(On a six years basis)



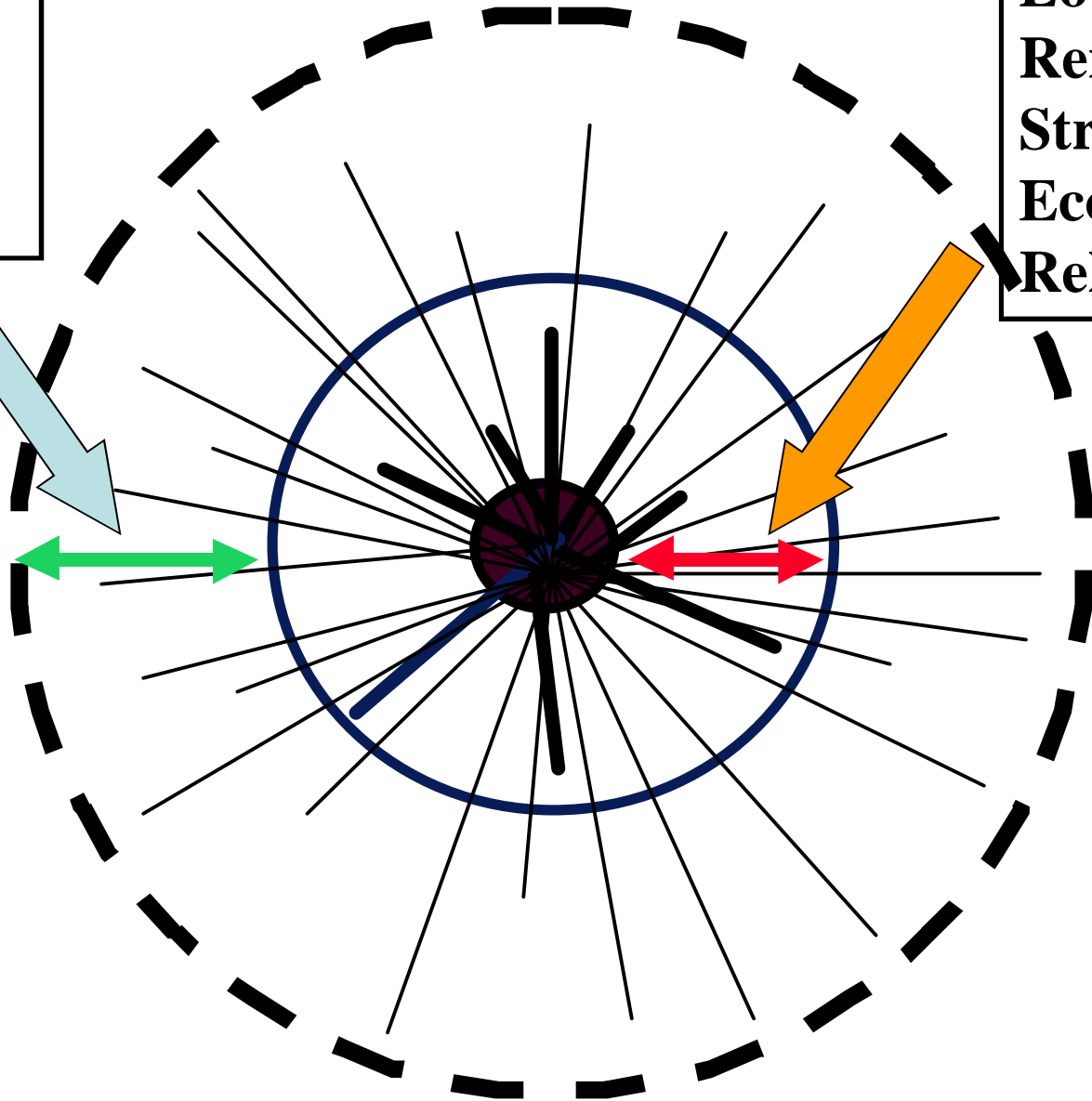
A
Numerical incidence of each class of enterprises

Turnover incidence of each class of enterprises



**High
Renewal-
Weck
Economic
Relevance**

**Low
Renewal
Strong
Economic
Relevance**

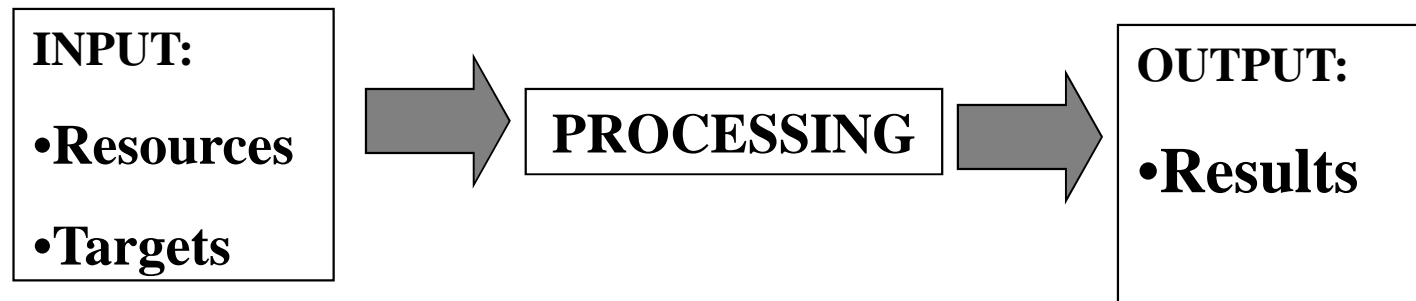




New statements on Enterprise Start Up

- **Activities size, cooperation culture and network dynamics are strictly and deeply interconnected . The models detected are fundamentally :**
 - **Network structure**
 - **Hyperlinks**
 - **Correct balance between exploring and exploiting strategies of organization**

The process and the control indexes



EFFICIENCY =
Results/ Resources

- Productivity
- Performance
- Profitability

EFFICACY=
Results/ Targets

- Progress
- % of fulfillment



EFFICACY

How we fulfilled the scheduled objective (Or target) ?

- **Progress index (Or report)**
- **Punctuality**
- **Performance**

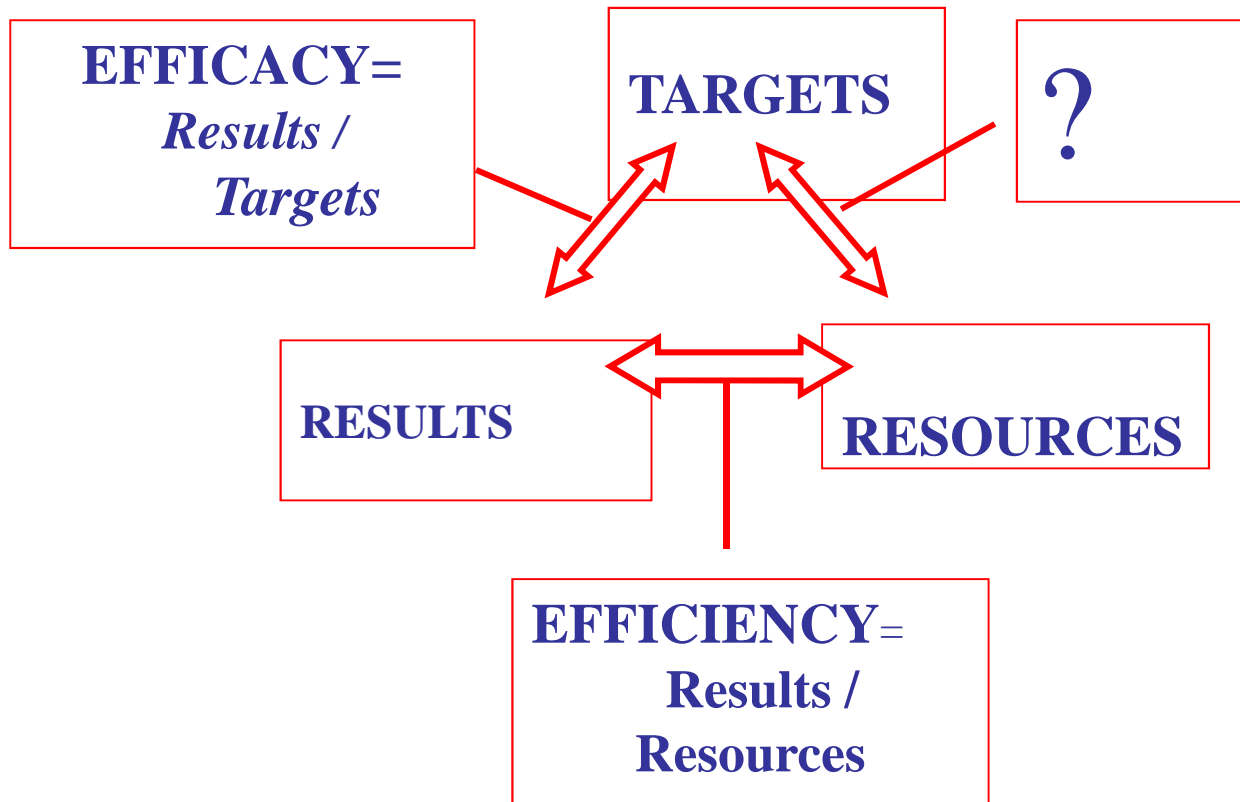
EFFICIENCY

How many Resources we used to obtain the results ?

- Profitability
- Cheapness
- Effectiveness (As it concerns managerial approach)
- Cost per unit (of result)

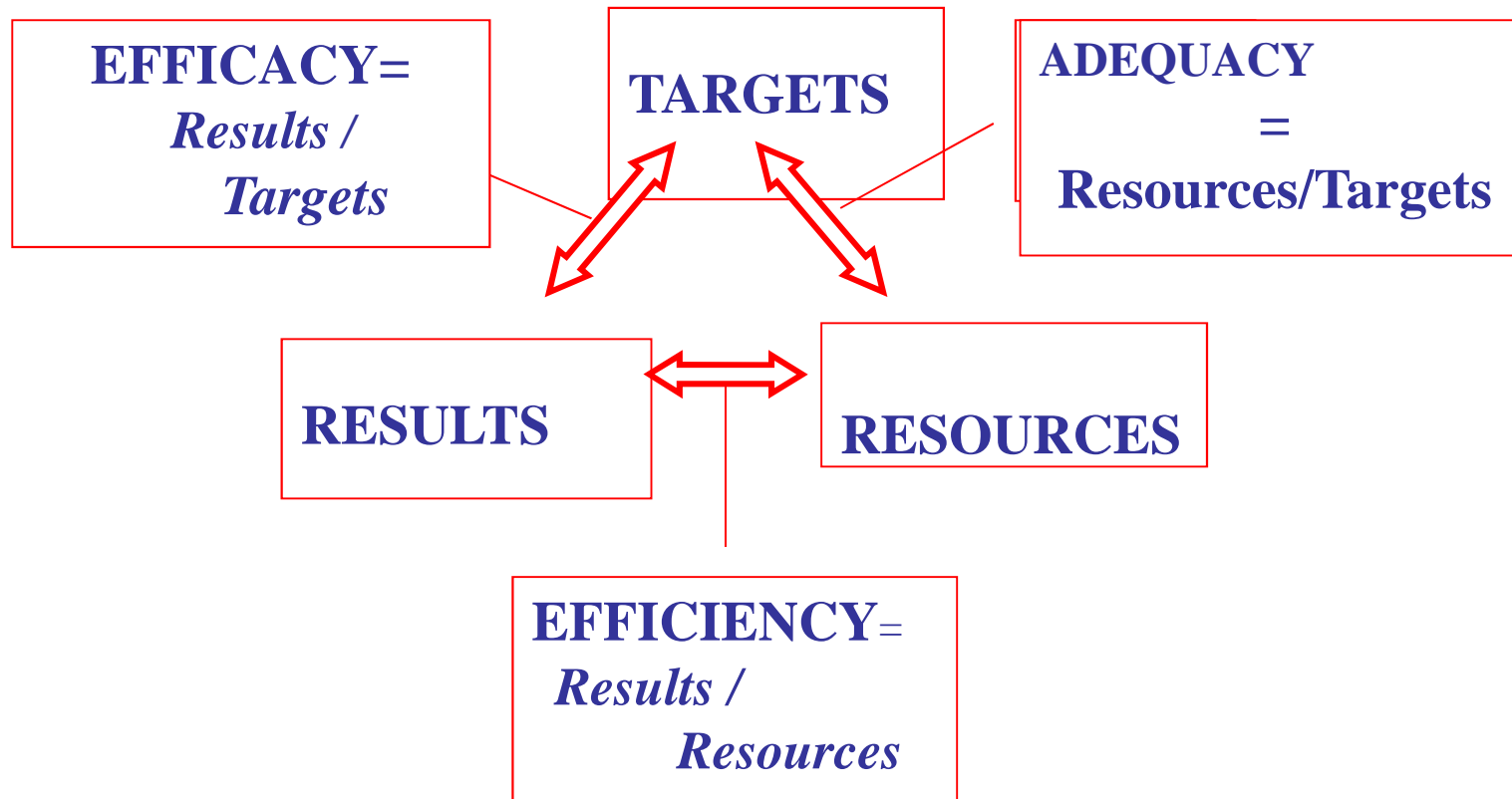


The problem of evaluation in the improvement of entrepreneurial projects.





The problem of evaluation in the improvement of entrepreneurial projects.





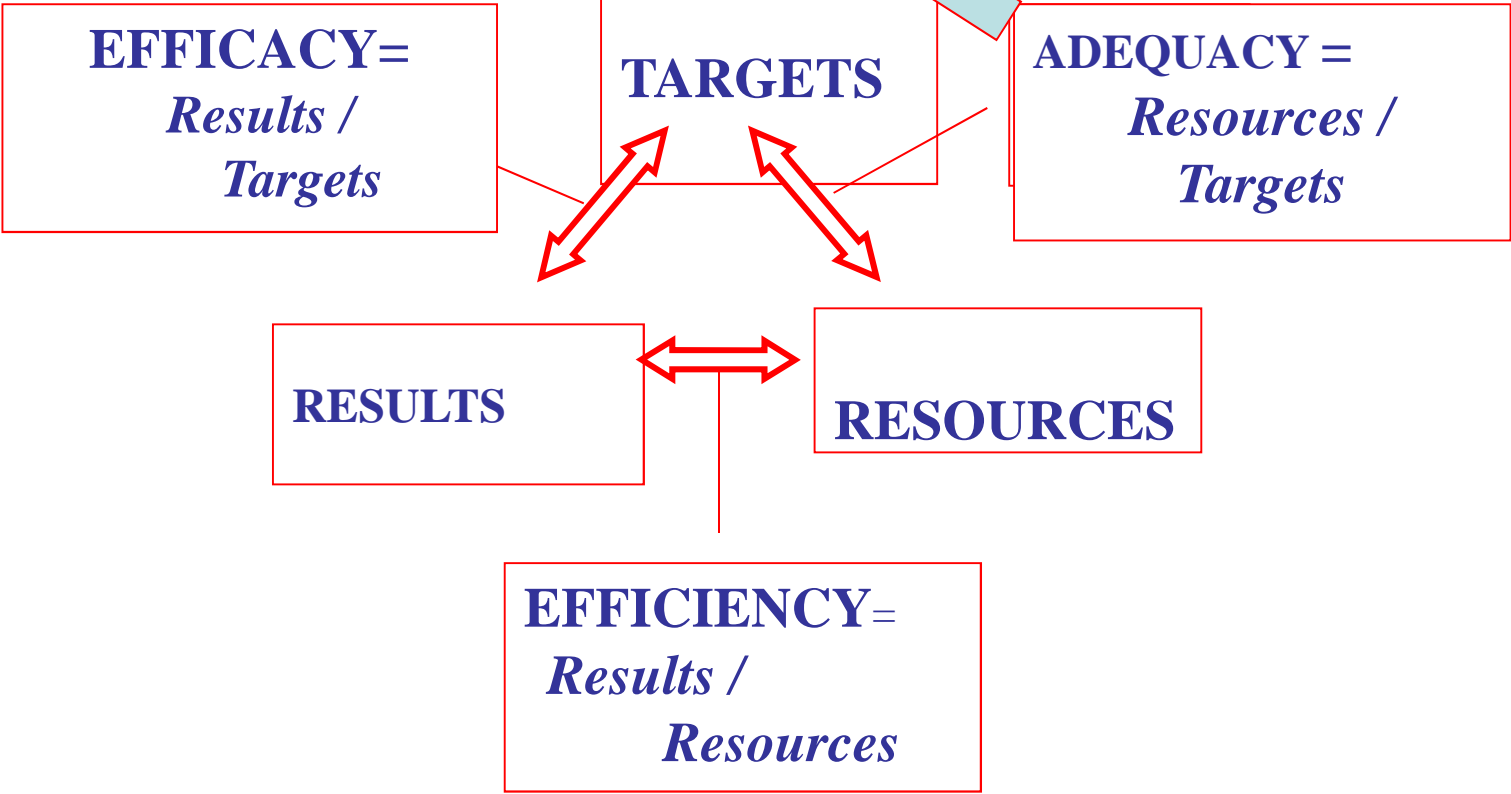
ADEQUACY

How and if we will be able to fulfil targets scheduled with resources available ?

- Sustainability
- Feasibility
- Quality
- Ethics



THE QUALITY LEVEL



PARAMETERS INDEXES									
Parametri vuota Prof.Massimo Bianchi Università di Bologna									
Business Unit									
Target/ Objective	Resource	Result	EFFICACY		EFFICIENCY		ADEQUACY		
Foods refrigerating and storing (Technical I)	scheduled h.k.of food refrigerat ed/stored	c.m. of refrigerating space	effective h.k. of food refrigerated/ stored	eff. h.k. of food refrigerated/stored	eff. c.m. of refrigerating space sold (or occupied)	eff. h.k. of food refrigerated/stored	eff. c.m. of refrigerating space sold (or occupied)	sch. h.k.of food refrigerated/stored	sch. c.m. of refrigerating space sold (or occupied)
	scheduled c.m. of refrigerati ng space sold (or occupied)	electric power consumption	effective c.m. of refrigerating space sold (or occupied)	sch. h.k.of food refrigerated/stored	sch. c.m. of refrigerating space sold (or occupied)	c.m. of refrigerating space	electric power consumption	c.m. of refrigerating space	electric power consumption



Parametri vuota Prof.Massimo Bianchi Università di Bologna	Foods refrigerating and storing company					
Approach	PARAMETERS			INDEXES		
	Target/ Objective	Resource	Result	EFFICACY	EFFICENCY	ADEQUACY
Economic	Schedule d Annual turnover	Annual Operating costs	Effective Annual Turnover	Effective Annual Turnover	Scheduled Annual turnover	Scheduled Annual turnover
				Scheduled Annual turnover	Annual Operating costs	Annual Operating costs



Parametri vuota Prof.Massimo Bianchi Università di Bologna	Foods refrigerating and storing company					
Approach	PARAMETERS			INDEXES		
	Target/ Objective	Resource	Result	EFFICACY	EFFICENCY	ADEQUACY
Managerial	sch. n° customers n° new customers n. stable customers	n. staff n. full time staff n. part time staff working hours	effective n° customers n° new customers n. stable customers	Effective number of customers	n° of customers	scheduled n° of customers
				scheduled number of customers	n. staff employees	n. staff employees