WEEK 1, Session 1 Tuesday, March 8, 6:30 – 9:30 PM Room 210 T.T. Allain Hall

BEAP Business Plan Development

Zoom Meeting ID: 931 5740 9783 Passcode SUEDA21

6:30 pm:	Welcome! Dr. Ghirmay Ghebreyesus - Director, SUEDA
	University Center
	Dr. Donald Andrews- Dean, College of Business,
	Southern University A&M College
6:40 pm:	Curriculum Introduction
	Dr. Sung No - Co-director, SUEDA UC
6:50 pm:	Instructor Introductions
	 Marketing – Drs. Deloach & Rey Accounting and Finance – Drs. No & Tukue and Ms. Patterson Leadership and Teamwork – Dr.Jackson
	 Legal Dimensions – Atty Fortson & Atty Barogova Technology – Dr. Warren Business Plan – Mr. Campbell Business Plan Implementation – Dr. Coetzer
7:00 pm:	"The Entrepreneurial Process " Dr. Donald Andrews- Dean, College of Business, Southern University A&M College
8:00 pm:	"An Overview of Business Plan Development" Mr. Campbell, Director, b1 Foundation – b1 Bank
9:15 pm:	Q&A









b1 FOUNDATION

"Developing a Business Plan

Presented by: Will M. Campbell, Jr., MA Minimize START-UP RISKS

•Í FOUNDATION >Get some industry experience in the type of business you plan to start. If you do not Plan you Plan to Fail >Do you have your spouse and family support?

- > Be prepared to persevere.
- Base your decisions on facts.
- Stay open to change or quitting.

b1 FOUNDATION

A person who organizes and WHAT IS AN ENTREPRENEUR? risk. " Risk Taker or Problem Solver"

61 FOUNDATION WHAT IS A BUSINESS PLAN?

- A written document to help bring an entrepreneurs dream to a reality. "Road Map"
- To create an effective strategy for growth.
- To determine your start up and future financial needs.
- To attract investors, such as angel investors and venture capitalist and lenders.

PURPOSE OF BUSINESS PLAN

It serves as a guide or road map to help the entrepreneur to take a close look at every aspect of the business.

It serves as a selling documents to financial institutions. PURPOSE OF BUSINESS PLAN FOUNDATION
 The business plan can help to answer the following questions.
 Are the *right person* to start or operate business?

Is there a need in the marketplace for your product or service?

>What is the potential profitability?

•1 FOUNDATION

BUSINESS PLAN OUTLINE

- Title Page
 Table of Contents
 Executive Summary
 General Business Description and mission statement
 Products and Services Plan
 Marketing Plan

 Target Market
 Competition
 - Distribution channels
 - Promotional strategies
 - Pricing strategies

BUSINESS PLAN OUTLINE

OUTLINE

Management Plan
Operational and Facility Plan
Financial Plan

- Start-Up Costs
- Break-even Analysis
- Pro Forma Financial Projections Income Statement Cash Flow Statement Balance Sheet Statement
 > Appendix

EXECUTIVE SUMMARY

 FOUNDATION
 The executive summary is an overview of your entire business plan and should highlight all the key points of your business plan in less than two pages.

Write your business plan before writing the executive summary.

 If you goal for your business plan is to secure funding, you should emphasize your financial requirements and how the funds will be used.

b1 FOUNDATION Key Elements of Executive Summary

- Objective
- Target Market
- Product and Services
- Marketing Strategies
- Competitive analysis
- Funding and budget allocation for operations and processes
- Number of employees
- How the business plan will be implemented.

GENERAL COMPANY DESCRIPTION

Founding members of the company >Type of business >Business concept opportunity Company history Mission of company Legal structure

• Sole Proprietorship

LEGAL FORMS OF OWNERSHIP

Partnerships
 General and Limited

Corporations
 C and S

Limited Liability Company (LLC)

Non-Profit Corporation

PRODUCTS AND SERVICES PLAN Most businesses are built around products and/or services that are generic. Therefore, your ability to differentiate them from those of the competition starts with a thorough knowledge of your product/ service offering.

>Describe your products and services offering
>Discuss intellectual property (patents, trademarks, etc.)
>Stage of product life cycle (growth, maturity, etc.)
>Explain uniqueness of products and services vs. competition
>What is your main selling point?
>Discuss future products, if applicable.

MARKETING PLAN

The following information is needed to evaluate the market:

Who are your potential customers? How would you describe or characterize your target market using segmentation criteria such as: Consumer market (age, gender, education, occupation, income, etc.) Business market (type, size, NAICS, location, buying motives, etc.)

Market trends: Buying and spending patterns of your target market(s)?

WHAT IS A TARGET MARKET?

I FOUNDATION A target market is

-Who are interested in your product or service.

-Who can afford to pay for your product or service.

-Who are willing to pay for your product or service.

CONDUCTING MARKETING RESEARCH Entrepreneurs need to collect the following data:

- 1. <u>Geographic</u>. Where are my customers located?
- 2. <u>Demographic</u>. What are the characteristics of my customers (age, gender, education level, income, marital status, etc.)?

Sources of Market Research

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- Bplan.com
- Demographic -U.S. Census Bureau
- IBISWorld
- RMA Risk Management Association
- General Business Statistics- NAICS, USA.GOV statistics
- Income Statistics- Earning by occupation and Education

FORMS OF PROMOTION

>Word of Mouth

Advertising

(newspapers, magazines, radio, TV, etc.)

Sales Promotion (Social Media - (Instagram, Snapchat, YouTube, Link In, Facebook, Podcast, etc.)

>Publicity

PRICE

GUIDELINES

Determine what it costs you to offer your products/services. The bottom range of the price spectrum is set by costs.

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(Note: Calculating your costs help you to determine whether or not you can stay in business.)

Determine what competitors are charging for similar products/services. Their prices will impact your price.

Determine how much the customer is willing to pay for your products/services.

SAMPLE ORGANIZATIONAL CHART



OPERATIONAL & FACILITY PLAN

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In this section, you should explain the operations of your business and the building or facility that you will use to conduct business. > What steps are required to manufacture or produce your products or services, if applicable?

How will you acquire your inventory, if applicable? (Include name, address, and phone number of each supplier)

How will you acquire your materials and supplies? (Include name, address, and phone number of each supplier)

Note: You should have primary & secondary suppliers (Never rely on one source.)

OPERATIONAL & FACILITY PLAN (CONT'D)

>Where will the business be located ATION

>Why is this a good location? (Cite advantages and disadvantages)

Are there complementary businesses located near you? Identify these businesses and indicate their impact on your operation.

Explain your decision to lease or purchase the business facility?

Financial Plan

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The financial section of the business plan is one of the most essential components of the plan. It is much needed is you are trying to obtain funding from a lender or investor.

A financial plan has three major components cash flow projections, income statement and balance sheet.

FINANCIAL PLAN

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 What will it cost you to start this business?
 (What are your total financial needs and how will these funds be spent?)

Include list of capital equipment.

>How will the loan(s) be secured? Proposed collateral?

Include loan amortization schedule.

Calculate break-even point? When will the business break-even?

What sales volume will you need in order to make a profit during the first three years? When will the business be profitable? Budgeting Start-Up Costs

•1 FOUNDATION The first step is to determine or estimate the cost to start or open the business. In getting the business "up and running," you will incur certain costs such as equipment and vehicle purchases/leases, insurance, office supplies, licenses & permits, deposits, accounting and legal fees, etc.

Budgeting Start-Up Costs

1 FOUNDATION **Uses of Funds** - Leasehold Improvements \$ - Licenses & Fees, and Deposits - Working Capital - Other Start-Up Costs \$____ Total Uses of Funds **Sources of Funds** - Cash or Equity Injection - Loan Amount Total Sources of Funds

Financial Statements

Financial following prepared purposes: **IFOUNDATION** Statements include the statements, which are for internal and external

Income Statement

Balance Sheet

Cash Flow Statement

Income Statement

The income statement (also known as a profit and loss statement or "P & L") shows the profit or loss of a business over a given period of time.

Revenues

- Costs of Goods Sold
- = Gross Profit
- General & Administrative Expenses
- = Net Profit (or Loss)

SAMPLE

(COMPANY NAME) MONTHLY INCOME STATEMENT PROJECTION

For Period Ending _____, Year _____

	Month	Total	%											
	1	2	3	4	5	6	7	8	9	10	11	12		
GROSS REVENUE (Sales or Fees):					_	_								
TOTAL GROSS REVENUE														
Less Returns, Allowances, & Discounts														
NET SALES REVENUE														
Less COST OF GOODS SOLD:														
GROSS PROFIT														
OPERATING EXPENSES:														
Salaries & Wages														
Commissions														
Payroll Taxes & Benefits														
Security														
Promotion (advertising, etc.)														
Vehicle & Delivery														
Dues & Subscriptions														
Accounting & Legal Fees														
Office Supplies														
Operating Supplies														
Maintenance & Repairs														
Travel & Entertainment														
Rent														
Telephone														
Utilities														
Insurance														
Taxes (property, etc.)														
Depreciation & Amortization														
Selling (check/credit card fee, etc.)														
Bad Debts														
Other (specify each)														
Miscellaneous														
TOTAL OPERATING EXPENSES														
Total Operating Income (EBIT)														
+ Other Revenue (interest income, etc.)														
- Other Expenses (interest, etc.)														
NET PROFIT (LOSS) before taxes														
- Taxes														
NET PROFIT (LOSS) after taxes														

Note: Include assumptions and explanations for income statement projections on separate page(s)

Balance Sheet

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The balance sheet is a statement of the assets, liabilities, and capital of a business at a particular point in time, detailing the balance of the income and expenditures over the preceding period. It gives a snapshot of the financial healthy of the business.

Assets = Liabilities + Net Worth

or

Assets - Liabilities = Net Worth

SAMPLE

(COMPANY NAME) MONTHLY BALANCE SHEET PROJECTION

For Period Ending _____, Year ____

Pre Start-up Month Total Position 3 4 5 10 11 12 1 2 б 7 8 9 ASSETS Current Assets: Cash Investments (Marketable Securities) Accounts Receivable Inventory Prepaid Expenses

Prepaid Expenses												
Other (specify each)												
Total Current Assets												
Fixed Assets:											 	
Land												
Buildings												
Leasehold Improvements												
Furniture/Fixtures												
Machinery & Equipment												
Vehicles (Autos & Trucks)												
Less Accumulated Depreciation & Amort.												
Total Net Fixed Assets												
Other (specify each)												
Total Assets												
LIABILITIES												
Current Liabilities:												
Notes PayableBank												
Current Portion of Long-Term Debt												
Accounts PayableTrade												
Accruals (payroll)												
Income Taxes Payable												
Other (specify each)												
Total Current Liabilities												
Long-Term Liabilities:												
Notes Payable												
Other (specify each)												
Total Long-Term Liabilities												
Total Liabilities												
NET WORTH												
Owner Equity												
Capital Stock												
Additional Paid-In Capital												
Retained Earnings												
Total Net Worth												
Total Liabilities and Net Worth												
Note: Include assumptions and explanations for balance sheet projections on separate page(s)												

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Cash Flow Statement The cash flow statement shows how a company has performed in managing when cash comes into the business (cash inflows) and when cash goes out of the business (cash outflows). It provides a clearer picture of a company's ability to pay creditors and to finance growth.

Cash on Hand (beginning of period)

- + <u>Cash Receipts (Cash inflows)</u>
- = Cash Available
- Cash Disbursements (Cash Outflows)
- = Cash Balance or Position (end of period)

SAMPLE

(COMPANY NAME) MONTHLY CASH FLOW STATEMENT PROJECTION For Period Ending ______, Year _____

	Pre Start-up	Month	Total											
	Position	1	2	3	4	5	6	7	8	9	10	11	12	
CASH ON HAND (Beginning of month)														
CASH RECEIPTS:														
Cash Sales														
Collections from Credit Accounts														
Loan or Other Cash Injection														
TOTAL CASH RECEIPTS														
TOTAL CASH AVAILABLE														
CASH DISBURSEMENTS:														
Purchases (inventory)														
Salaries & Wages														
Commissions														
Payroll Taxes & Benefits														
Security														
Promotion (advertising, etc.)														
Vehicle & Delivery														
Dues & Subscriptions														
Accounting & Legal Fees														
Office Supplies														
Operating Supplies														
Maintenance & Repairs														
Travel & Entertainment														
Rent														
Telephone														
Utilities														
Insurance														
Taxes (property tax, etc.)														
Selling (check/credit card fee, etc.)														
Other Expenses (specify each)														
Miscellaneous														
SUBTOTAL (cash out for operating costs)														
Debt Service (loan payment)														
Capital Purchases (specify each)														
Other Start-up Costs														
Reserve and/or Escrow (specify each)														
Owner's Withdrawal														
TOTAL CASH DISBURSEMENTS														
CASH POSITION (End of month)														

Note: Include assumptions and explanations for cash flow statement projections on separate page(s)

•Í FOUNDATION Items needed by a lender for funding: More INFORMATION > Business plan >Two years of personal tax returns. REQUESTED (for Start-Ups)
Three years of projections.
Personal financial statement on any person who owns 20% of the business or more. Management Resume

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For More Information



Call Will M Campbell Jr., MA (225) 939-1899 **Business Entrepreneurship Advancement Program** EDA University Center for Economic and Entrepreneurial Development

> Donald R. Andrews March 8, 2022 Dean, College of Business Southern University and A&M College Baton Rouge, Louisiana

Vision To Create the Future Up From Slavery: Booker T. Washington National Negro Business League



Planning for the Future

The single most important thing to remember about any enterprise is that there are no results inside its walls. The result of a business is a satisfied customer. The result of a hospital is a healed patient. The result of a school is a student who learns something and puts it to work.

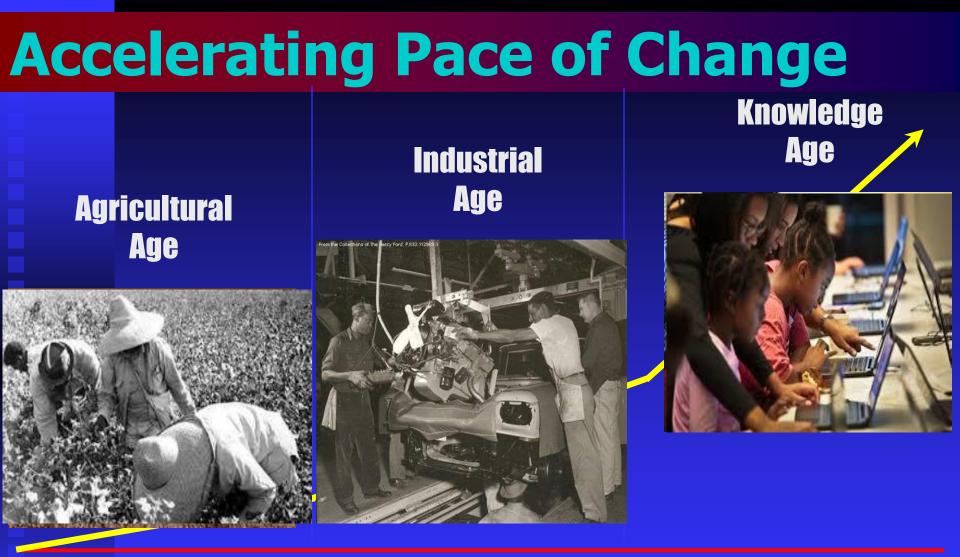
The talk you hear today about adapting to change is not only stupid, it's terribly dangerous. <u>The only way you can manage</u> <u>change is to create it</u>. By the time you catch up with change, the competition is already ahead of you.

... Peter Drucker

The New Economy

Change

"When the rate of change outside the organization is faster than the rate of change inside the organization, then the end is near." Jack Welch, Late Former CEO, GE



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SOURCE: M. Emmi, SCT Corporation

From Knowledge Economy to Creative Economy

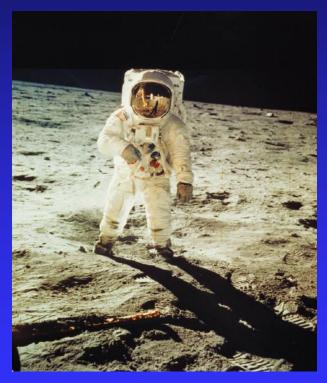
DESIGN



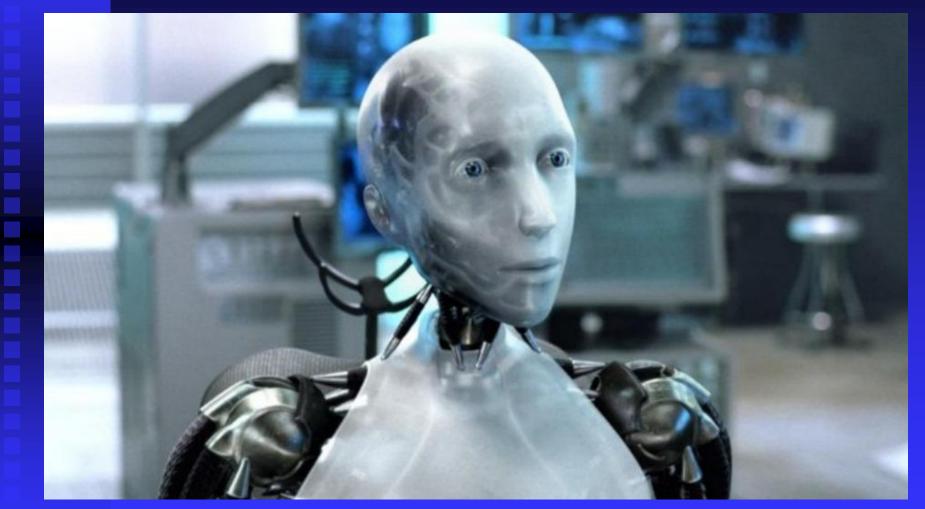


CREATE

IMPLEMENT



Brilliant Machines (Deep Blue and Mr. Watson) Can I Help You Think?



As Outline in *<u>The Second Machine Age</u>* by Erik Brynjolfsson and Andew McAfee 2014

Income Share to Top 10 Percent 1917-2007

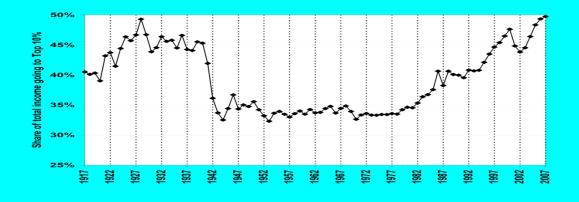


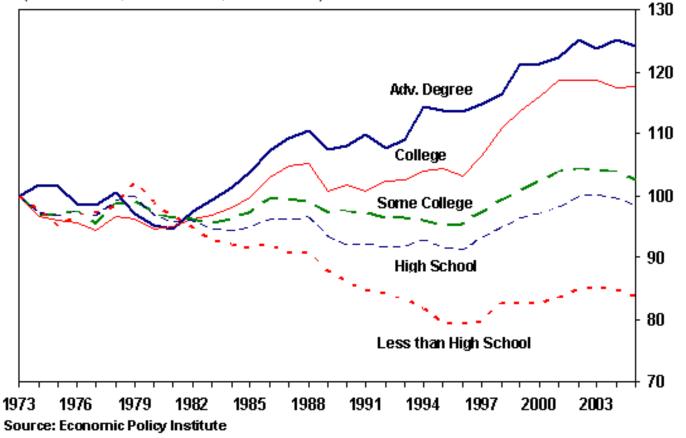
FIGURE 1 The Top Decile Income Share in the United States, 1917-2007

Source: Piketty and Saez (2003), series updated to 2007. Income is defined as market income including capital gains. In 2007, top decile includes all families with annual income above \$109,630.

Growth in Wages by Education

Figure 2: Real Hourly Wages by Education

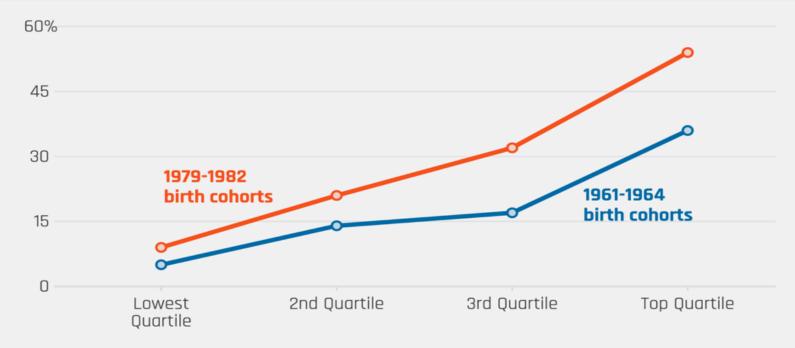
(all workers, normalized; 1973=100)



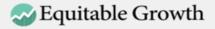
Income and College Education

College completion gaps by income persist and grow

Share of students completing college in the United States by income quartile and year of birth



Source: Martha Bailey and Susan Dynarski, "Gains and Gaps: Changing Inequality in US College Entry and Completion," National Bureau of Economic Research, 2012.



21st Century Institutions of Higher Education Role in Economic Development

Strategic Program Principles of Practice

- Embed Economic Engagement, Innovation, and <u>Entrepreneurship</u> Across Institutional Missions
- Value and Promote Scholarship Across A Continuum of Discovery and Application
- Be Good Community Partners
- Engage in Regional Innovation Ecosystems
- Identify and Strengthen the Institutions Strategic Competitiveness
- Serve Regional Human Capital and Workforce Needs
- Contribute to the Health and Well-Being of the Community and People Served
- Facilitate 21st Century Knowledge Creation at the Intersections, Collisions and Fusions of Academic Disciplines
- Affirm that, in Innovation and Engagement, Humanities, Arts, Social Science and STEM Disciplines are Vital
- Innovate Continuously in Teaching and Learning Practices
- Source: Higher Education Engagement in Economic Development, Association of Public and Land Grant Universities -Commission on Innovation, Competitiveness and Economic Prosperity – University Economic Development Association

Demand for Entrepreneurship Education

Students have shown an increased interest in understanding business from the entrepreneurs' perspective. According to Stephen Spinelli, Babson College's President

- (1) students who are going to start their own businesses,
- (2) students who are going to seek to work for a small entrepreneurial firm with rapid growth potential,
- (3) students that want to understand entrepreneurship from a finance perspective and become involved in equity investing in new ventures,
- (4) students who are interested in corporate entrepreneurship and new product development and
- (5) those that end up in traditional business careers but feel that an entrepreneurial education gives them an advantage.

SUBR College of Business Mission and Structure



- Mission
- To provide a quality business program that prepares students of diverse backgrounds for global career challenges and makes a positive contribution to the public and private sectors through <u>effective</u> <u>instruction, impactful research and innovative community engagement</u>
- Undergraduate programs in:
 - Accounting
 - Finance (Economic and Insurance Concentrations)
 - Management (HR, MIS & Supply Chain Concentrations)
 - Marketing (with Professional Sales Concentration)
- MBA and JD/MBA programs
- University Center for Economic & Entrepreneurial Development (EDA)
- Accredited in 1998 by AACSB International; the Association to Advance Collegiate Schools of Business.

Some New Business and Government Realities

- Globalization
- **> IT and Bio Technology Revolution**
- Business Redesign
 - ➢Outsourcing
 - ➢Offshoring
 - ➢Increase in Strategic Alliances
- E-Commerce/Supply Chain Management
- > Restructured Government Procurement
- Changing Market Demographic

New Realities in Business

Recommendations

- Access New Markets, Develop New Capital Structures, Develop New Business Structures
- Leverage Government Resources, Develop University Linkages, Support and Encourage Use of Technology, Use of Business Incubators
- The new realities in the business world have caused a revolution in thinking with respect to developing *entrepreneurship programs*

Role of the University in Entrepreneurship Development

- > Academic Programs
 - > Orientation of Business Degree Programs
 - > Entrepreneurship Courses and Degrees
- **Research, Grants and Contracting Projects**
 - > Small Business Consulting
 - > Value-Added in the Supply Chain
 - > **SBIR/STTR**
 - > MSI Alliances and Collaborations
- > Outreach
 - > EDA University Center
 - > Educational Workshops and Training
 - Entrepreneurship Training
 - > Small Business Development Centers
 - > Business Incubation
 - > Research Parks
 - > Community Development Corporations

What is entrepreneurship?

Creative Destruction Joseph Schumpeter New Technology and Innovation Drives Business Investment and Realignment Steam Power, Electric Light, Horseless Carriage

The Breakthrough definition:
 "Identifying an opportunity regardless of the resources currently available."

Babson definitional (r)evolution:

"A way of thinking and acting that is opportunity obsessed, holistic in approach and leadership balanced."

Entrepreneurship is the use of innovative thinking to develop new products, services and processes that lead to the creation of wealth for individuals and society (Donald R. Andrews SEE 20 2004)

The Entrepreneurial Process

The entrepreneurial process will create a better world. It's not just about new company, capital, and job formation, nor innovation, nor creativity, nor breakthroughs. It is also about fostering an ingenious human spirit and improving humankind.

Jeffry A. Timmons, 1996 Price-Babson College Fellows Program The Timmons' Model of the Entrepreneurial Process

Communication

The Resources

Business Plan "Fits & Gaps"

Leadership

Creativity

The Team

The Entrepreneurial Process

OPPORTUNITY Driven

Economic Analysis Market size & structure Economic Profit

The Opportunity



Bootstrapping and Creativity

An Entrepreneurial Team

The Key Ingredient for success!

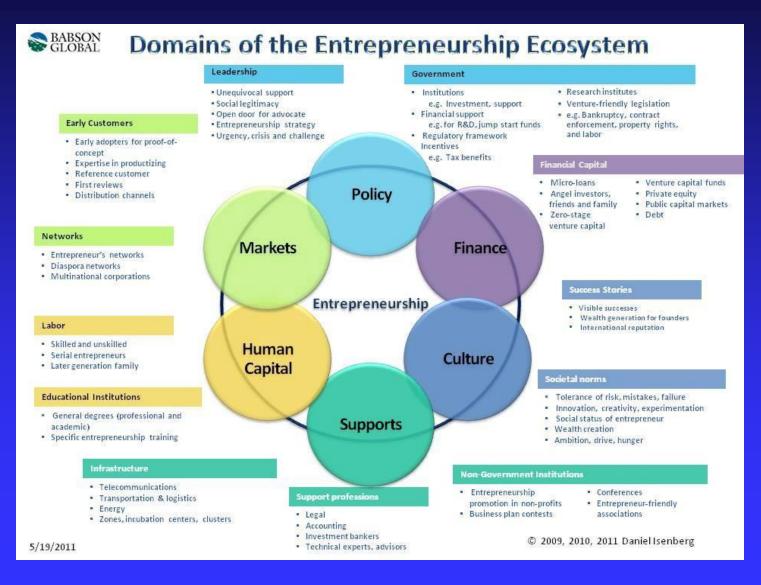
The "lead" entrepreneur Quality of the team Commitment & Determination

The Team

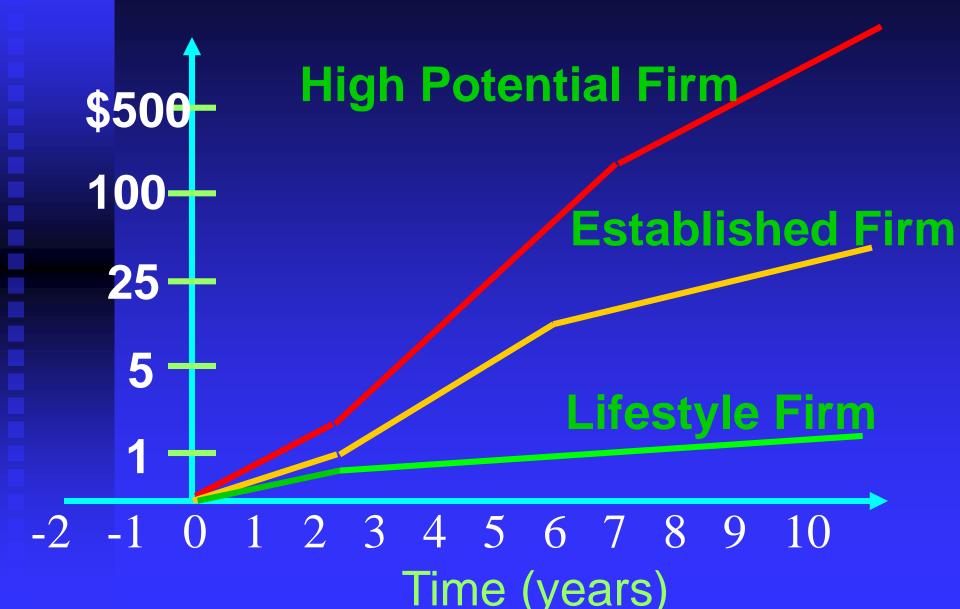
Leadership

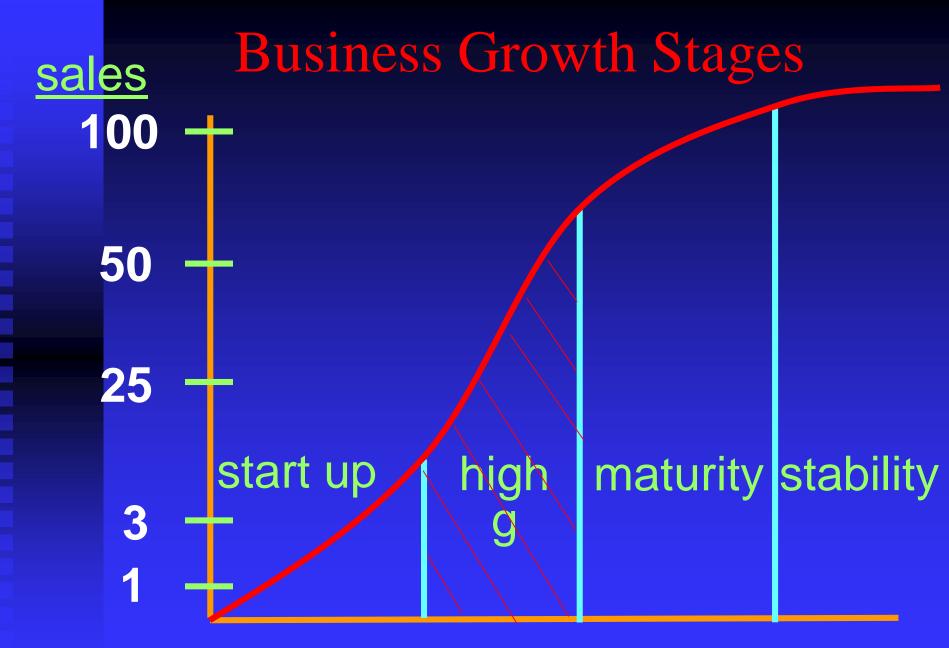
Good to Great by Jim Collins Good the Enemy of Great When to Adapt and Change ◆IBM, GM, Kodak Level V Leadership The Right People on the Bus will figure out where to go

Entrepreneurial Ecosystem

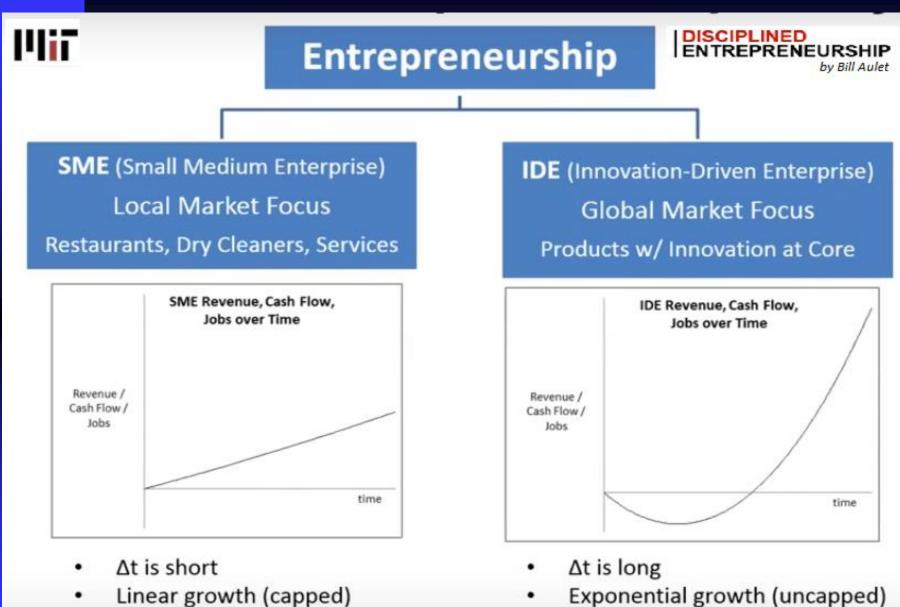


Three Classic Life Cycles





time (years)



- Linear growth (capped)
- Less investment required

A lot of investment required

Entrepreneur Definition

- Entrepreneur someone who identifies and acts on an ides or problem that no one else has identified or acted on
- Small Business Owner someone who owns or starts a business that already has an existing model such as a restaurant, where as an entrepreneur is someone who creates something new.
- What is the Difference. Babson Definition vs. MIT.

Types of Entrepreneurs

- Innovators New Approach, Methods, or Product that Adds Value to Solve a Problem in a unique manner
- Creator Makes Something New or See a Problem that Other People have not noticed
- Market Makers- Innovate or reinvent their market from a future perspective by asking what the market could evolve into
- Expanders and Scalers- Seek out opportunities to expand upon previously created methods, processes, or products

Risk vs Uncertainty Traditional Business (SME) • Create three to five year business plan • Franchise follow the rules ◆ Has **risk** associated with it. Startup (Innovation Driven Enterprise – IDE) Innovation (High Failure) • "A startup is a human institution designed to create a new product or service under conditions of extreme uncertainty." Eric Ries, Lean Startup.

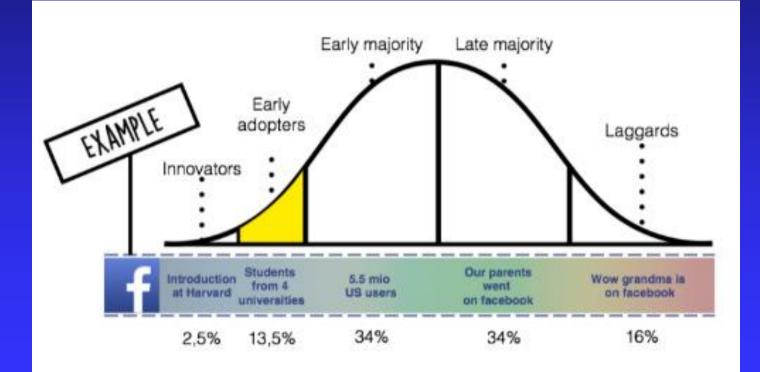
Innovation: <u>Segway</u> Mobility of the Future



Segway Innovation

- Inventor Dean Kamen said Segway "Will do for walking, what the calculator did for pad and pencil, Get there quicker. You'll go further."
- Why Did It Fail
 - Lack of Safety Regulation
 - Dangerous (Death and Injury)
 - ◆ Expensive (\$5,000)
 - Needed Some Design Changes
 - Substitutes Available (Scooters, Bikes, etc.)
- Needed a Paying Customer

Innovation and Searching for Customers



Disciplined Entrepreneurship Bill Aulet

Disciplined Entrepreneurship is a structured approach that guides the starting entrepreneur through specific actions that need to be taken before jumping into developing the product or service. This methodology shows how innovation-driven entrepreneurship can be broken down into discreet behaviors and processes which can be taught in just 24 steps.

"The spirit of a pirate, the skills of a navy seal"

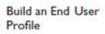
- "The single necessary and sufficient condition for a startup to succeed is a paying customer"
 Bill Aulet, MIT Sloan Professor, Disciplined Entrepreneurship author
- https://gcenode.no/news/the-spirit-of-a-pirate-the-skills-of-a-navy-seal/

Bill Aulet 24 Steps

WHO IS YOUR CUSTOMER?



Select a Beachhead Market



Calculate the TAM Size for the Beachhead Market

Profile the Persona for the Beachhead Market

Identify Your Next 10 Customers

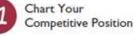
WHAT CAN YOU DO FOR YOUR CUSTOMER?



High-Level Product Specification

Quantify the Value Proposition

Define Your Core



HOW DOES YOUR CUSTOMER ACQUIRE YOUR PRODUCT?



Determine the Customer's Decision-Making Unit (DMU)



Map The Process to Acquire a Paying Customer



Map the Sales Process to Acquire a Customer

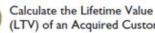
HOW DO YOU MAKE MONEY HOW DO YOU DESIGN & OFF YOUR PRODUCT?



Design a **Business Model**



Set Your Pricing Framework



(LTV) of an Acquired Customer

Calculate the Cost of Customer Acquisition (COCA)

BUILD YOUR PRODUCT?

Identify Key Assumptions

Test Key Assumptions

> Define the Minimum Viable Business Product (MVBP)

Show That "The Dogs Will Eat the Dog Food"

HOW DO YOU SCALE YOUR BUSINESS?



Calculate the TAM Size for Follow-on Markets



Develop a Product Plan

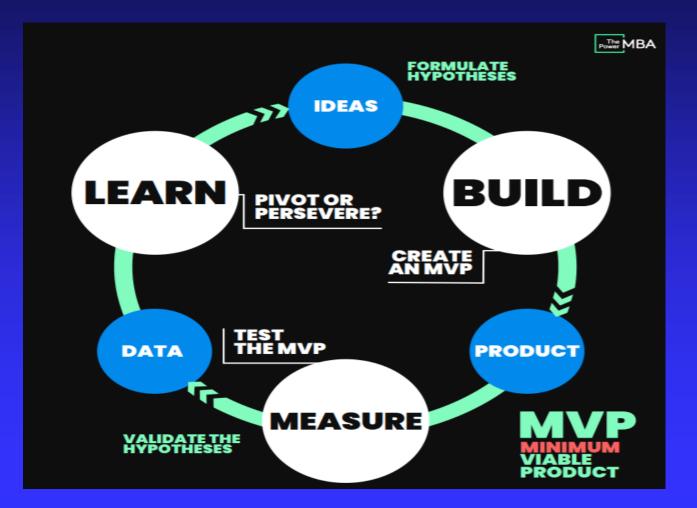
Disciplined Entrepreneurship Canvas

The Disciplined Entrepreneurship Canvas PRODUCT: DE Toolbox REVISION: 1.0 DATE: October 20, 2016				
Raison d'Être Why are you in business: White the more startups around the work to become successful, and improve lives, fulp more people to invest in startups and innovation, teaching, interacting with smart people. Values: transparent, competitive, fair play. Maid Assets: Team (Marius & Viad) connections (Bill Aulet, Mirt, accelerators), current users (5,000+ for current product). Initial Idea: Online tool to help startups accelerate and get funded.	Competitive Advantage Why you? Mosts: Network effect (both startups/ accelerators use it). Core: We match the best startups with the best accelerators/investors, and help them work smarter together. Competitive Positioning: Better productivity than AngelList, F6S. Focused on process more than Visible, FounderSuite, Gust.	Customer Acquisition How does your customer acquire your product? Sonsor: Clo/CTO or Managing Director of accelerator. Decision: managing team. Colored Start trial share with team add data, discuss with team before trial expiration. B. Analyze features & cost for tools, contact suppliers, negotiate & sign (46 mo). Colored Sonsor: Clo/CTO or Managing team. Sonsor: Clo/CTO or Managing team.	Overall Economics Does your product make money? Est G&A Exp: \$50,000 Est G&A Exp: \$24,000 LTV/OOCA Ratio: 20:1 / 7:1	Design & Build How do you produce the product? Xey Assumption: 1. Startups will use the tool recurrently. Accelerators need a better tool to source startups (han F6/s/Angelitz Model to source startups (han F6/s/Angelitz Model to source) Decs/Slack/Email). Assumption Tests: 1. Starting han better for the source of t
Principle Market Who is your customer? Seschead Market: A coelerators who want to improve their startup's chances to fundatise. B. Accelerators outside Silcon Valley who want to improve their process and outcomes. Define The Startup hubs in the accelerators outside major US startup hubs with an idea or product but no revenue. B. Smaller accelerators into have trouble getting good deals and accelerators who have trouble getting good deals and accelerators (S30M). Coustomers: MVP Academy (RO), NUMA (FR), MITEF Poland (PL), incubateoUFRO (CL), UOD Ventures (CL), Magical Startups (CL), Eleven (BG), HUStart (IL), MadeinJLM (IL), AccelerateKores (KR).	Value Creation What can you do for your customer? Learn about the biz side of your startup, apply ti using avetups (p324) & online tools. B. Recruit better startups, engage more mentors, accelerate startups, for them funded. Product Description: Process & toolbox for founders & accelerators—marketplace. Protem: A. Founders lack guidance and tools to help them be more disciplined on the business side. B. Accelerators "spray and pray "strategy does not yield too many successful startups. Guantified Value Proposition: A. Gouder deals. Get better followon investments for startups.	Product Unit Economics Can you make money? Business Model: Subscription model for both startups & accelerators. Pricing: \$15/mo per startup Short term ITV: \$200 / \$15,000 Short term COCA: \$10 / \$2,000 Medium term ITV: \$275 / \$32,000 Medium term COCA: \$5 / \$1,500 Long term COCA: \$5 / \$1,500	Sales How do you sell your product Preferred Sales Channel: A. Website B. Direct sales Sales Funnel: A. Search online –-Read features & testimonials —Create trial—Add data in app—Receive trial end email—Discuss with team—Buy. B. Search tools/got referrais—Analyze features—Oiscuss with sales reps—Discuss with team—Negotiate—Sign contract—Buy. Short Term Mix: Email newsletter, event presentations, inbound, direct sales. Medium/Long Term Mix: Event presentations, inbound, direct sales.	Scaling How do you scale your business? Product Plan for BHM: ??? Next Market: Universities, Angel groups Product plan beyond BHM: Marketplace Follow-on TAM: 100,000 angels (\$18).

Lean Startup

- Lean Startup is a methodology that encourages you to always ask and never assume. To push forward your minimum viable product, to test things and adjust as required, and to keep your user at the center of it all. The Build—Measure—Learn feedback loop is a core component of this framework. It emphasizes more on having the right attitude and mentality, rather than what steps need taking.
- "The ability to learn faster from customers is the essential competitive advantage that startups must possess ."
 - Eric Ries, The Lean Startup: How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses

Lean Startup



Business Model Canvas

- The <u>Business Model Canvas</u> is a chart that allows you to create a more visual representation of what the business should look like. It maps out key features, the product design, and, once completed, it tells you the exact key points that you need to address when building your company. The <u>Value Proposition Canvas</u> comes as a follow-up but is an integral part of the process as it helps you understand your customer first and how you can create value for them.
- "The same products, services or technologies can fail or succeed depending on the business model you choose. Exploring the possibilities is critical to finding a successful business model. Settling on first ideas risks the possibility of missing potential that can only be discovered by prototyping and testing different alternatives." Alex Osterwalder, creator of the Business Model Canvas.

Business Model Canvas

	OSTERWALDER'S BUSINESS MODEL CANVAS						
	Key Partners	Key Activities	Value Proposition		Customer Relationships	Customer Segments (niche/ target)	
		Key Resources			Channels of Distribution, Sales and Communication		
	Costs				Sources and amounts of Revenue		

African American Firms Average Gross Receipts \$58,119 vs Non-Minority \$552,079



Source: U.S. Department of Commerce, 2007 and 2012 Survey of Business Owners; and American Community Survey 2012 population estimates.

3.572.577

Number of paid

employees

975.052

208.178

*Classifiable firms are those for which gender, ethnicity, race, and veteran status has been determined. Classifiable firms do not include business subsidiaries, employee stock ownership plans, cooperatives or clubs, estates, trusts, tribally owned firms, nonprofit organizations, and businesses with no individual owning 10 percent or more of the rights, claims, interests, or stock. **Other includes repair and maintenance; personal and laundry services; religious and civic organizations; and private households.

2.329.553

39.001

7,165,151

48.255.649

56.058.563

115,249,007

Examples of Minority Entrepreneurs



- If we're talking successful black-owned businesses, it makes sense to start with the IT behemoth <u>World Wide Technology</u>. With more than \$10 billion in annual revenue and over 5,000 employees, WWT is one of the largest private companies in the U.S.
- David L. Steward founded the company in St Louis, Missouri, back in 1990, and he's still its chairman today. The company's success is a long way from the poverty and discrimination he grew up with:
- "I vividly remember segregation—separate schools, sitting in the balcony at the movie theater, being barred from the public swimming pool."Today, his net worth is estimated at almost \$4 billion, and his company topped this year's <u>BE 100s list</u> of the nation's largest black-owned businesses.
- https://business.tutsplus.com/articles/successfulcompanies-black-entrepreneurs--cms-32691

Sheila Crump Johnson is an American businesswoman, cofounder of <u>BET</u>, CEO of Salamander Hotels and Resorts, and the first African-American woman to attain a net worth of <u>at</u> least one billion dollars.



Daymond John has come a long way from turning a \$40 budget into FUBU, a \$6 billion fashion game-changer. "He achieved that, in part, by mortgaging his house in Queens to raise the money to make and sell his own tietop hats with a group of friends. FUBU is now a global hip hop apparel brand, and its founder has expanded into consulting, speaking, a TV role on the business show *Shark Tank*, while still remaining as CEO of FUBU.



Examples of Minority Entrepreneurs

Dangote Group

- As promised, we're not sticking to the U.S. for this list. So let's head to Nigeria, where industrial conglomerate <u>Dangote Group</u> pulls in over \$4 billion in annual revenue and employs 30,000 people.
- Company founder and CEO, <u>Aliko Dangote</u>, was recently ranked by Forbes as the richest person of African descent in the world. His entrepreneurship started young:
- "I can remember when I was in primary school, I would go and buy cartons of sweets [candy] and I would start selling them just to make money. I was so interested in business, even at that time."

Entrepreneurship and Economics

Economics – Science of Scarcity

Economic Problem (Limited Resources but) **Unlimited Wants**) Limited Resources ◆ Land - Rent ♦ Labor - Wages ♦ Capital - Interest Entrepreneurship - Profit

Capitalist Economic System Adam Smith "An Inquiry into the Nature and Causes of the Wealth of Nations" Private Property ◆ Self Interest (The Invisible Hand) Competition and Free Markets Price System (Demand and Supply) Economic Individualism (Laissez-Faire) ♦ Limited Role of Government

Microeconomics

Theory of the Firm: Goal is to Maximize Profit Market Structures

- Pure Competition Many Sellers, Homogenous Product (Commodity) -No Barriers to Entry
- Monopoly One Seller -Weak Substitutes for Product – Maximum Barriers to Entry (Example Patent Protection)
- Monopolistic Competition Many Sellers Differentiated Product-Weak Barriers to Entry
- Oligopoly Few Sellers High Barriers to Entry Interdependency in Actions Potential for Collusion (Game Theory)

Macroeconomics

- Goal Full Employment and Price Stability
- Basic Equation C+I+G+NE = Total Output
- Classical Economics Capitalism is Stable Self Correcting
- Keynesian Economics Capitalism Unstable Needs Help
- The Business Cycle Private Spending Fluctuations
 - ◆ Consumption Consumers (C)
 - ♦ Investment Private Business Sector (I)
 - ◆ Net Exports International Sector (NE)
- Role of Government Spending (G)
 - Monetary Policy Federal Reserve System
 - Fiscal Policy Congress

Major Instability in the Economy

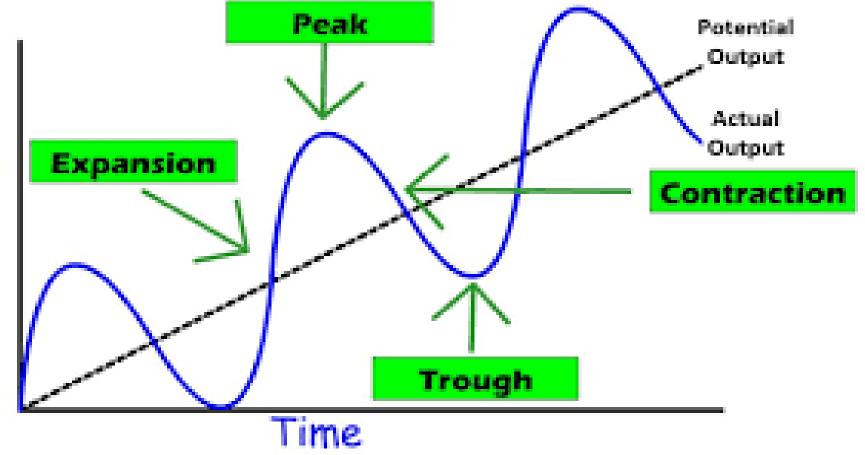
Monetary Panics and Depression Runs on Banks Establishment of Federal Reserve Bank (Ms) Great Depression ♦ Roosevelt New Deal (Big G) Post World War II Economy Kennedy Tax Cuts, Johnson Great Society, **Reagan Tax Cuts, Bush Great Recession** ♦ COVID-19 Recession

Business Cycles

- The Business Cycle measures changes in gross domestic product (GDP), or economic activity, over time. There are four phases: of the Business Cycle: Recovery, Prosperity, Recession, and Depression.
- Causes of the Business Cycle
 - Changes in Consumption Spending
 - Changes in Investment Spending
 - Automobile
 - Housing
 - Changes in Government Fiscal and Monetary Policy

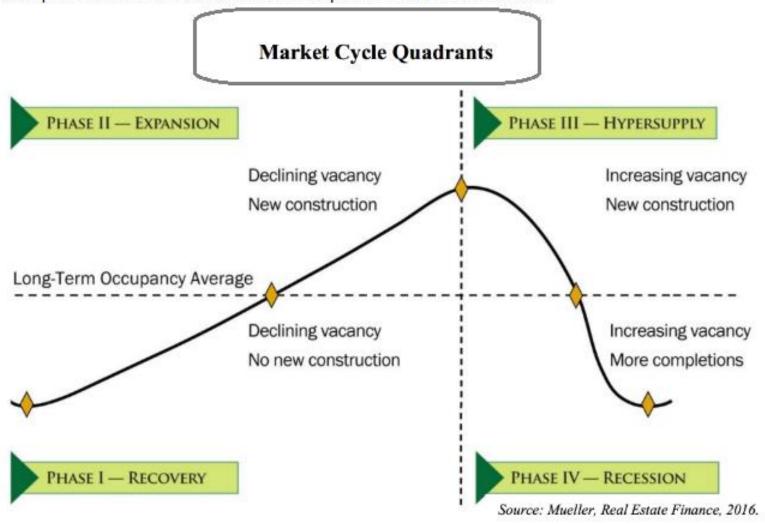
The **business cycle** measures gross domestic product, or **economic** activity, over time. In reality, the **cycle** rarely looks this neat, but this simplified **graph** shows its four phases: expansion, peak, recession, and trough





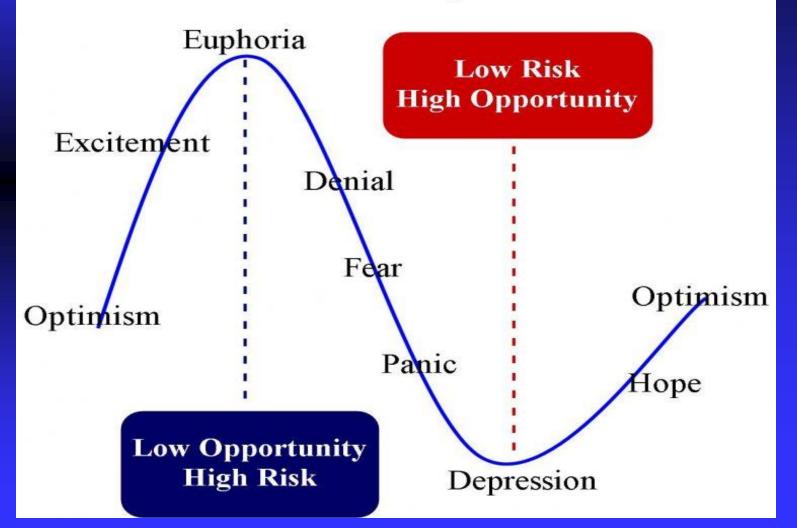
Real Estate Market Cycle

The four phases move in a continuous wave pattern that looks like this:

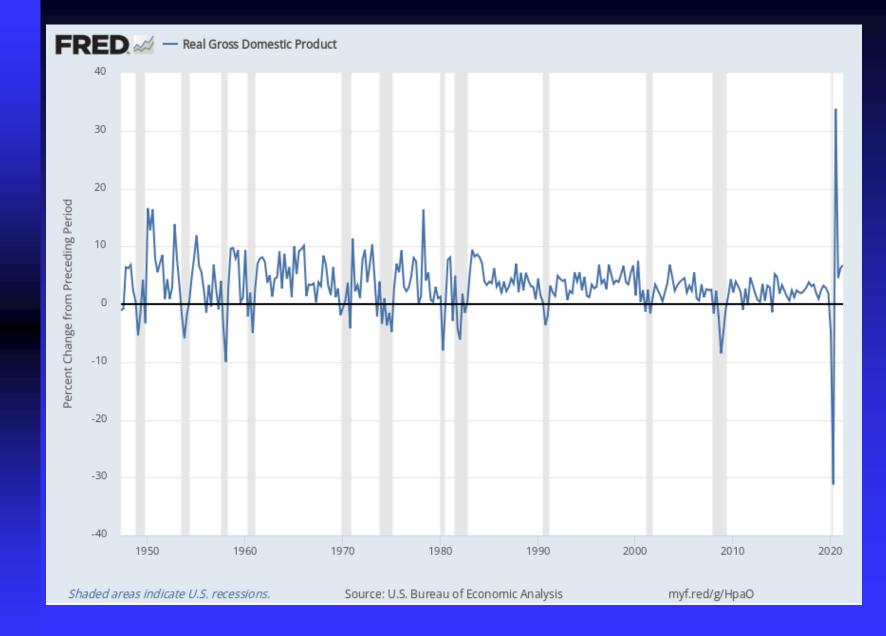


Psychology in the Business Cycle

Market Cycle







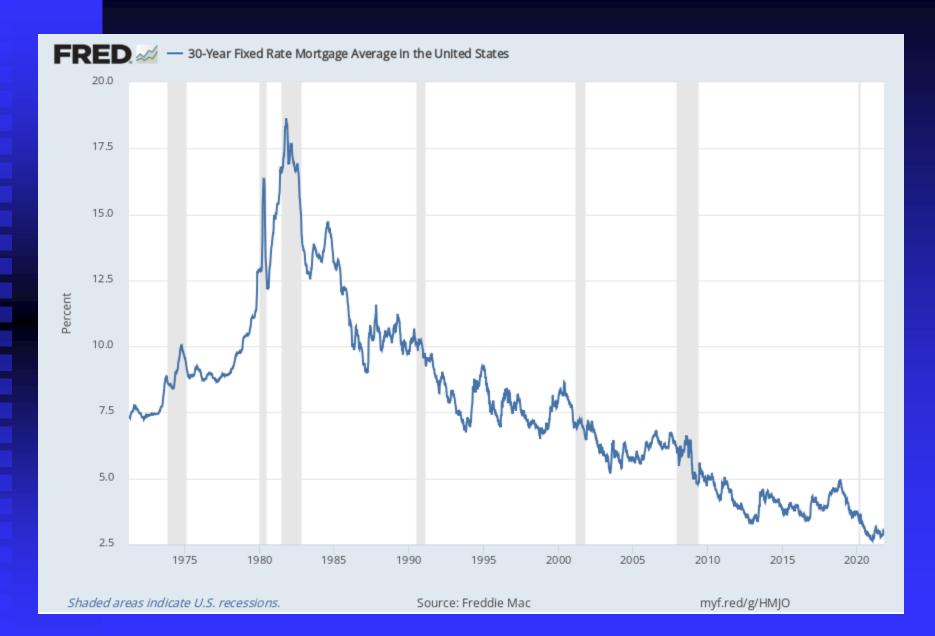


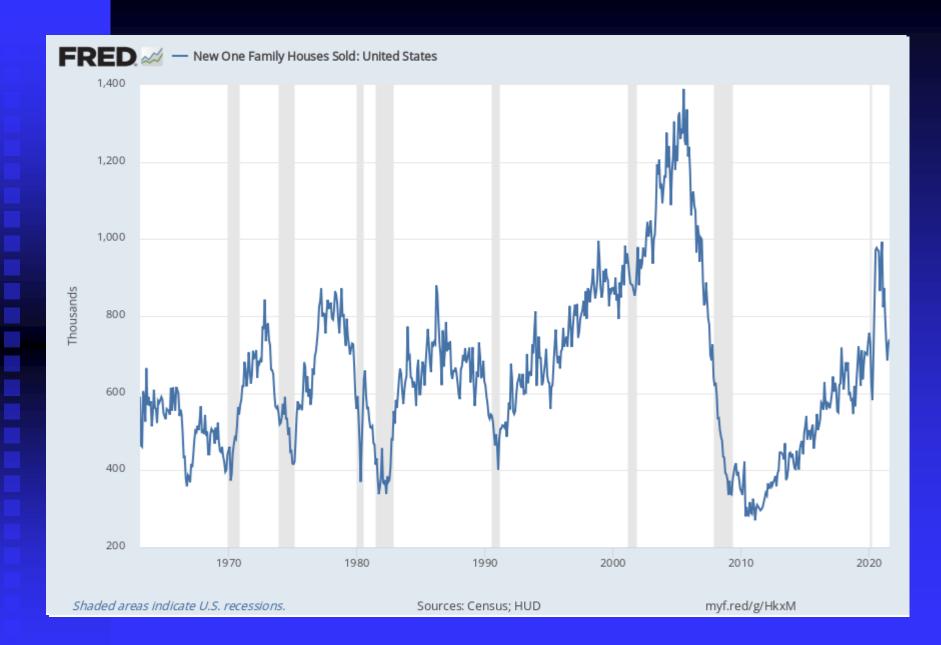
Shaded areas indicate U.S. recessions.

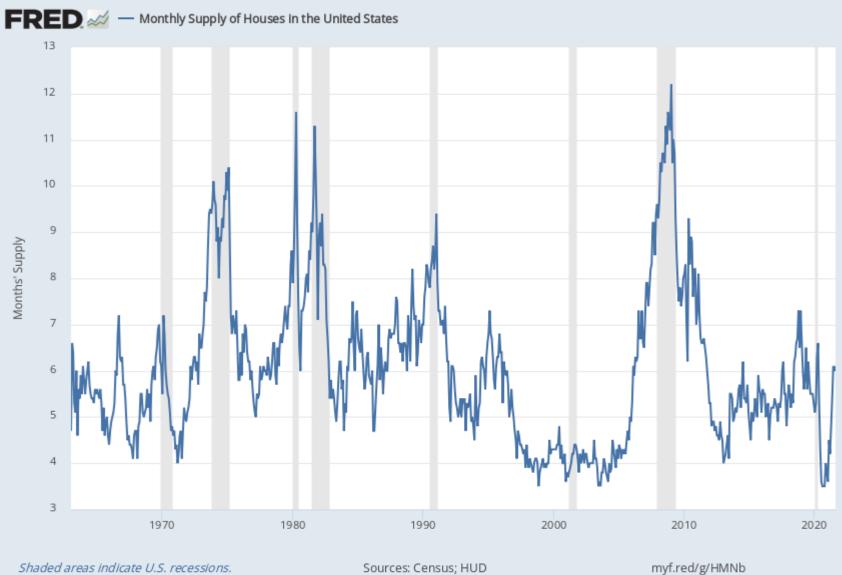
Source: U.S. Bureau of Labor Statistics

myf.red/g/Hxzp

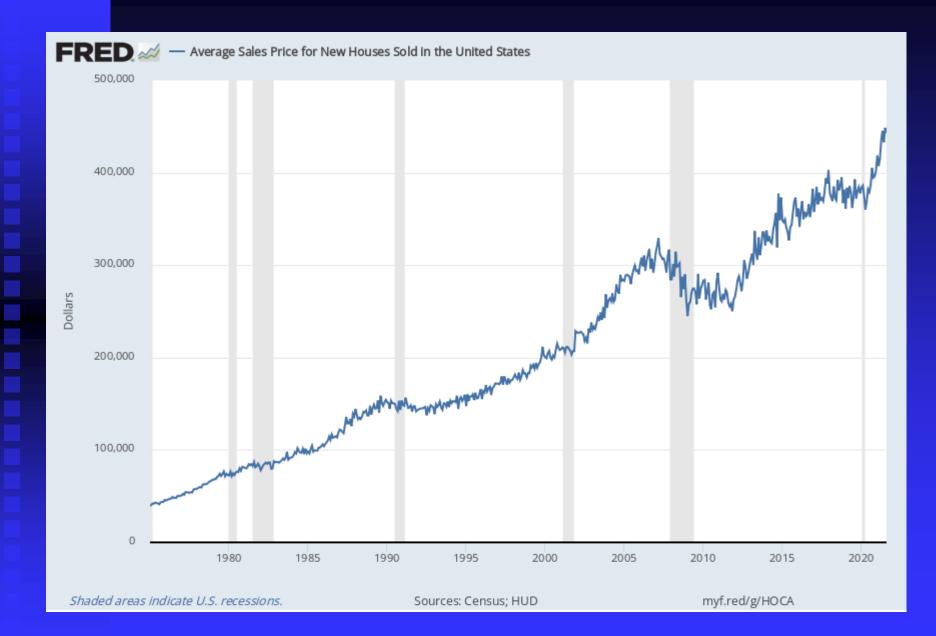


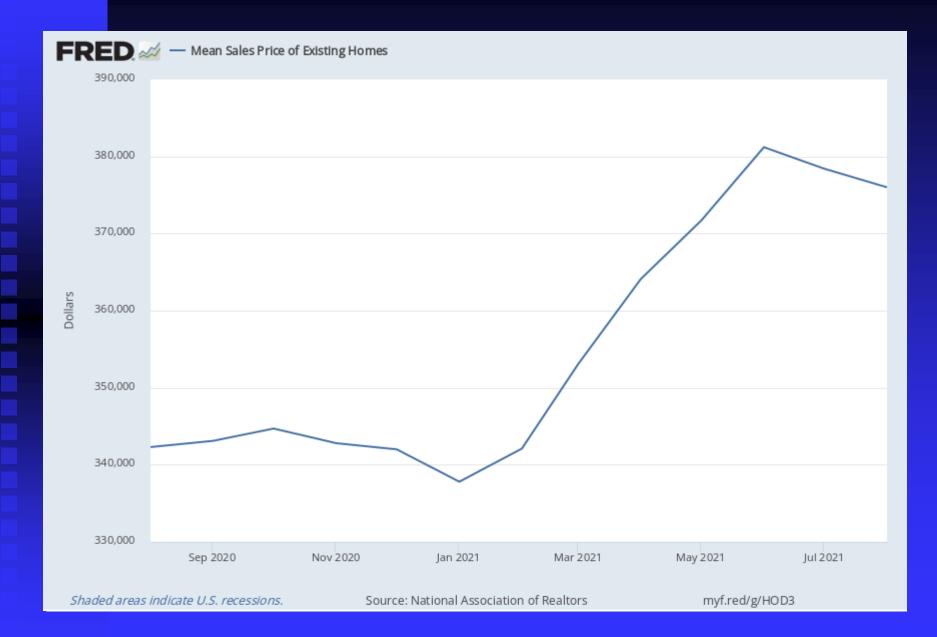




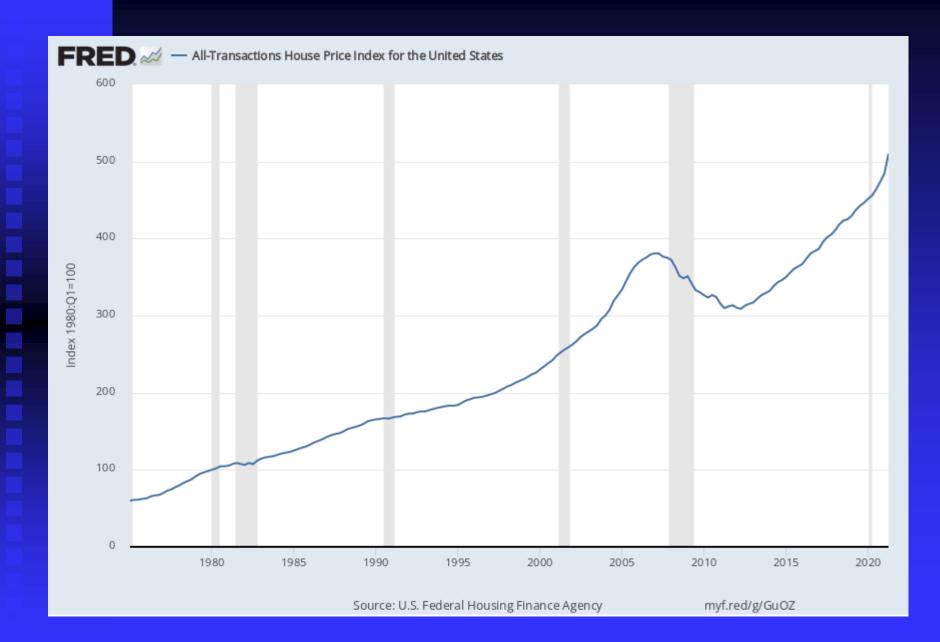


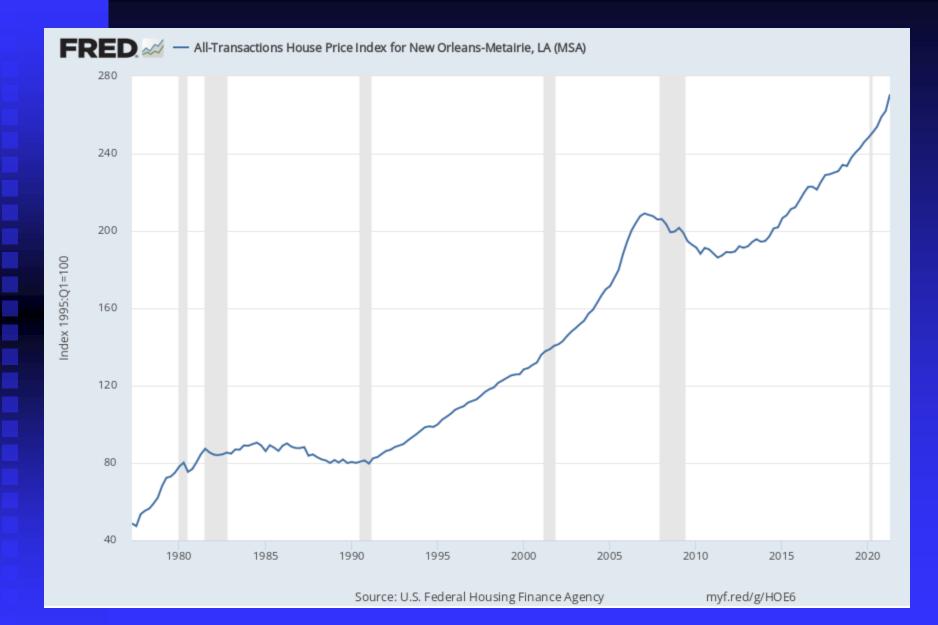
Sources: Census; HUD



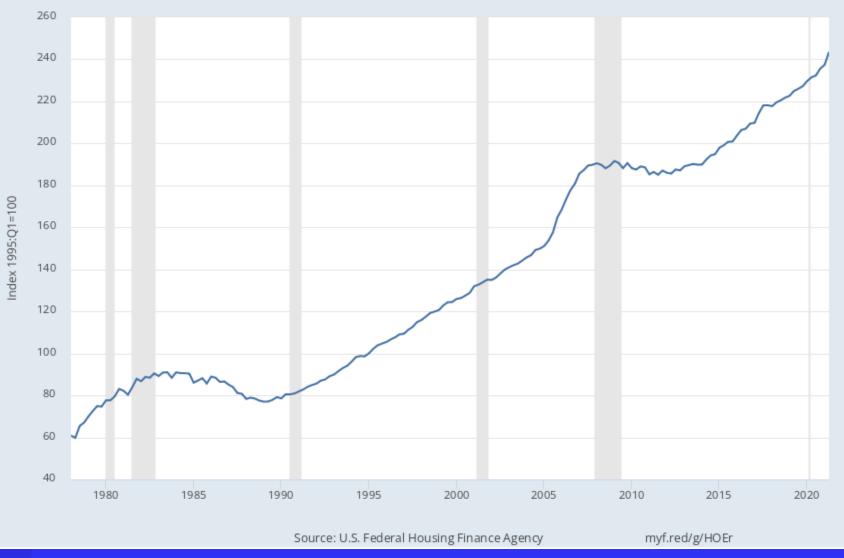




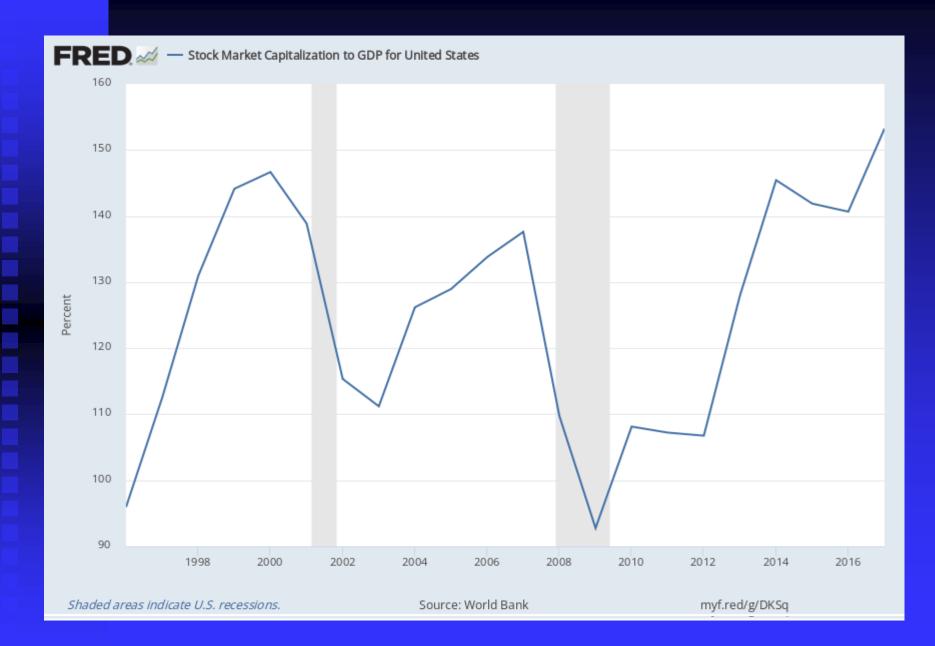




FRED. 📈 — All-Transactions House Price Index for Baton Rouge, LA (MSA)







Questions ?