

Global Business Planning- A Traditional Approach

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The Traditional View of Business Planning

- You're not just building a business plan to seek funding or get started. You're building a strategic roadmap for your business for years to come. It's a living, dynamic document that you can go back to year after year. It will be adjusted and changed, based on the realities of the marketplace, but it's a great document to work from.
 - Don Kuratko, Professor, Ball State University
- Business plans are not just tools for start-up businesses, they are **dynamic** documents that serve as guidelines throughout the life of your enterprise, whether you remain domestic or seek to do business abroad.
- Business planning is a two step process:
 - First you do the strategic work of research and planning,
 - Then you document your plan in writing
- The purpose of an international business plan is to prepare your business for entering or expanding in the international market place.
- No Business Plan Survives First Contact With A Customer
 - Steve Blank [The 5.2 billion dollar mistake.](https://steveblank.com/2010/11/01/no-business-plan-survives-first-contact-with-a-customer-%E2%80%93-the-5-2-billion-dollar-mistake/)
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Business plan

A business plan consists of:

- Written narrative telling how the founder expects the business to develop over time using the work done in the feasibility analysis and further work.
 - Written narrative of ~25-35 pages
 - A summary business plan can be about 15 pages –this is the kind of business plan that is due later in the course.
 - PowerPoint of ~ 10 slides
 - Elevator speech of ~ 60 seconds
- It is written for two different audiences:
 - Inside audience –guidance in execution –a road map –forces founders to think through plans systematically
 - Outside audience –for investors and potential partners and other stakeholders
- Many companies do not write a business plan, but it is highly encouraged.
- At ILinc we did write a business plan –which helped tremendously.

Business plan variations

- **Summary Business plan of 1-15 pages**
 - Early stage, preliminary discussions
- **Full Business plan**
 - The mainstay of 25-35 pages with significant detail to allow investors to invest with confidence.
- **Operational Business Plan**
 - An expansion of the plan to provide an internal operational guide –or blueprint for operations.
 - Approximately double the size of the full business plan, but can be much larger.
- In most companies business plans change dramatically as things develop. Don't get stuck in a rut.

Wilson's Mantra

- 1. Plan, plan, plan, and then plan some more.
- 2. Celebrate and rejoice when the plan is done.
- 3. Now sit down and think about how this plan will fail and what you are going to do when it does.

- No whining.

- As the bumper sticker says
“Stuff Happens.”



Global Planning Adds New Complications

- Deciding to operate outside the United States adds a whole new level to the business planning.
- In addition to the global opportunities that may exist, you must now include potential barriers to entry, such as:
 - the stability of the government
 - language(s)
 - cultural differences
 - banking and finance systems
 - customs (product entry/exit issues)
 - international tax issues
 - legal and regulatory issues (product registration, environmental compliance, etc.), and
 - operational structure (own, lease, subsidiary, branch, utilities, plant and equipment).

Know your audience

First and foremost, you are writing this plan for YOU and your company.

Other “audiences” for your plan are:

- The financial community, who will want to see the feasibility of your business substantiated by facts and figures, especially if you’re seeking funding.
- Potential investors
- Potential managers and other key personnel
- Potential joint venture partners
- Potential landlords
- Potential vendors
- Advisors like your accountant, lawyer, or spouse
- Agencies in the country/countries in which you wish to do business

Know Your Core Competency

- What business are you really in? Can it be taken abroad?
- Large or small companies are in the same business – figuring out what their customers need and want.
- Other questions to answer:
 - What are the market opportunities for your goods and services?
 - Will they be viable over the long term?

Technology is a Part of Every Business Today

- Regardless of your business' product or service, you are also in the technology business.
- Crossing borders, time zones and cultures means using today's technology to better serve your business and your customers.
- Part of your plan must be staying current on technological developments, and maximizing them in your operations.

What are your plans for growth?

- How will your plan evolve? Your plan should include concepts for the evolution of your business.
- What competitive advantage do you have? You may discover strategic opportunities by focusing on your particular strengths and your unique position, product or service.
- Are you already operating a successful business domestically and wish to expand by going abroad, or is your business internationally oriented from the start?
 - This will play a significant role in your international business plan.

Looking Ahead

- How far into the future should you plan?
 - The great hockey player Wayne Gretzky loved to say that he did not skate to the puck; he would skate ***to where the puck was going to be.***
- The planning horizon is the time required to put a strategic plan in place.
- The ancient philosopher Heraclitus once said, “You never step into the same river twice.”
 - In a business, like a river, the environment is fluid. Even if your goal is to remain the same, you must work to stay where you are, or you will find yourself swept along by the current.

Components of your international business plan

An international business plan should include the following main components: front matter, marketing, personnel, financials, and a closing.

Front matter

- This should be the last part of your plan that you write. It should include:
- A cover letter
- A non-disclosure statement
- A title page
- A table of contents
- An executive summary
- A business description
- Vision and mission statements
- Potential investors, lenders, employees, customers, and vendors all want to know what your vision of the business is. More importantly, you want to know. Because of the complexity of operating internationally, this may be the most important work you do in your business.
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Marketing

The marketing section of your business plan is the blueprint that keeps you building toward customer satisfaction and business success. It should cover:

- Market analysis (industry analysis, competitive analysis, customer analysis)
- Description of products/services offered
 - Are your products/services culturally appropriate?
 - Does the name of your product/service work in the country/countries in which you seek to do business?
- Marketing plan
 - Discuss the different aspects of marketing with your particular international markets in mind (product, price, packaging, position, presentation)
 - Are there legal restrictions for your product/service? Some countries are stricter than others with regard to components, packaging, etc.
 - Don't assume because your product / service is acceptable in your home country that it will be successful in your target market.

Personnel

- The purpose of the personnel section is to build faith in the business's management team.
 - It helps demonstrate that you and your team have the skills to run your marketing, operations, and financial functions domestically and/or abroad.
- Provide backgrounds for all key personnel.
 - Depending on the country/countries in which you wish to operate, you may also need to include foreign personnel, either from an operational standpoint or to comply with national requirements.
- Focus on:
 - Management team
 - Staff team
 - Plans for growth

Financials

- The financial section reports on how the company has done in the past, and projects how it will perform in the future, about 3 – 5 five years down the road. This section should include some or all of the following:
 - Profit and loss statement
 - Cash flow forecast
 - Balance sheet
 - Break-even analysis
 - Assumptions and comments
- A soundly conceived and well-prepared financial section is crucial to anyone seeking to secure investors or lenders. For international businesses, exchange rate fluctuations and differing banking and accounting systems add an additional level of complexity.
- For new ventures, one must be clear about the assumptions that go into pro-forma financials.

Closing

This section rounds up the key facts and presents the final statement of purpose for the international business plan.

A typical final section of a business plan might include the following:

- Closing summary statement
- Applications and effects of loans
- Supporting documents
 - (personal financial statements, resumes, positive newspaper articles about the business and other credibility builders)

Consult others with diverse perspectives

- Writing an international business plan requires a substantial investment of your time and thought.
- Involve others in the process. Get advice and feedback on your plan.
- Share it with your accountant, your banker, and others you feel would contribute valuable information and support.

The Elevator Pitch

Every business plan need an associated “elevator pitch.”

Why do they call it an elevator pitch? Because it puts the speakers in a hypothetical situation in which they get on to an elevator and meet someone who could be an investor, customer, employee or otherwise become involved in a company or project that the speaker is leading. You have 60 seconds to get his or her attention before the elevator doors open and your prospect leaves. The idea is to be able to present the most important (the key) information quickly and persuasively in order to interest the prospect in learning more. That could be having them read the executive summary of the business plan, the business plan itself, or a business model canvas, or something else that presents the idea concisely and cogently.

There are about a dozen key points to keep in mind for each elevator pitch. Here is the list:

- 1.Title
- 2.Problem
- 3.Solution
- 4.Opportunity and Target market
- 5.Technology
- 6.Competition
- 7.Marketing and Sales
- 8.Management Team
- 9.Financial Projections
- 10.Current Status
- 11.The ask: what do you want from them and how will you use it?
- 12.Summary of key points, the ask, and request questions.

Closing

- A closing thought on creating your international business plan, or planning in general: creating a plan forces you to set goals.
- Remember the Cheshire Cat in Lewis Carroll's *Alice in Wonderland* asking a lost Alice, **"Where are you going?"** when she asked directions. **"I don't know,"** answered Alice. The Cat replied, **"If you don't know where you're going, it doesn't matter which way you go."**
- Defining goals and means of achieving them is what planning is all about.

