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Business Plan Preparation for Teaming Phase II

Iraklis Agiovlasis



 **@hercagio**

- **PhD Chem Eng**
- **Researcher – Consultant – Entrepreneur**
- **22 M€ funding for public and private organisations**
- **National Contact Point H2020**
- **Enterprise Europe Network Senior Consultant**



Defining the **Business plan**

A **business plan** is a formal statement of business goals, reasons they are attainable, and plans for reaching them. It may also contain background information about the organization or team attempting to reach those goals.



Purpose

Planning
Framework

Articulates **vision**
and **mission**

Sets **goals** and
objectives

Defines
strategies and
specific **actions** to
achieve objectives

Measures **results**

Communicates
ideas, plans &
social value

Projects necessary
resources,
expenses, &
revenues

**Provides a basis for SOUND decision-
making**

A map



Why a Business Plan?

- **For the E.C.**

- Evidence of the CoEs ability to conceive and execute scale
- Articulates financial needs and uses of funds
- Use > evaluation document
- Communications tool

- **For the CoE:**

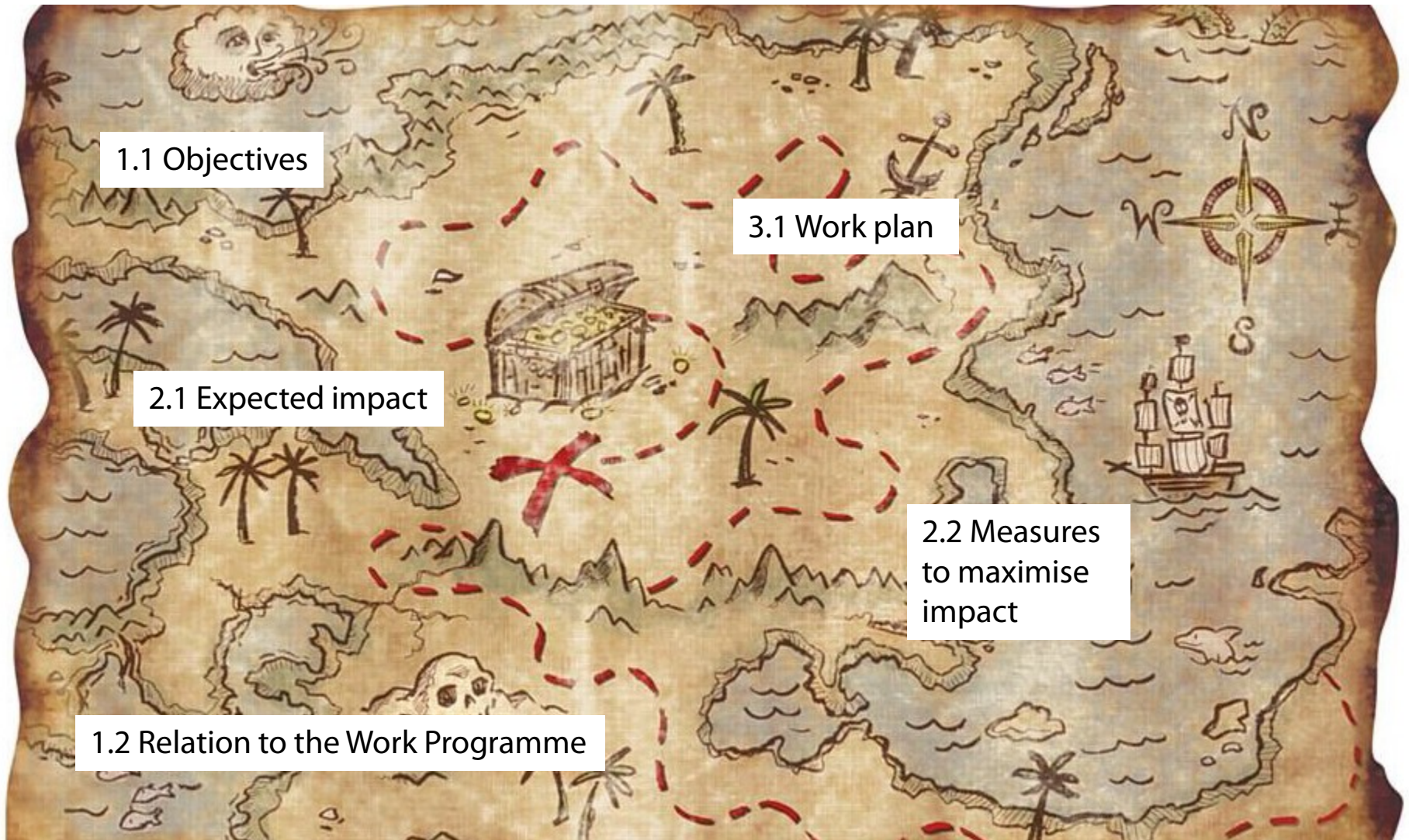
- A planning framework
- A management tool for resource allocation and decision-making
- Use > Management and implementation plan

Business Plans vs. Proposals

- Business plans are:
 - Flexible documents that change in accordance to market forces
 - Results-oriented
 - Market-driven
 - Project blueprint
 - Open - treats project as going concern
- Proposals are:
 - Fixed for the life of the project or funding period
 - Process-oriented
 - EC-driven
 - Not usually used as management plan for project
 - Closed – treat projects as time-limited



...on a proposal template



1.1 Objectives

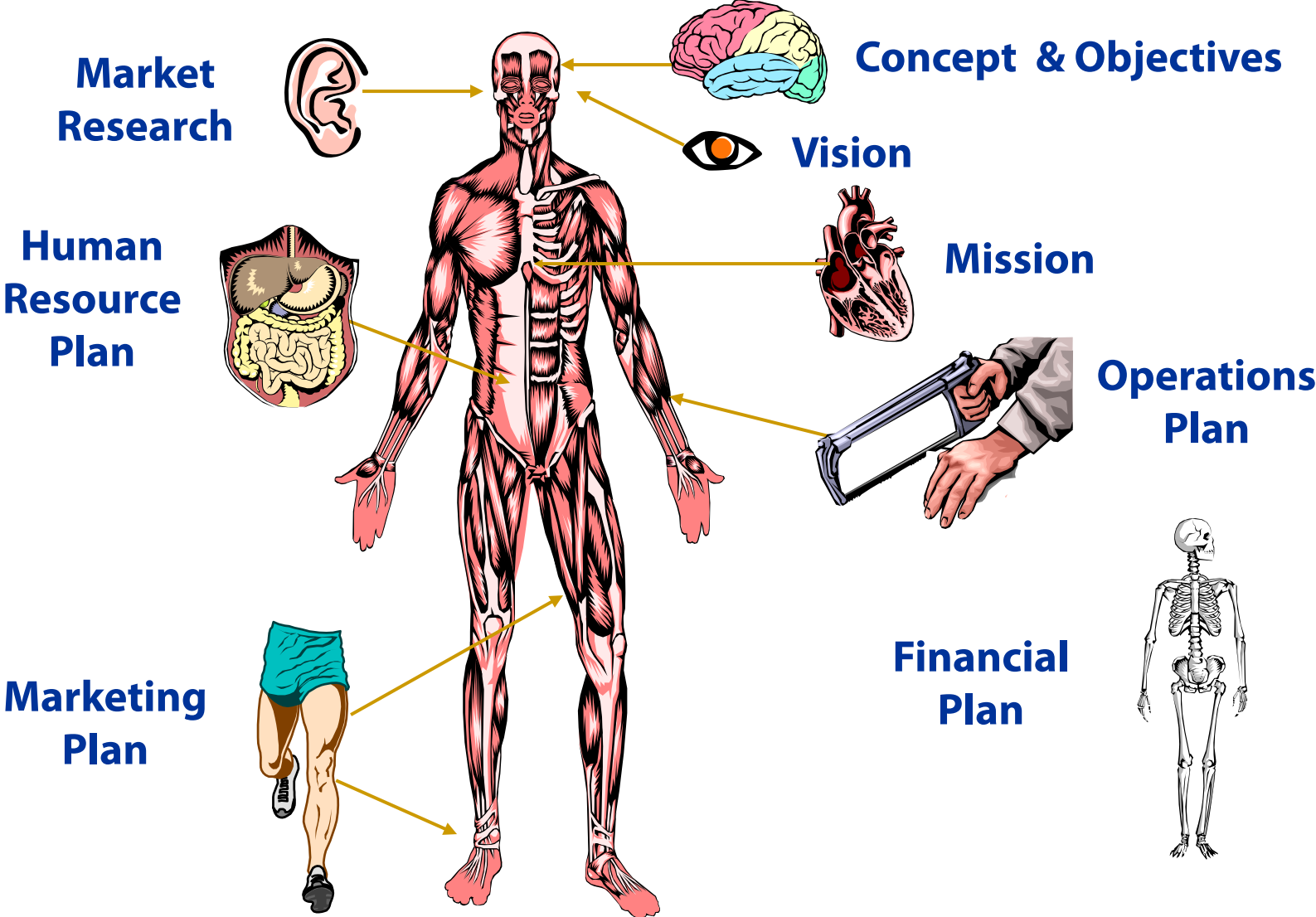
3.1 Work plan

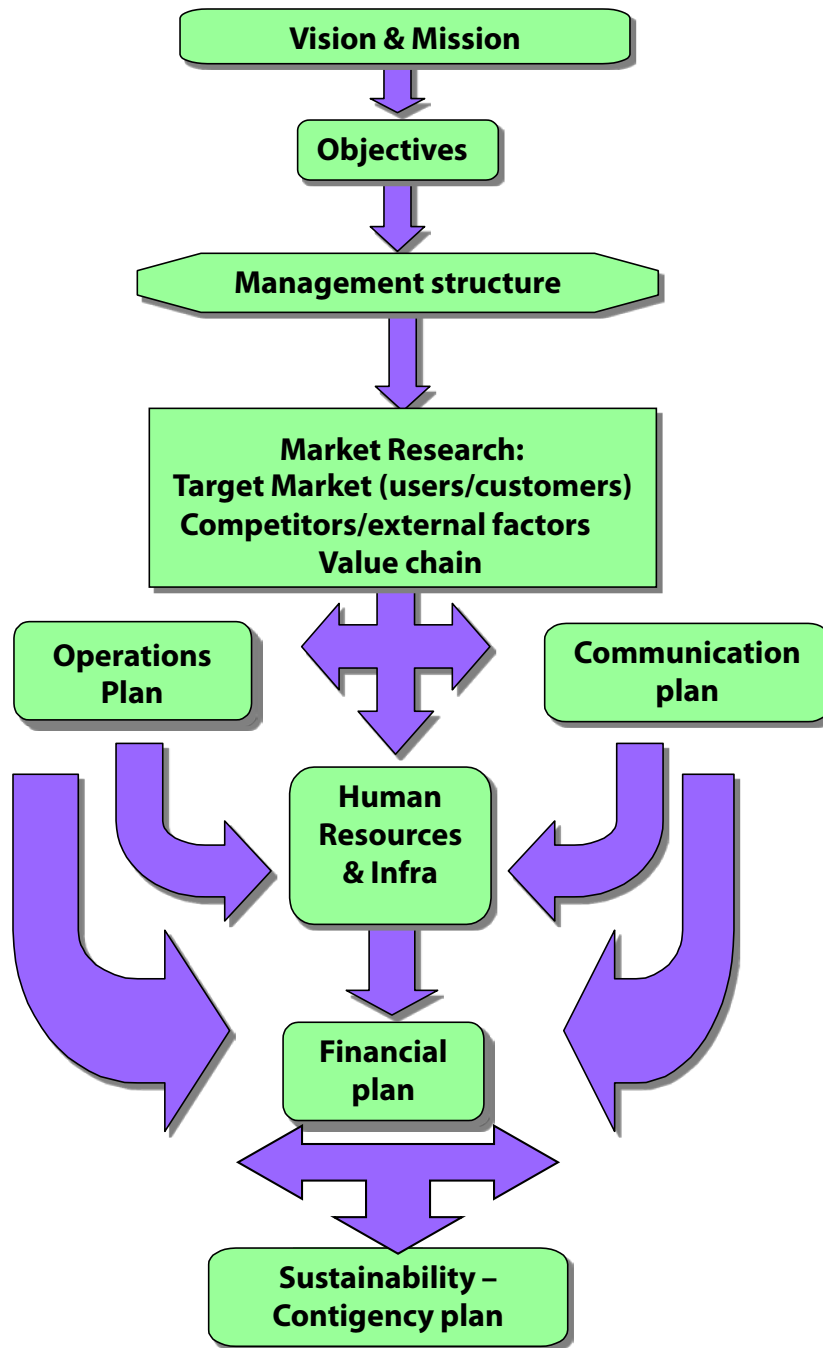
2.1 Expected impact

2.2 Measures
to maximise
impact

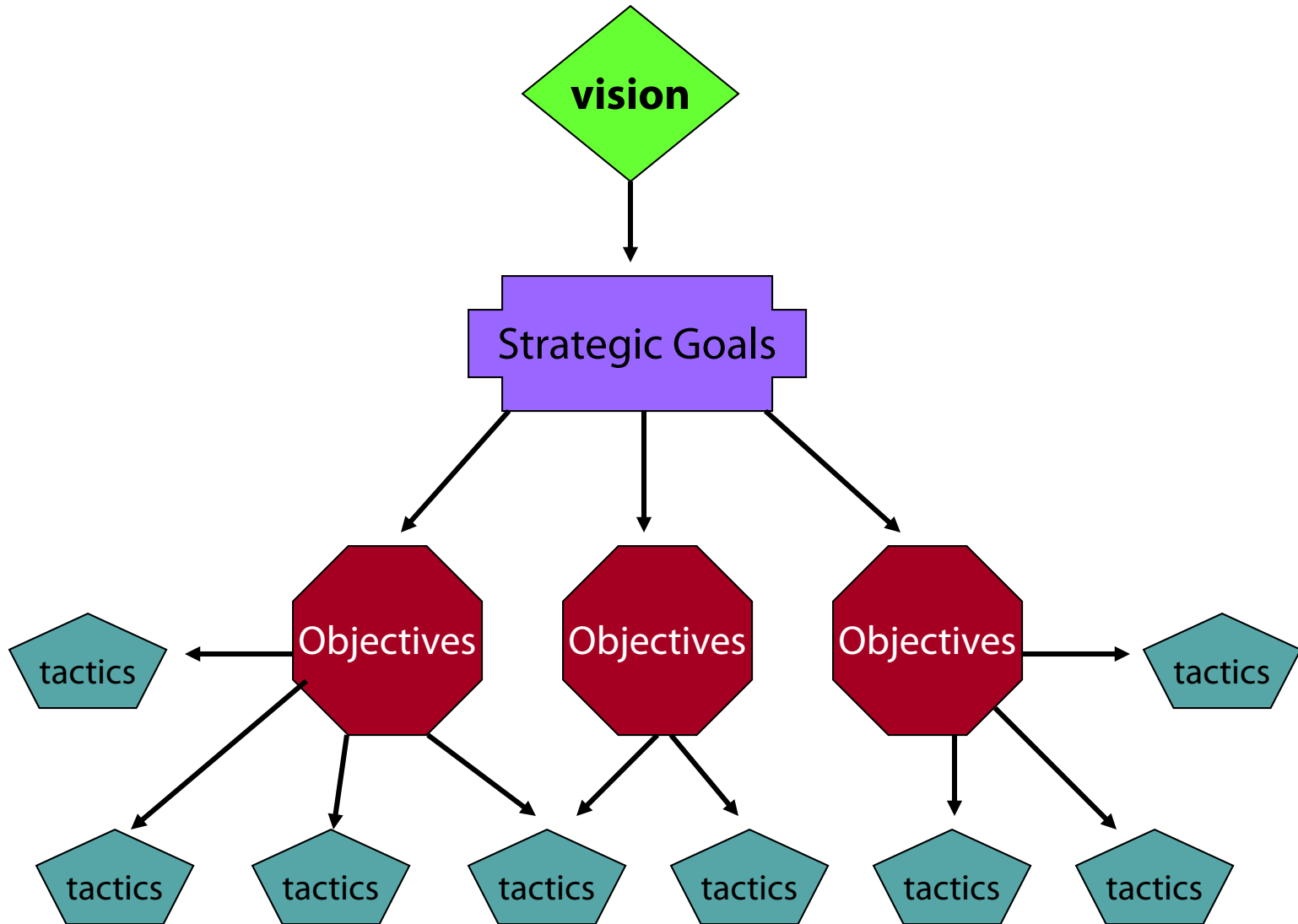
1.2 Relation to the Work Programme

Anatomy of a Business Plan





Visualize the vision

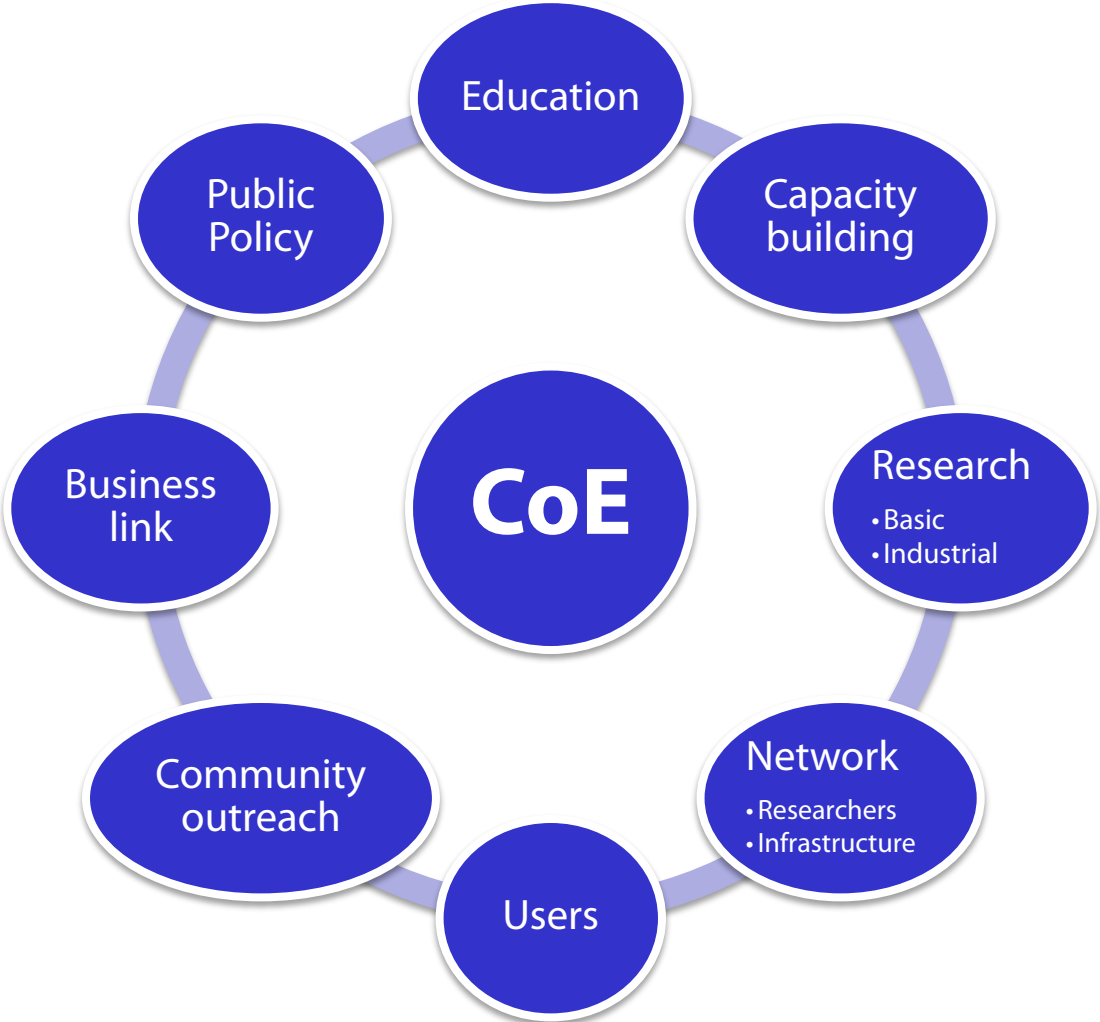


Vision



Long-term

Main goals



The goals of the ECCOE are as follows:

-  Expand programs, enrollment, and matriculation tracks in early childhood education, including dual credit options for high school students
-  Further develop Kids Campus as a lab and demonstration site
-  Create a Professional Development Hub that directly provides or otherwise facilitates professional development opportunities to persons working in the early childhood sector
-  Conduct community outreach activities to engage family, friend and neighbor early childhood providers and the families who use their services
-  Create a Business Link that provides business services and supports for new start-ups and existing providers and new early childhood providers
-  Create a public policy function that will research and advocate for improved policy and increased funding for early childhood education

Research objectives

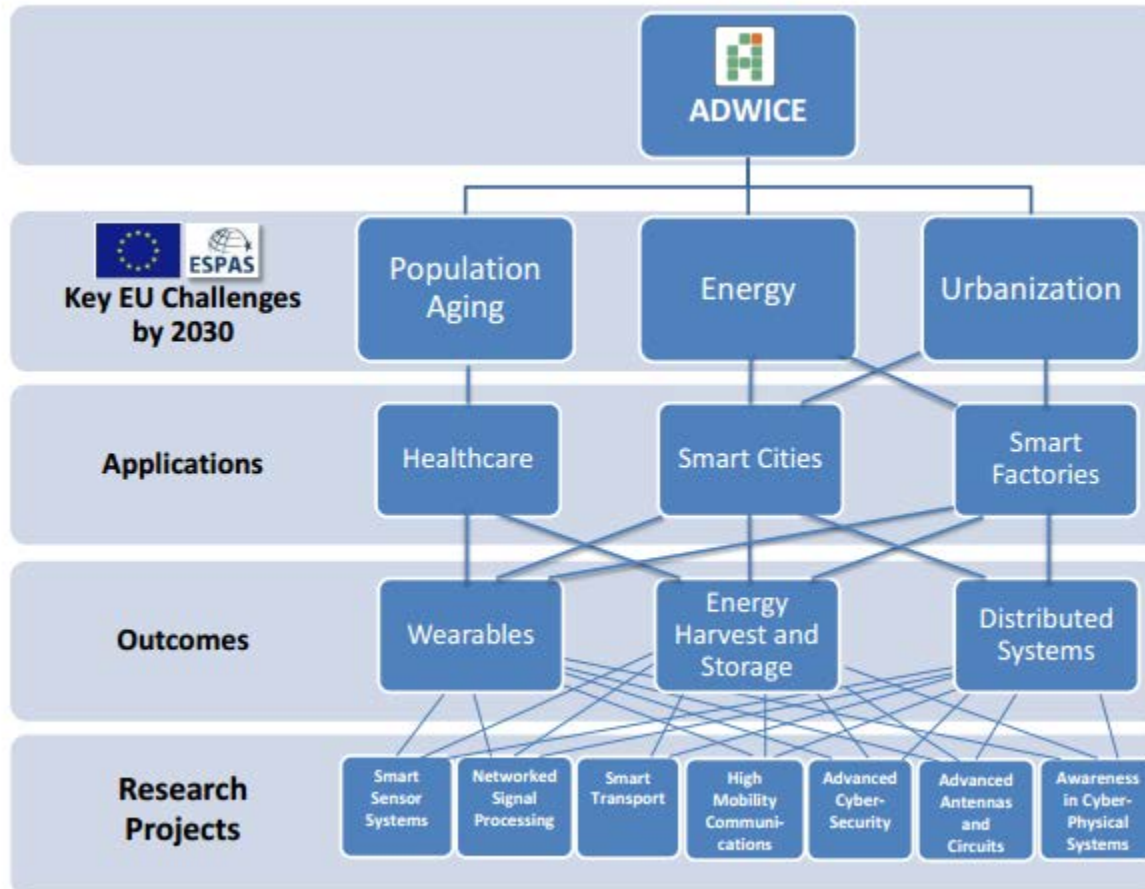
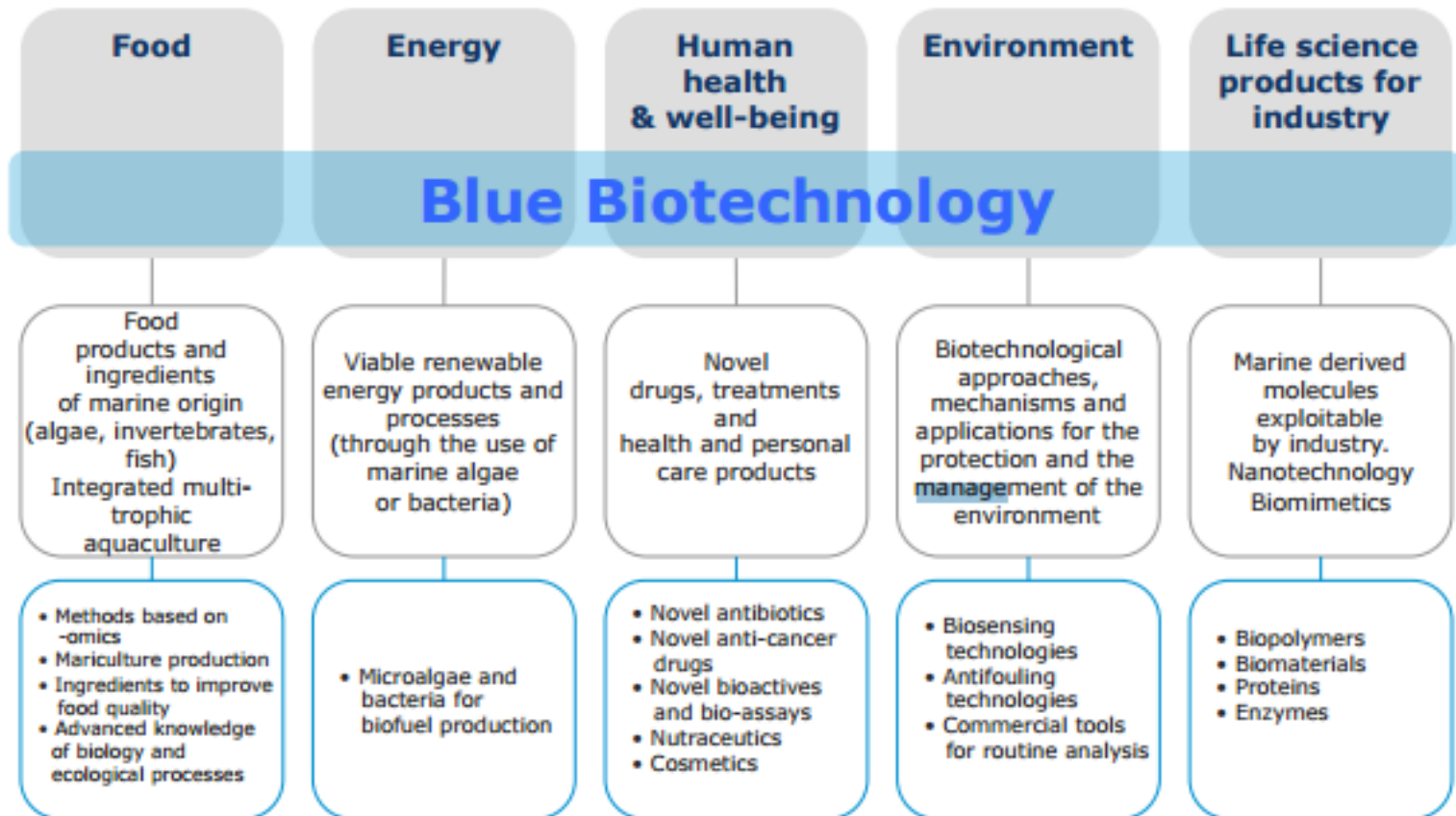


Fig. 1: Motivation and objectives of the ADWICE project in light of EU directives.

Missing: RIS3 context

Research objectives



But the vision should be
backed-up by a **concrete**
partnership...



Figure 3: Multi-university collaborative structure of an SkTech Research Center

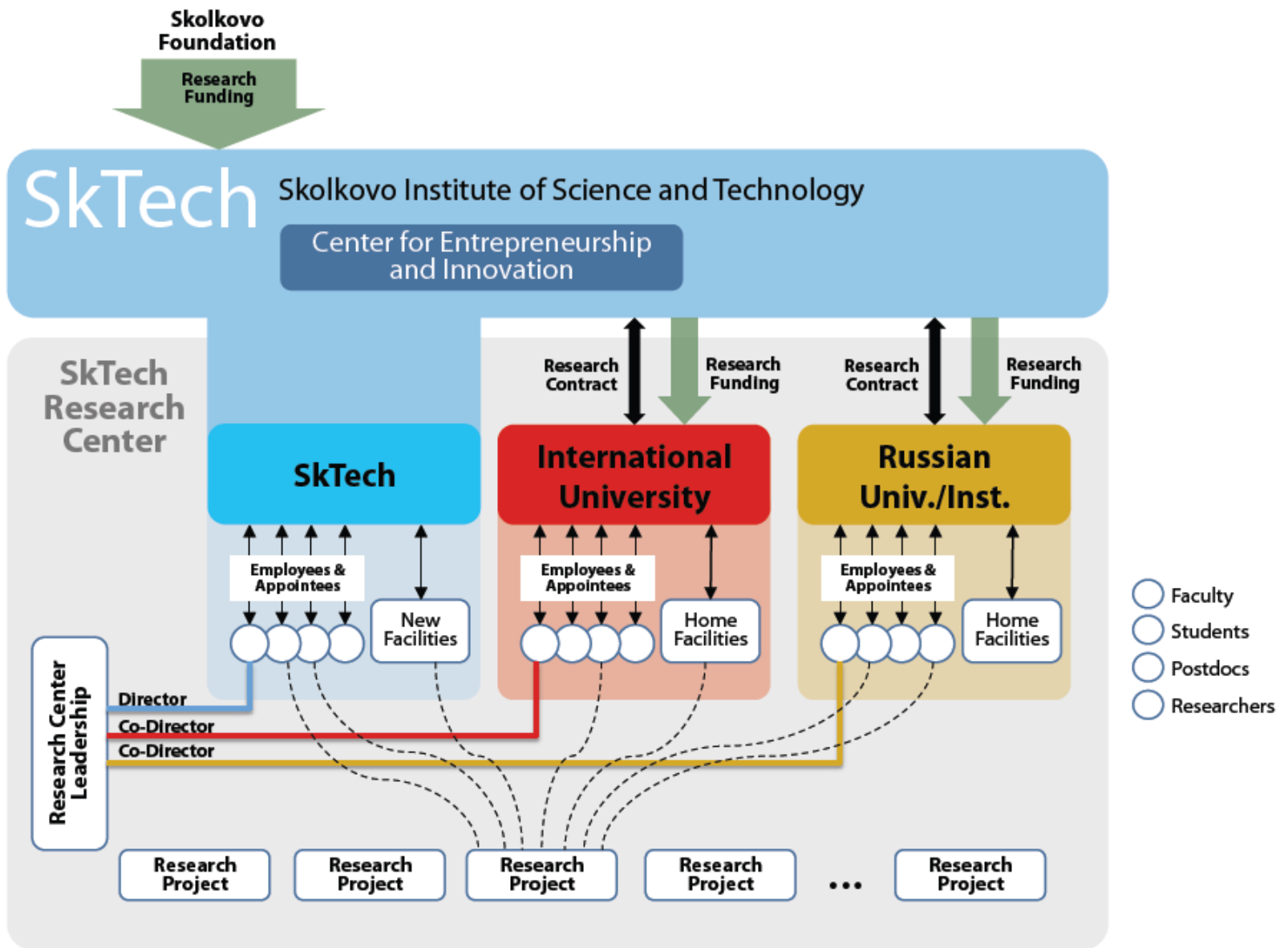


Figure 4: Organizational structure of an SkTech Research Center

...and an **independent**
governance scheme

Governance

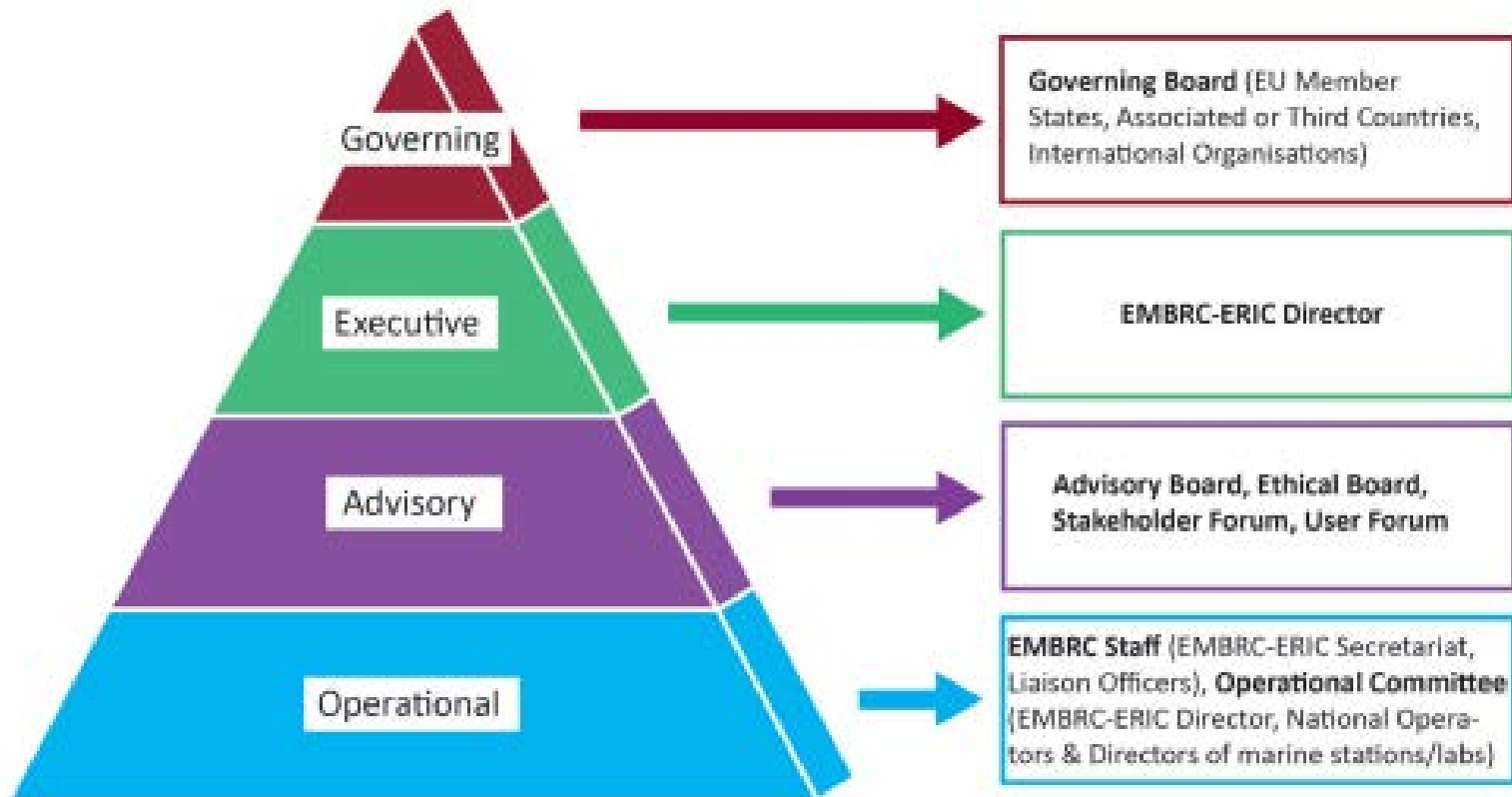


Figure 4. EMBRC-ERIC governance structure.

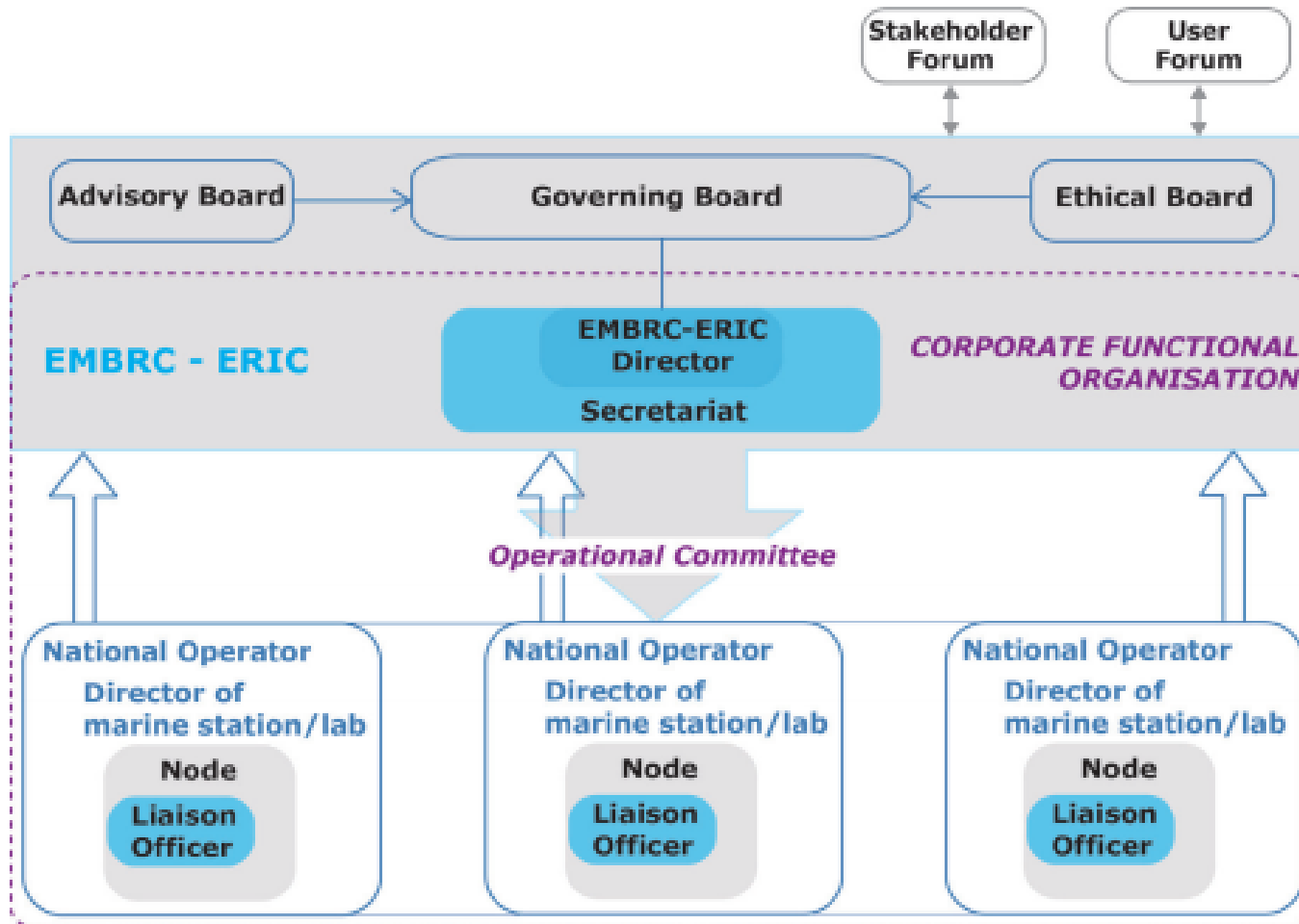
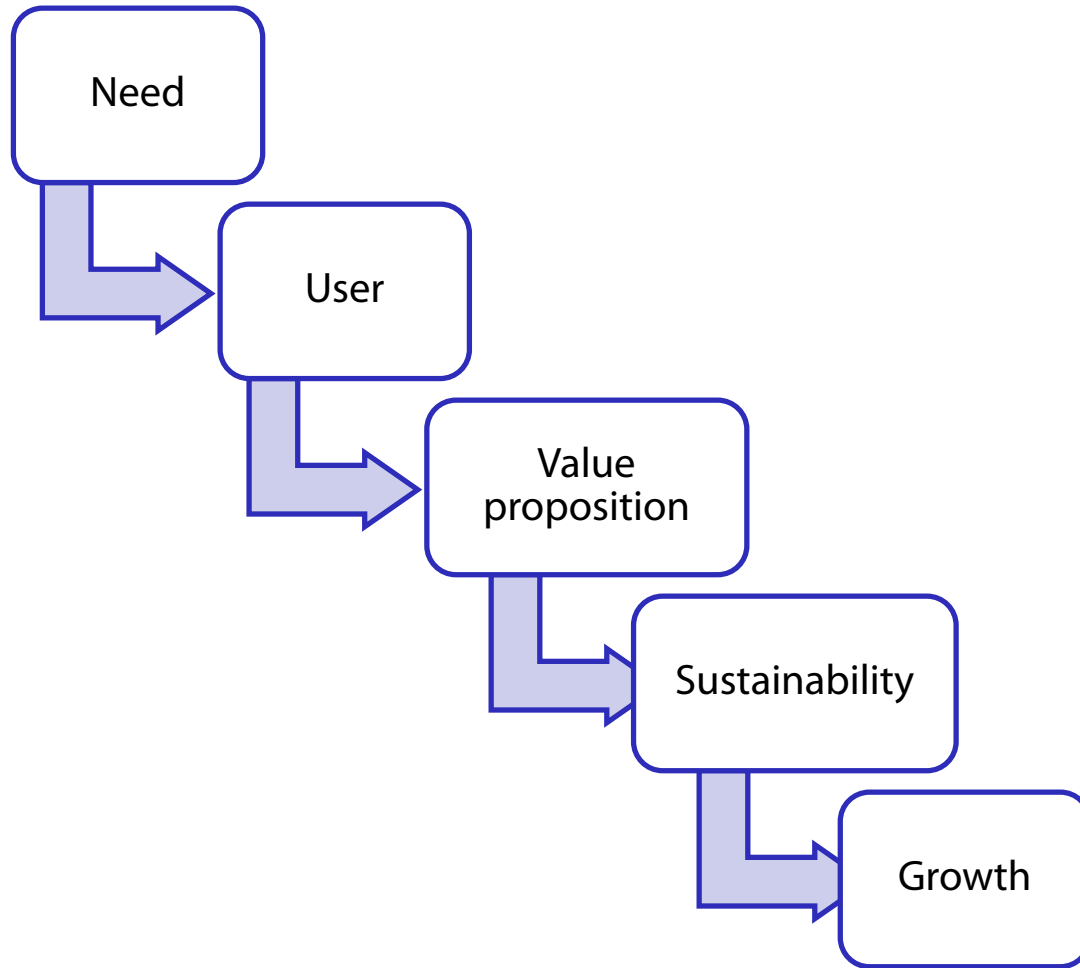


Figure 5. The EMBRC governance structure provides full autonomy of the RI in strategic decision making and priorities setting. The EMBRC governance structure relies on the internal organisation and administration of the marine stations and labs, which retain their autonomy over the activities outside the interest of EMBRC. The structure creates effective links between the different levels of the RI via a Corporate Functional Organisation with an Operational Committee for implementing decisions and via Liaison Officers in the nodes for smooth running of daily operations.

Market for a CoE



Market



Market

“Business” Market

- Users
- Customers
- Demand
- Competitors
- Market Dynamics
- Trends
- Barriers
- Opportunities
- Market Segments & Size

CoE Market

- **Market = value chain**
- **Users & Customers = “Beneficiaries” of CoE**
 - Researchers
 - Academics
 - Users
 - Community
 - Business
 - Public
 - Government
- **Competitors**
 - Other Research Centres
 - Grants
- **Collaborators**
 - Strategic alliances and partners
 - Funding partners

Show the **opportunity!**

*But don't forget to link it to **impact** and **RIS3!**



Figure 3.4: Researcher productivity in Slovenia (country H-index). Data: World Bank, 2015; SCImago, 2015.

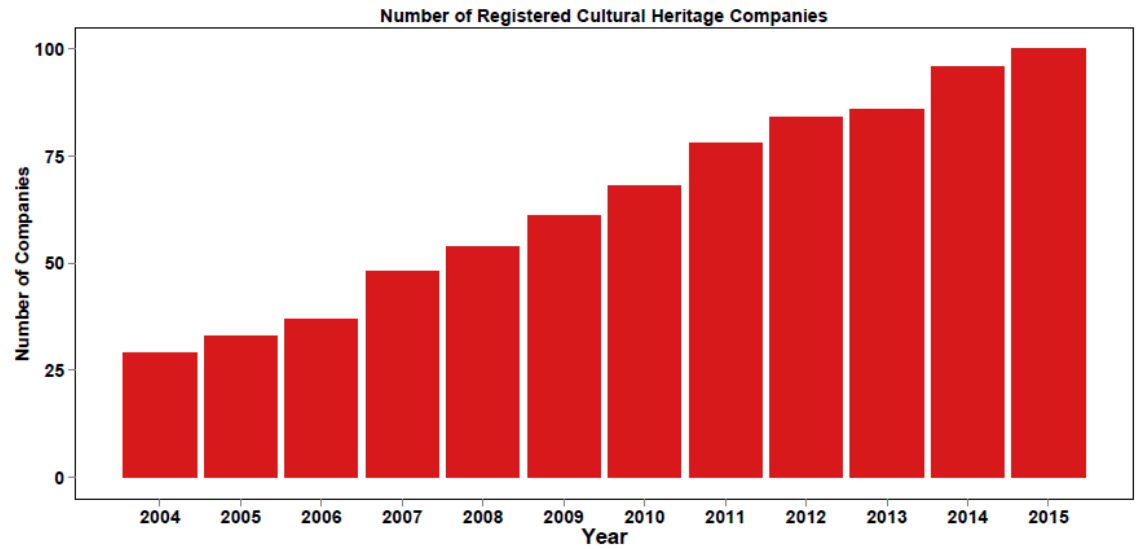


Figure 2.25: Registered companies under R91.030, 2004 to 2015 (Data from Bizi.si, 2015).

*InnoRenew CoE Deliverable 2.2:
Value chain management
and marketing analysis

Strenghts

Weaknesses

SWOT

Opportunities

Threats

The Five Plans for All B-Plans

- **Marketing**
 - Getting products and services to your target market
- **Operations**
 - Day-to-day functions of running your organization
- **Human Resources**
 - The people you need to execute your scaling plan
- **Finance**
 - Capital required to finance scaling activities
- **Contingency Plans**
 - What could go wrong and what will you do about it if it does?

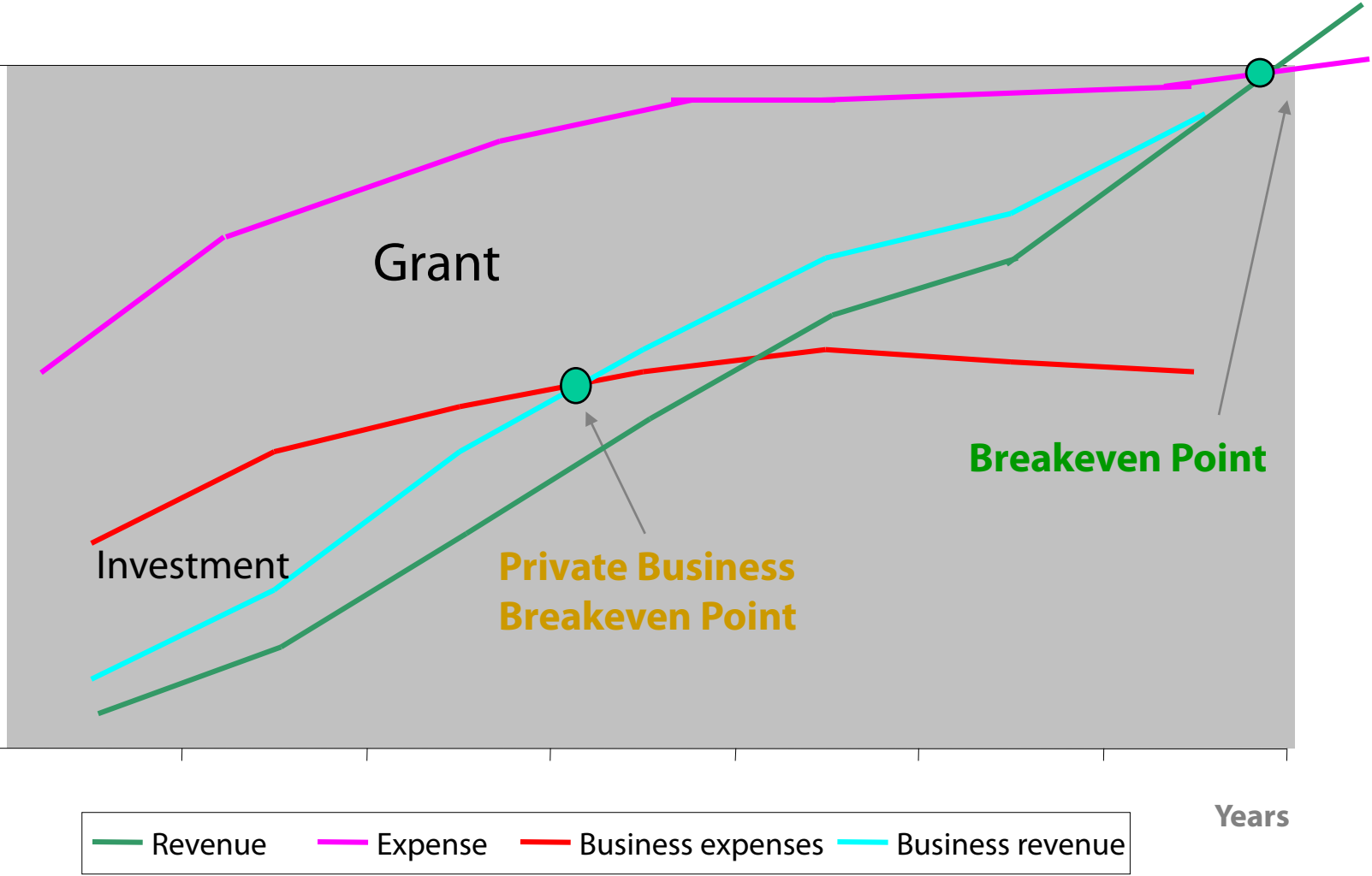
Financial Plan

- Business model
- Financial objectives
- Budget
- Resource Acquisition Plan
- Cash flow
- Income Statement
- Balance sheet



Role of Grant

\$\$\$



Years

Income

- Teaming grant
- Public funding – structural & matching funds
- Governmental funding
- Industry
- Services

How about a
long term
growth strategy?

More revenue streams!

- Grants & donations
- Membership
- Research project funding (EU, ERDF, IPA) & matching funds
- PPP programs
- Providing consultancy and trainings
- Organizing conferences and events
- Research studies and publications
- Equipment, software and know-how to companies
- Patents and royalties
- Potential shares in Cluster-affiliated and Technology Park projects
- Potential shares in spin-offs
- Follow-up investment

Important: in the first three years the priority focus of the initiatives should be on building capabilities and developing the market rather than maximizing short term cash flow.

Expenses

- Staff costs
 - Management
 - Administration
 - Scientific
- Governance meetings
- Joint Development Activities
 - Conferences
 - Workshops
 - Academic programs
- Promotion, marketing, outreach
- Knowledge transfer
- International co-operation
- Extended networking
- Training and education
- Access
- Buildings
- Infrastructure
- Equipment & consumables
- Overheads

Table 3 Potential PMs allocation scenario among InnoRenew CoE and InnoRenew partners.

		Y1	Y2	Y3	Y4	Y5	Total				
	EUR/PM	PM	PM	PM	PM	PM	PM	Salary	Direct	Overhead	Total
InnoRenew CoE	4.000	84	284	508	520	425	1821	7.284.000	801.240	2.021.310	10.106.550
InnoRenew partners	3.000 (8.000)**	216	216	180	79	79	770	3390000	372900	2283381	6046281
Total		300	500	688	599	504	2591	10.674.000	1.174.140	4.304.691	16.152.831

***Person month cost of Fraunhofer WKI. Overhead-ratio at Fraunhofer WKI is about 95% of salaries and direct costs. This fact is considered in this calculation, but the source of this funds will not be the Teaming grant.*

Table 5 Break down of costs [EUR] and revenues of the InnoRenew CoE, including depreciation.

Costs	Y1	Y2	Y3	Y4	Y5	Y6
Salaries	336.000	1.136.000	2.032.000	2.080.000	1.700.000	1.700.000
Administration & Mentoring	528.000	528.000	528.000	396.000	396.000	
Initial Projects	360.000	360.000	252.000	21.000	21.000	
Direct costs	134.640	222.640	309.320	274.670	232.870	187.000
Overhead	339.660	561.660	780.330	692.918	587.468	471.750
Depreciation Buildings (3%)	32.250	242.250	316.500	316.500	316.500	316.500
Depreciation Tech. Equipment (20%)	400.000	1.600.000	2.490.000	2.890.000	3.090.000	2.740.000
Total	2.130.550	4.650.550	6.708.150	6.671.088	6.343.838	5.415.250
Revenues						
Teaming Grant	2.130.550	4.650.550	6.708.150	6.671.088	6.343.838	-
Government funding						1.624.575
Revenues from industry		227.200	812.800	1.248.000	1.360.000	1.700.000
European and Slovenian grants		100.000	250.000	500.000	500.000	500.000
Services			100.000	150.000	150.000	150.000
Total	2.130.550	4.977.750	7.870.950	8.569.088	8.353.838	3.974.575
Score result	0	327.200	1.162.800	1.898.000	2.010.000	-1.440.675

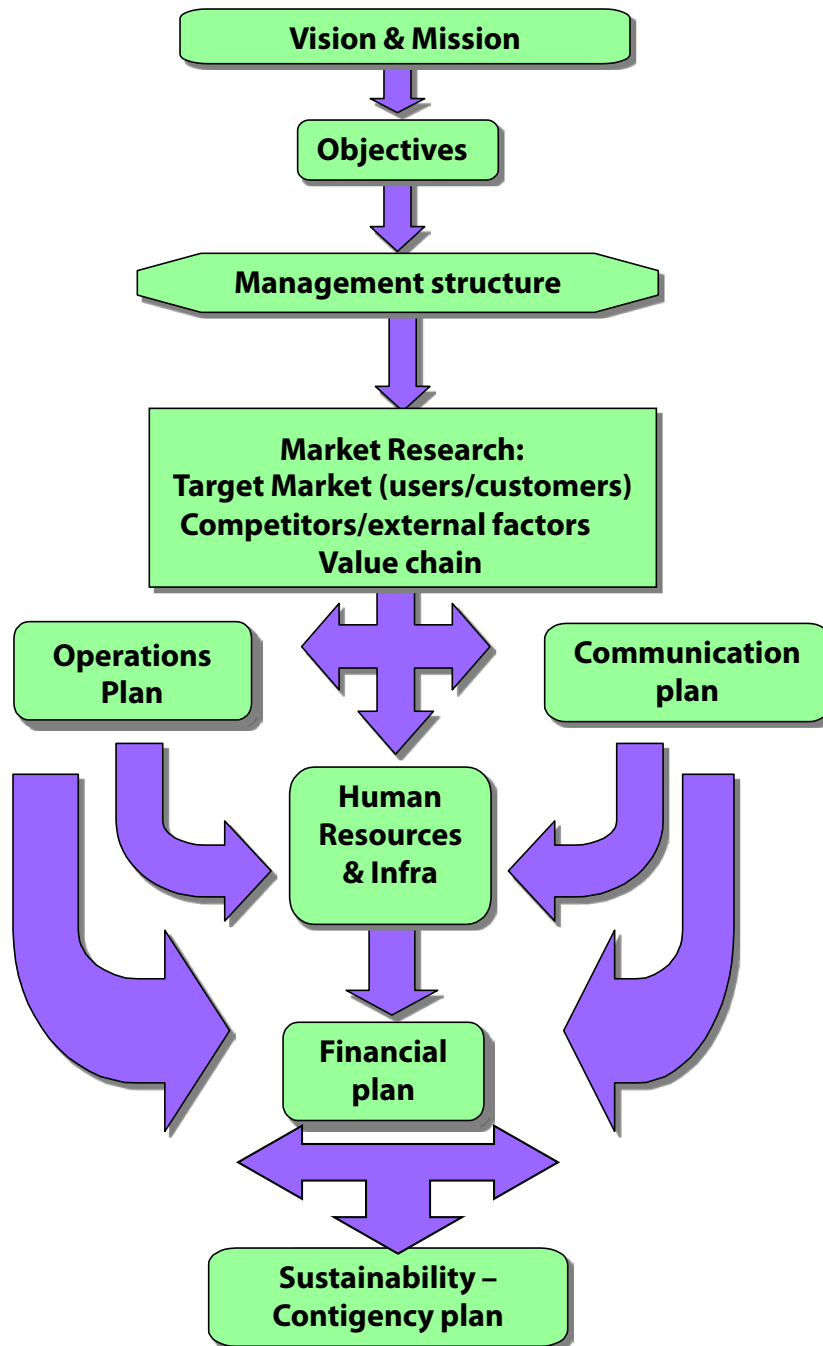
Table 6 Predicted depreciation [EUR] for buildings and research equipment on the basis of Deliverable D3.2.

	Y1	Y2	Y3	Y4	Y5	Y6
Costs						
Buildings	1.075.000	7.000.000	1.400.000			
Depreciation (3%)	32.250	242.250	316.500	316.500	316.500	316.500
Research Equipment	2.000.000	6.000.000	4.450.000	2.000.000	1.000.000	250.000
Depreciation (20%)	400.000	1.600.000	2.490.000	2.890.000	3.090.000	2.740.000

Risk Analysis & Contingency Planning

- **Build capacity** to make accurate projections
- Add in **buffer** for expenses
- Use “**what if...**” scenarios
- **Sensitivity analysis** for major decisions
 - Major expense categories
- **Test business plan assumptions**
- Objectivity

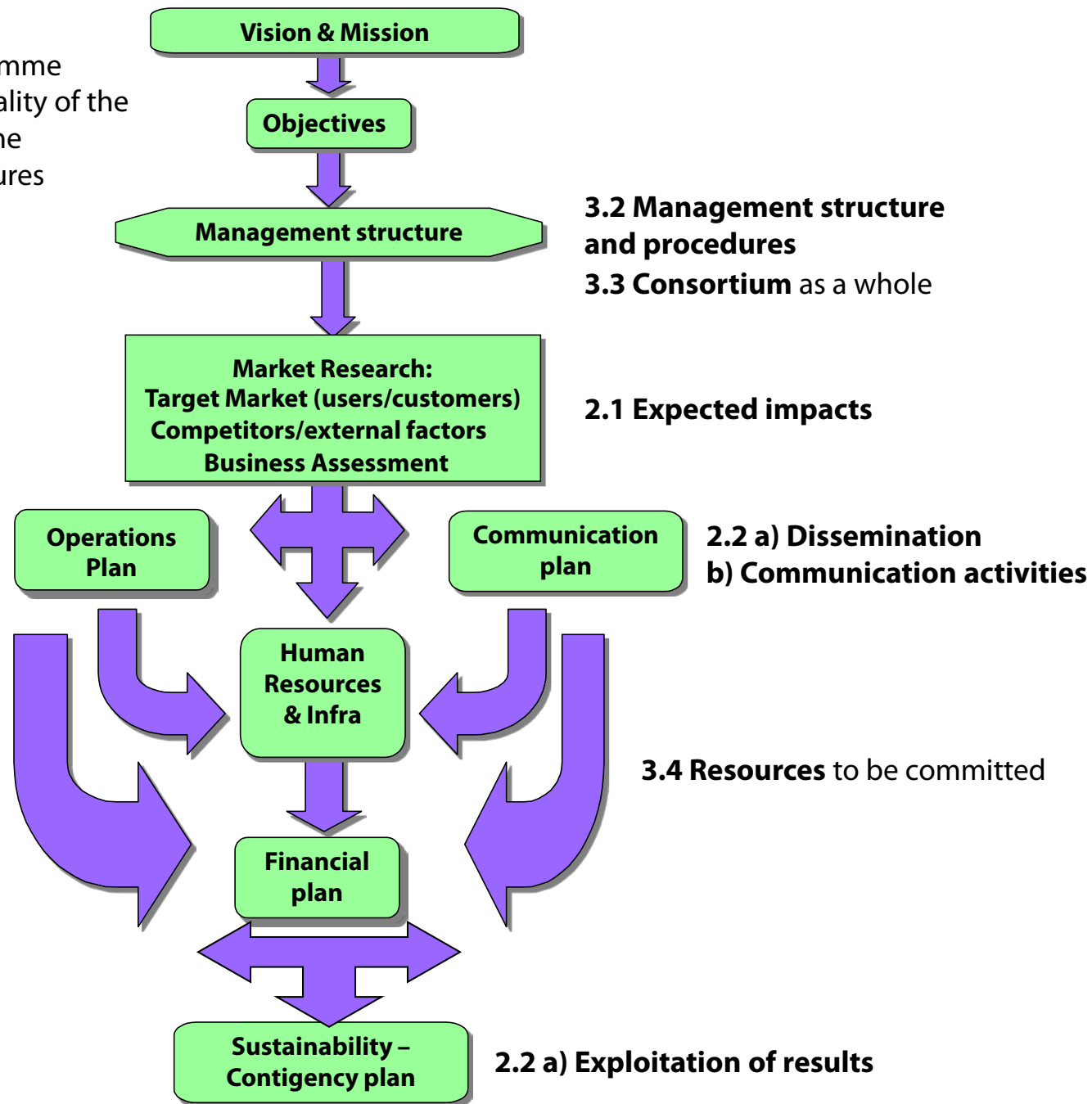




1.1 Objectives

1.2 Relation to the work programme

1.3 Concept and approach, quality of the partnership agreement and of the coordination and support measures



3.2 Management structure and procedures

3.3 Consortium as a whole

2.1 Expected impacts

3.1 Work plan

Work packages, deliverables and milestones

**2.2 a) Dissemination
b) Communication activities**

3.4 Resources to be committed

2.2 a) Exploitation of results

One final question

The most important thing VCs value

- a. Financial Plan**
- b. Market size**
- c. Return on Investment**
- d. Team**

d. Team

= Consortium(?)



Teaming: Lessons learned

Successful proposals marked by:

- Clear objectives / vision /excellence, engaging strategically in a path of innovative growth
- Well-chosen, carefully structured partnership & strong engagement from parties
- Long term science and innovation strategy
- Broad alignment with national/regional Smart Specialisation Strategies
- Long term financial commitments from relevant authorities
- Clear strategy on handling resources

For the next call proposers should:

- Clarify better their vision
- Make clear pointers to integration with medium to long term growth strategies
- Have clear plans on organisational and resource related issues

Questions?

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