

ENTREPRENEURSHIP IN RENEWABLE, ENERGY EFFICIENCY AND GREEN START UPS

DAY 2 – HOUR ONE – THE HEART OF
BUSINESS

March 7, 2012

Company Identity - Scope

- Defining your company and its ecosystem
- Thinking about your exit strategy from day 1
- Mission/vision statements/
- Business model
- History of the company, written, video, the story
- Company's best story - zappos/emc
- Valuable myths
- Theoretical bases of your company

Product/Service Definition

- Product or service development
- Market definition
- Expanding the use for your product/service
- Developing prototypes alpha and beta testers and feedback
- The brutality of educating the marketplace vs. selling into an existing marketplace
- 10x factor if replacing existing products, supplier relationships

Feasibility Assessment – Looking Inward and Outward

- More than go/no go; how to go
- Must know costs within your company and across companies
- Must know prices
- Looking outward - vertical integration - buy your supplier/distribution channel
- Horizontal additions - geothermal to oil/gas wells
- Competitive analysis required for feasibility analysis – don't fake being a potential customer

Value Proposition

- Defining value proposition - The 10x factor
- Why/How is your product/service better
- Usually competing against “do nothing”
- Understand industry life cycle
- Gap analysis internal and for the market as a whole
- SWOT analysis
- Promoting innovation – is this how you are better
- Innovation trajectory

How You Speak About Your Business

- Elevator Speech Elements
 - What you do
 - Why you are better
 - Why customers are better off
 - Ease of purchase

How You Speak About Your Business

- Elevator Speech Elements
 - Example: We train entrepreneurs to be successful; We train teachers to be more successful; We help mineral owners manage their interests; We help people find jobs; We train lawyers in leadership; We represent employees in work related disputes; We collect data from employees that predicts future performance of organizations for their benefit

Questions

15 minutes

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DAY 2 – HOUR TWO – ON TO THE BUSINESS
PLAN

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Business Plan Development

- Presentation skills and formats –
- The new role of video
- Business plan development
 - define problem and how you will solve it
 - explain who has the problem – target audience
 - explain who will pay for your solution – market size
 - state company history to date and receptivity
 - present and sell the management team
 - distinguish your company from competitors
 - show how you will change industry mindset

Business Plan Development - Continued

- deliver proof of concept analysis
- state how much money needed to get to break even
- explain your profitability potential over 5 years
- state how much customers will pay for your solution and back up this assertion
- state the value of your solution to customers/society – triple bottom line
- specific, clear, well researched and brilliantly documented

Business Plan Development - Continued

- well organized
- table of contents
- one page intro
- 12 slides showing compelling need for your service/product or combo, mgmt team value
- 2-3 minute video is recommended
- see handout – evaluation of business plan factors
- OK to buy business plan software, but not essential

Elements of A Business Plan

- Industry Definition
- Size of Market for Products Explanation
- Demand/Need Factors for this Product
- Description of Service/Product-Differentiation]
- Competitive Analysis-Static
- Competitive Analysis-Dynamic (How will Competitors Respond)
- Business Model-Clarity

Elements of A Business Plan – con't

- Expected Evolution of Business
- Management Team-Today
- Management Team-Expected
- Marketing Strategy
- Financial Data
- Overhead Analyzed
- Expected Sources of Capital
- Quality of Product Assurances

Elements of A Business Plan - Continued

- Distribution System
- Challenges Explained
- Supply Chain Management
- Customer Focus
- Research Capability
- Production Capability
- Operating Milestones
- Strategic Alliances
- Exit Strategy

Elements of A Business Plan - Continued

- Projected 3-5yr Rev
- Product or Service
- Partnerships
- Existing Key Customers
- Management Team
- Strong Board
- Current Auditor
- Proprietary Technology
- Legal Advisor

Next Steps After 1st Draft Business Plan

- identify intermediary to funding source
- detailed financial spreadsheets on all costs and all revenues – each cell in an excel spreadsheet **MUST HAVE A FORMULA** behind it and an explanation of the formula and assumptions

Next Steps After 1st Draft Business Plan

- get accounting help for spreadsheets if needed
- strategic plan development - co-exists with business plan – shorter – six slides –
- shows current strategy and how it will evolve over the next several years – for internal use first – clarity

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DAY 2 – HOUR THREE – KEY INTERNAL
ASPECTS OF RUNNING A BUSINESS

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Organizing A Team

- ROMD
- job descriptions and team building
- Investors invest in people quality of team trumps quality of business model or product
- track record right people in the right jobs
- show people/process that can change with changing environment demonstrate
- show capability to master of finances and all processes
- board of directors/advisors

Know Your Business – Inside and Out

- know the inputs to each product/service
- determine quality of product and positioning –
- trademark issue
- killer app - define and explain
 - Best product, low cost, best service, ease of purchase
 - bundling versioning
- bundling
- versioning
- build and refine proof of concept

Know The External and Internal Landscape for Your Business

- who do you threaten and what will be their response
- product and technical evaluation
- long term viability and potential sustainability of the business
- economies of scale analysis
- leadership team building
- delegation, not abdication

Execution – The Think and Do

- data collection
- execution / efficiency – becoming a great buyer
- change management
- process documentation
- technology and improvement
- outsourcing,
- core strengths
- strategic alliances documented - stakeholders
- industry trends analysis

Questions

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DAY 2 – HOUR FOUR – HUMAN RESOURCES
MANAGEMENT

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HR Management

- HR systems
- employee handbook
- HR record retention and employee files
- board member files
- protection of sensitive data, SSN, reference checks info
- age diversity - racial and cultural diversity
- contracts for everything
- may outsource

Human Resources - Continued

- skills requirements for positions in the firms
- analysis hiring practices – interview 10 and hire 1
- competency analysis/tracking employee evaluation practices - written and informal
- firing procedures
- probationary employment
- project work vs. full-time employment
- training (budget)

Questions

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DAY 2 – HOUR FIVE – COMPANY
MANAGEMENT

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Project Management

- project management – spreadsheets, Microsoft project, free shareware
- the art of sequencing
- relationships between and among projects
- inventory management and cost control
- just in time systems
- reporting and communication systems
- incentives to be on time and on budget
- clear decision rights

Management - Continued

- employee engagement
- scorecards and data collection
- data analysis for managing the company
- mentoring and consultation by industry experts
 - SBA
 - SCORE
 - Associations
 - CCIA
 - AEE

R&D

- research and development and its relation to your company
- budget
- inventor vs. innovator
- linking research to product/service development
- SBIR
- foundation funding potential
- innovation trajectory
- buy or handle in-house
- publishing your results

Questions

15 minutes

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