

# AUSMEDTECH 2009 : BUSINESS PLANNING

- **‘Despite all the negativity, there is always room for innovative, bold entrepreneurs with great ideas, excellent plans and the will and the tenacity to execute.’**
- **Innovation = ideas/new concepts/  
new technologies** x **commercialisation pathways  
to market/ customer needs**
- **Why Need a Plan?**
  - Roadmap and Structured Approach “Don’t Plan to Fail, but can Fail to Plan’
  - Performance Benchmarks
  - Key stakeholders: Board/Management/Staff/Customers/Suppliers/Advisors (e.g. legal IP)
  - Communication and Capital: Investors/Angels/VCs/Banks
  - Confirming the idea/concept has a distinct competitive advantage in a large and growing market. Defining a planned route to market by a talented management team, capable of earning significant revenues and profit
  - Key Q: ‘We are uniquely qualified to succeed because .....’

# KEY ELEMENTS OF BUSINESS PLAN

- Must be realistic, credible and compelling
- Factual, specifics, deadlines, responsibilities, projects, KPIs – not too much ‘blue sky’
- **Key Sections**
  - Executive Summary : critically important, including ‘vision’, key strategies, financials and long-term exit (3 pages max)
  - Company Background : past history and achievements. Positioning and elevator pitch KPIs
  - Industry Description : addressable market size and segments/growth/trends/key drivers (e.g. technology)
  - Customer Analysis : market ‘need’/research customers/clients/consumers
  - Competition : key competitors/market shares/competitive advantage/direct and indirect

# KEY ELEMENTS OF BUSINESS PLAN

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- Marketing Plan : Product and Value Proposition/Pricing and Trading Terms/Promotion and Advertising/Distribution/Partnerships and Strategic Alliances
- Operations Plan : Procurement/Administration/Systems/R&D/physical distribution/Warranty/Service and Spares
- Organisational Plan : Organisation structure/management and key staffing roles/experience/expertise/leadership
- Financial Plan : Financial history plus financial projections for next three years, including capital requirements and cash flows
- Execution Plan : Action plan, timetable, responsibilities, KPIs, major milestones, reporting
- Risk Plan : Risk management action plan

- Must demonstrate management’s commitment to the business and its understanding of the key drivers of the business

# AUSMEDTECH 2009 : BUSINESS PLANNING 'PRACTICAL TIPS

## 10 practical tips:

1. Understanding the 'value chain' of the medical devices industry and deciding your 'business model' – where to play sector (e.g. R&D, Testing Product Design, Manufacturing, Licencing, Selling, etc) and your ultimate exit strategy (e.g. trade sale, IPO, etc.)
2. Using the Pareto principle (20-80 rule, 'vital few', stay focused on what is important) and Kipling's '6 honest men' (who, why, what, when, where, how)
3. Defining the addressable market – not x % of the world market. But note importance of USA/Europe to medical devices business (not just Australia). Also from where and when is the first or next \$500,000/\$1million in revenues likely to be generated.
4. Confirming your special, unique competitive advantage compared to competition (direct and indirect). Create barriers to entry, including IP
5. Recognise the importance of relevant past performance/track record of the executive team to execute the plan. Investors are backing the concept and the team, including evidence of past sales successes.

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## **10 practical tips:**

6. Focus on customers and distribution – how to get your product/service/technology to customers/clients/consumers, including the important key decision markers in the buying cycle.
7. Avoid excessively optimistic/unrealistic financial forecasts and budgets. Conduct sensitivity analysis
8. Essential to do some market research – talk to customers/clients/consumers (e.g. physicians, specialists, hospitals, R&D centres, etc.)
9. If appropriate, get some external help (e.g. business planning via the not-for-profit NSW Enterprise Workshop – next Winter program in Sydney starts July 2009)
10. Get going/make a start/test your concepts and ideas/time to market is very important. A good business plan is never done – it needs regular updating.