

# Business Planning Fundamentals

Small Business Mentoring Program - Mackay Regional Council

Webinar One - Presented by Giovanna Lever PIONEER VALLEY MOUNTAIN BIKE TRAILS



### LET'S BREAK IT DOWN

Today we will discuss:

- 1. Common business plan mistakes
- 2. Desirability
- 3. Feasibility
- 4. Viability

Getting your thoughts out of your head and into a practical plan!

SPARROWLY GROUP

# YOUR BUSINESS ON ONE PAGE



# PLANNING 101 BUSINESS MODEL CANVAS

"A business model describing the rationale of how an organisation creates, delivers and captures value." (Strategyzer)



# COMMON BUSINESS PLAN MISTAKES



# MISTAKES TO AVOID

#### **KEEP IT SIMPLE**

- Unrealistic financial projections.
- Not defining the reader.
- Not doing enough research.
- Hiding your weakness.
- Including too much information.
- No focus on your competition.
- Superficial definition of target customers.
- Underestimating business risks.
- Not having one...



# GETTING CLEAR ON YOUR BUSINESS PROMISE



# THINK OF YOUR BUSINESS

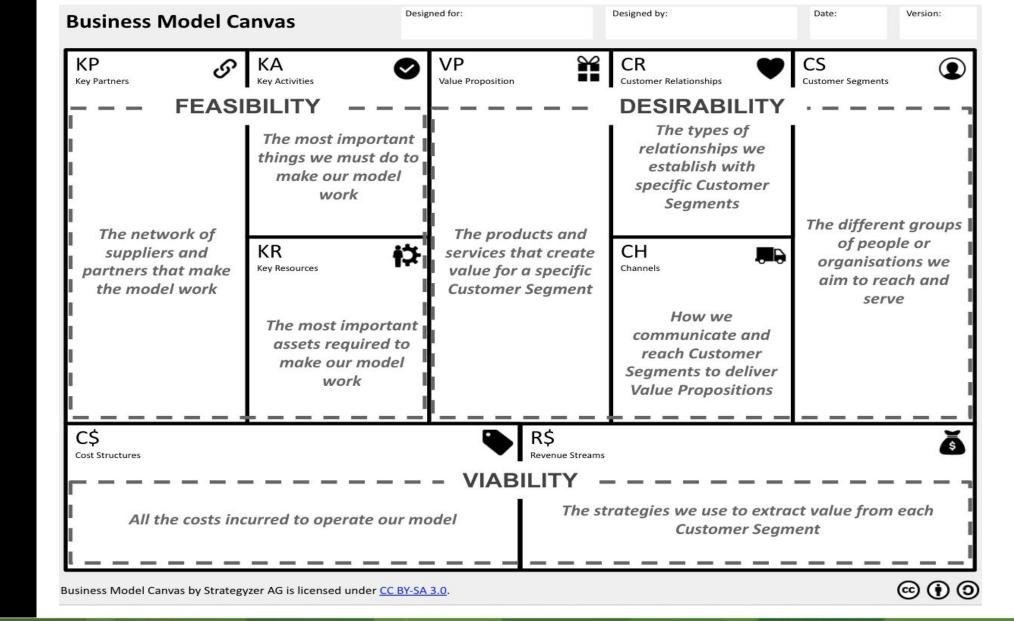


Image credit: Big Kiss Travel



# MAPPING OUT YOUR BUSINESS MODEL CANVAS

# **CUSTOMER SEGMENTS**

#### WHO ARE YOUR CUSTOMERS?

The different groups of people or organisations we aim to reach and serve.

#### **EXAMPLES:**

Customers concerned with automobile safety

Intergenerational family stay

Property developers

**Accommodation hosts** 



# VALUE PROPOSITION

#### WHAT DO YOU DELIVER?

The products and services that create value for a specific Customer Segment.

#### **EXAMPLES:**

Personalised and social experience

Income generation

Premium and private accommodation

Affordable and safe, yet stylish, family cars





### **CHANNELS**

#### **HOW DO YOU COMMUNICATE?**

How we communicate and reach Customer Segments to deliver Value Propositions.

#### **EXAMPLES:**

Referral program Content marketing

Word of mouth Distribution platform

channels



### **HOW DO WE REWARD?**

The types of relationships we establish with specific Customer Segments.

# **CUSTOMER RELATIONSHIPS**

**EXAMPLES:** 

Excellent customer service Promotions

Discounts Concierge hotline

# REVENUE STREAMS

#### **HOW DO WE CHARGE?**

The strategies we use to extract value from each Customer Segment.

#### **EXAMPLES:**

Product sales Free

Fee-for-service (hairdresser) Transaction fee

(accommodation)





### **KEY RESOURCES**

#### WHAT DO WE HAVE?

The most important assets required to make our model work.

#### **EXAMPLES:**

Staff Machinery and equipment

Building Network



### **KEY ACTIVITIES**

#### **HOW DO WE DO IT?**

The most important things we must do to make our model work.

#### **EXAMPLES:**

Booking administration Bookkeeping

Selling products Teaching



## KEY PARTNERS

#### WHO DO WE NEED?

The network of suppliers and partners that make the model work.

#### **EXAMPLES:**

Council Suppliers and contractors

Distribution partners Manufacturers



## COST STRUCTURES

#### **HOW MUCH DOES IT COST?**

All the costs incurred to operate our model.

#### **EXAMPLES:**

Salaries Cost of suppliers

Commissions Rent



### **EXAMPLE**

# **BUSINESS MODEL CANVAS**



### Business Model Canvas 放 airbnb

#### **Key partners**

- Hosts
- Business travel partners
- Travel managers
- Investors / venture capitalists
- Lobbyists

#### Other partners:

- Photographers (street, event, property)
- Maps, payment, cloud storage, identification
- Insurance

#### **Key activities**

- Remove friction from transactions
- Scale beyond critical mass
- Engage the participants
- Refine value proposal
- Analyse data & improve

#### **Key resources**

- The network effects
- Listings
- User generated content
- Platform architecture
- Algorithms, data, analytics capabilities/people
- Brand, App

#### Value proposition

#### For the hosts:

- Income generation
- Ease of transactions
- Meeting new people
- Ease of getting verified guests
- Calendar, booking management

#### For the guests:

- Lower cost
- Easy transactions
- Authentic local experience
- More variety
- Transparent ratings

#### **Customer relationships**

- Own the relationships
- Manage interactions

#### Esp for hosts:

- Issue resolution
- Guide joining steps

Public: company image

#### Channels

- Digital ads
- Content marketing
- Word of mouth
- Social, messaging
- Referral program
- Transaction: App, pages
- Engage: mails, offers

#### **Customer segments**

Macro segmentation

#### Guests

- Travel type (business, leisure)
- Demographic
- Geographic
- Behavioural

#### Hosts

- Accommodation type
- Demographic
- Geographic
- Rental preferences

And microsegmentation

#### Cost structure

- Customer acquisition cost, CAC
- Weighted average cost of capital, WACC

- Development & expansion
- Payroll, contractors
- Infrastructure, transaction costs
- Legal, insurance
- Lobbying, legal, settlement
- Customer support

#### Revenues

- Charging a transaction fee based on savings on:
  - Lower cost for guests
  - Higher net income of hosts

- Rental guests: 5-15%
- Rental hosts: 3-5% - Event hosts: 20%
- = Event guests: 0%
- Event gaests. 070

## **LET'S RECAP**

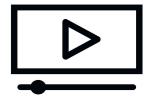
- Avoid business planning mistakes.
- Don't overcook it.
- Getting your thoughts out of your head and into a practical plan.



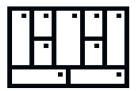
# RESOURCES & TOOLS



PRESENTATION SLIDES



**VIDEO RECORDING** 



BUSINESS MODEL CANVAS TOOL



STRATEGYZER
TRAINING VIDEOS
AND GUIDES



# Questions





### THANK YOU

If you have any questions regarding this webinar or the mentoring program, please email the Sparrowly Group mentoring team mentoring@sparrowly.com

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