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Developing a business plan for new entrepreneurs with MS PowerPoint

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ABSTRACT

The world economy is at its lowest. In this current situation, designing a business plan and convincing the investors to believe in new ventures of the new entrepreneurs is important. In this paper, we have discussed the importance of a business plan along with key aspects for developing a business plan and how to present it to the investors. After winning the best business plan award in the international BAJA SAE sales presentation under the banner of Team Saksham International, VIT Chennai, for consecutively 2 years, we have come up with certain points about a business plan which can charm investors of any place or country to invest in the company. This paper contains detailed information and guidance on developing an efficient business plan with a VARS model for any kind of business along with pitching skills which will help you to make your business a success. Via this paper, we are also sharing certain MS PowerPoint presentation skills which will enhance your proposal and leave an impact on your investor's mind.

Keywords: MS PowerPoint, BAJA SAE, Icons, Animations, Adobe Photoshop, ROI, USP, Demand curve, NPS

1. INTRODUCTION

“Never forget that you only have one opportunity to make a first impression - with investors, with customers, with PR, and with marketing.”

According to the above statement by Natalie Massenet, we have only one chance to seize the deal in one go. The Organization for Economic Cooperation and Development (OECD) on March 20, 2020, lowered its economic forecast of global economic growth by 0.5% for 2020, from 2.9% to 2.4%, provided that the economic effects of COVID19 peak in the first quarter of 2020[1]. Under such conditions, every nation is focusing on start-ups in their own land to uplift the declining economy. Now, for a successful business, a perfect business plan is a must. The business plan is the product of strategic thinking or planning processes. The strategic direction developed in that process can then be communicated in the form of a business plan to lenders, potential investors, and associates within your company [2]. In creating and building a business, the entrepreneur assumes all the responsibilities for development and management, as well as the risks and rewards. Many businesses do not survive because business owners fail to develop an effective plan [3]. There are many aspects to be focused on. A perfect plan with good pitching is the crux of the sealed deal. The paper starts with developing a strategic plan for your business keeping in mind the rigidity of budget in the initial year of operation. Discussion on the production plan, finance, and marketing is stated further in this paper as author Linda Pinson rightly says every investor wants to know how will we maintain the cash flow and repay the loan with interest [4]. While there exists a great deal of information regarding the importance of oral communication in the business organization, little has been written in recent years to identify those communication skills that are important for different organizational positions [5]. Communication skills play a vital role in the life of professionals. The success of the employees depends on the effectiveness with which they absorb and publicize information [6]. Thus the next part of the paper speaks about the presenter's skill. In this section of the paper, we present to you our 3 years of experience in BAJA SAE Sales presentation,

which gave us the opportunity to pitch for a hypothetical ATV start-up company in front of investors from companies like Daimler Trucks, and experience of sponsorship pitch for a student-funded team in front of numerous companies.

We suggest that a perfect business pitch should have a business plan with an excellent presenter as well as presentation skills. The key to perfect presentation is something that has not been discussed in our past much. We have adopted MS-Powerpoint to state our points as it is a part of the Microsoft Office system which is widely used by business people, educators, students, and trainers. As a part of the Microsoft Office suite, Power-Point has become the world's most widely used presentation program [7]. Presenting the information clearly and effectively is a key skill to get the message or opinion across and, today, presentation skills are required in almost every field [8].

2. BUSINESS PLAN DEVELOPMENT

To develop an impactful business, plan the first thing that has to be done is knowing the market demand of the product which we are planning to launch in the market. Study of the current market demand and most importantly the future scope of the product and thereafter, look for our target market. Now, if our product already has a well-established market where there are several contemporaries then we have to research the drawbacks of the competitor's product and develop such a product that overcomes most of the existing drawbacks. On the other hand, if it's a completely new product then we have to find our target market and think about all the possible issues our product may face. In both these cases, the research can be based on feedback, market survey, the current market trends, and the future requirements of the market. Key parts of the contents are:

2.1 Product Development

The product under contemplation to start a business, that product has to be ready to face pre-existing competition or developing competition. The product should have USP which can attract its target market. The USP of the company is equally important. It can be the price range, services, benefits, etc. Proper training of the engineers and other workers involved in the product and company designing needed, so that each employee of the company will help to maintain the quality of the product and services. Various models can be put up to analyze product development. We suggest the VARS model which is developed by Professor Deepak Somaya at UIUC. VARS stands for

Value proposition: This element states what the company is offering to the customer and how it is valuing its customers apart from money-making. It defines the mission and vision of the company.

Activities: It answers the questions

- What infrastructures and resources are needed to build up the company and product?
- What services does it provide?
- How is it unique from its competitors?

Revenue model: It defines which revenue model the company has adopted. There are models like the razor blade model, freemium model, two-sided market model & platform, and ecosystem model.

Scope of the company: It states the company's target market, its scope in the market, marketing of the company, and the components which will be outsourced.

There are more models like SWOT, PESTLE, IPA, etc. Adopting any suitable one can help to develop an efficient product and appropriate company structure.

2.2 Production Plan

Start-ups can be Product based or software-based. Production planning will vary accordingly.

Software-based company: You need to first decide the structure of your application and the platform you will be using and accordingly hire the minimum most people you will be needing at the minimum most cost possible(initially). Now, there is a probability that you might have to outsource some data for which you will need to take necessary permissions. For example, let's consider the app "MeritNation" which contains the questions and answers to all the NCERT questions. So the data required needs to be outsourced from NCERT. Basically, while forming the structure we need to keep a count on things that have to be outsourced or developed by us. After which you can start developing your application. Proper API providers have to be looked upon as software products that are highly dependent on the internet and cloud development for the product. Software-based

companies need less space of work initially but the location of such ventures should be accessible by computer and technology-based hardware requirements providing shops. Customer feedback and complaints should be addressed instantly as the internet is the only means by which customer relationships can be built so building up a proper communication system is a must.

Product-based company: In this case, you will first have to plan the location of your production plant. When it comes to a product based company there are several factors which are needed to be kept in mind, for example, nearby ports, availability of workforce, etc while choosing the location of your plant. Following this, you need to plan your plant layout which should include all the departments required to assemble your product. Initially, you should plan it in the most worker-friendly yet cost-friendly way possible. For which we can follow Just in time manufacturing. JIT was developed by Taiichi Ohno (1982), Executive Vice-President of the Toyota Motor Company and it spread to other companies of Japan in the late 1970s. By the early 1980s, JIT became a very popular manufacturing innovation in Western and Asian countries (Schonberger, 1982b). It is an approach to continuous manufacturing improvement based on the idea of eliminating all waste in the manufacturing process and gaining an edge over the others through improving the manufacturing process. The focus is on minimizing raw material, work-in-process, and finished goods inventory with a view to cutting inventory costs and also helping to expose other more serious inefficiencies (poor maintenance, inspection, backlogs, etc.) [9].

Furthermore, if your company is going to be a commercially viable company, you will have to decide the places where to set up the showrooms once your product is ready.

Another futuristic plan could be to promote your product based company on a software level or vice-versa. For example, we took MeritNation as an example of a software-based company. We can promote it on a product level by producing customized goodies. Coming to the point where we can promote a hardware-based company on a software level. For example, we are a company that manufactures SUVs, for which we can make an app so that people can customize the car according to their needs.

2.3 Finance:

Deciding the finance of a company is the most important factor and for a start-up, its importance increases as many things have to be adjusted with a limited source of cash flow. The first step in this process is how we are planning to get the cash flow to start the business. A business can be divided into 4 stages:

- Start-up
- Early
- Growth
- Maturity

There are 4 ways in which one can gain cash flow. They are as follows:

- **Friends, Families, or Loan-** While you are in the initial stage i.e. the **Start-up** stage as mentioned above and is just about to start off. The best possible way to gain that initial funding is from Friends, Family, or by taking a loan. Because, until and unless you have a semi-set business it will be difficult for anyone else to invest in it.
- **Angel Investors-** Once you feel that you have reached a stage where you have expanded your business enough so as to gain the trust of an investor, also known as the early stage. This is the time when you can approach an angel investor. An angel investor is a person who invests in a new or small business venture, providing capital for start-up or expansion. Angel investors are typically individuals who have spare cash available and are looking for a higher rate of return than would be given by more traditional investments. You can connect with them on various websites (whose purpose is to connect the investor to a company) or email their HR etc.
- **Venture Capitalists-** A venture capitalist (VC) is a private equity investor that provides capital to companies exhibiting high growth potential in exchange for an equity stake. This could be funding startup ventures or supporting small companies that wish to expand but do not have access to equities markets. Their main focus is on the sales and market share of the company and is keen on investing in companies that are working in the field of Technology, Bio-Tech, and Software. They are popularly referred to as the risk-takers and by doing this they are providing new start-ups with blooming ideas a great opportunity to start their company.
- **Private Equity-** Once you have reached the mature stage of a business, this is the time when private equity firms come into play as investors. A private equity firm is an investment management company that provides financial backing and makes investments in the private equity of start-up or operating companies through a variety of loosely affiliated investment strategies including leveraged buyout, venture capital, and growth capital. Their main focus is on the profit and profit share of the company and is keen on investing in various fields. But they prefer investing in well-set companies as they do not prefer taking risks.

The second most important thing is the segregation of areas of expenditure. The main four parts are:

- **Plant and Production Expense:** machinery cost, land cost, equipment cost & raw material cost, legal costs, logistic cost.
- **Maintenance Expense:** Depreciation cost, taxes, repair & replacement cost, recycle cost.
- **Distribution Expense:** Shop rent/purchase cost, equipment cost, logistic cost.

- **Administrative Expense:** Staff salary, electricity bills, down-payment expense, marketing cost.

After you have allotted all the amounts, it's time to calculate the cost price taking into account all the expenses above. Then we will have to set our profit percentage. As a study says a customer value-based pricing strategy and which set high prices, logically within the market context in which they operate, tend to yield a greater profit margin than their competitors who may adopt a competition-based pricing strategy and set lower prices[10]. So the profit margin should depend on the market scenario and product credibility.

Table 2.1 Profit deciding criteria based on market research of various software and product companies.

Market type + Product type	Profit margin(%)
Niche market + New product	35-40
Niche market + Pre-existing product	20-30
Good market + New Product	65-85
Good market + Pre-existing product	55-60

Then once you have your profit margin, you will also get your selling price. Then calculate the gross profit by

$$\text{Gross Profit} = \text{Selling price} - \text{Cost Price}$$

Now the gross profit has to be divided into R&D, tax, interest on the loan (if any), and depreciation expenses. Finally, after this division the remaining amount will be considered as Net profit from which investors will get its share leaving the rest for the entrepreneurs. Share percentage which you decide is game-changing for your deal. The points to be noted for deciding share percentage are:

- Loan amount to be taken (if any).
- Break-even: the time when Total revenue = Total cost of establishment
- Period of investment: period till the investment is to be made by the investors
- ROI period: Return of Investment of the investors.
- The profit margin of investors after the ROI.

Break-even is a very important analysis, as it helps to determine the cost of the product in the market over the years of operation. We can accordingly increase and decrease the selling price to meet our profit goals and face the competition. Now for the investors, the last three points are the most awaited part of your proposal. Period of investment and ROI period should not have a difference of more than 5 years in an ideal situation. In general, investors expect to get their money back within 5 to 7 years with an annualized internal rate of return (“IRR”) of 20% to 40% [11]. Therefore, this factor is very important for deciding the share percentage of the investors. In a nutshell, all your financial plan depends on the above five factors.

2.4 Marketing

“Amazing things will happen when you listen to the consumer.” –Jonathan Midenhall, CMO of Airbnb. How do we listen to the consumers? The right kind of marketing is the key.

Marketing is one of the main departments within an organization and its duty is to identify customer needs and wants and to produce or modify products in an attempt to respond to market demand. Often it is found that the marketing department will work with the management in order to meet the market demand, create new markets, and in many cases satisfy consumers’ wants. It can be considered as the bridge between satisfying consumers and the management in an attempt to create profit for the company[12]. Majorly, we need to focus on the following to grab people’s attention:

- **Brand awareness-** is the extent to which customers are able to recall or recognize a brand under different conditions. Brand awareness can be executed in several ways, further, we will be discussing some strategies on how you can make your startup a brand but we should keep a track of the Brand awareness using the “brand awareness pyramid”.

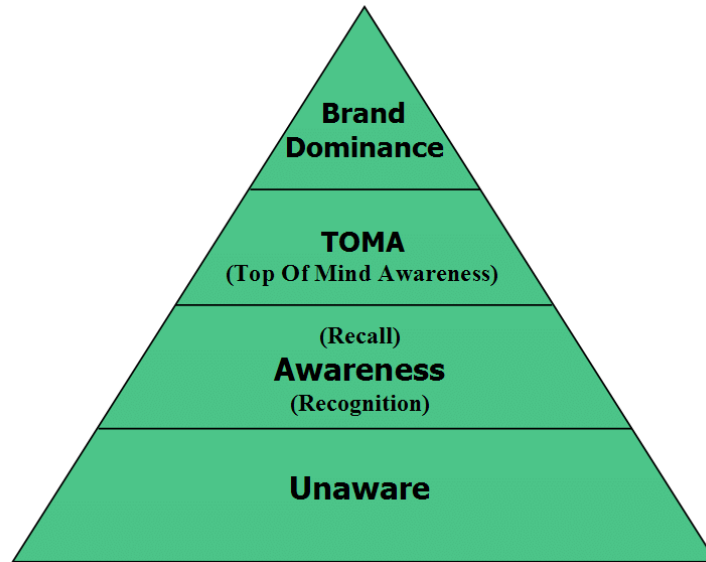


Fig 2.4.1 Brand awareness pyramid [13]

- **Brand strengthening**- is the value of your company in the public’s eye. It is measured using the Brand Strength Index. While brand strengthening, you should keep a look-out on your demand curve as well.
- **Brand loyalty**- is the retention of your company’s customers i.e compelling them to buy your product repeatedly and even suggesting them to their peers. We can calculate the Net Promoter Score(NPS) to calculate the brand loyalty.
- **Brand expansion**- after the reputation and credibility of your company is established, the next step is to increase its domain by introducing your outlets in new areas or with new products to meet customer demand.

Now, there are two types of markets prevalent on the basis of your customer i.e. B2B Marketing and B2C Marketing. As we have already mentioned your company could be the one who is supplying the material to another company (B2B) or your company could be the one who sells it directly to the customers(B2C). So the marketing strategies would vary for each.

2.4.1 B2B Marketing

B2B has now been transferred to a digital platform. Earlier it was a linear path starting from researching over market potential then to look for threats and opportunities then coming to the customer base. But nowadays, the B2B buyers do not function in this conventional way, they are way more aware than they used to be before. They function in a loop-like manner as shown in the figure below. For your business to flourish in the B2B market you have to be aware of the market percentage you are aiming to hold then work rigorously in the improvisation of the product considering the purchase feedback to stay in the field.

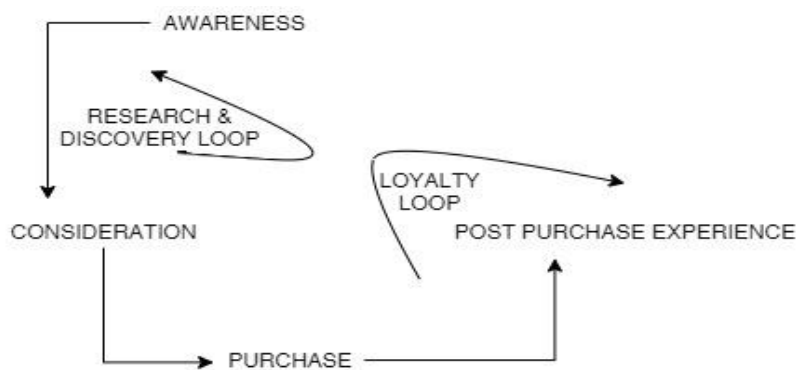


Fig 2.4.2: loop-like B2B market

2.4.2 B2C Marketing

“B2C Marketing”, or business to customer advertising, refers to the promotion of your company in public. Unlike B2B (business to business), in B2C marketing your company has to invest in developing brand awareness and brand reputation in the public. Few ways which can be implemented by you to reach the public and do the right kind of marketing are as follows:

- **Use of social media platforms-** Social media platforms like Facebook, Instagram, Youtube, etc are the most used entertainment platforms nowadays. Adds in these platforms aren't very expensive and yet very effective nowadays. This will help us in creating brand awareness.
- **Conducting contests or workshops-**The B2C companies have an end product and in most cases, the product is something related to technology, thus we can find our target audience and conduct various workshops or competitions.
- **Associating a Famous personality-** Brand ambassadors are a popular way of advertising, this way the fan following of the celebrity can be converted into your customers. The general public tends to get more influenced when a celebrity advertises any product.
- **Use of Customized goodies-** Customized products can be released in the market for a higher reach, along with that try to associate a catchy tagline.

Having mentioned about B2B and B2C marketing strategies individually, there are some ways which are applicable in both the types of businesses. Some of them could be the use of SEO (Search Engine Optimization) tools, Referral Marketing (the method of promoting products or services to new customers through referrals, usual word of mouth), creating an attractive and high-performance website, use of social media platforms to the right kind of public and most importantly conducting surveys to know their needs and take the necessary actions.

3. IMPACTFUL PRESENTATION SKILLS

A very important part while setting up a venture is your presentation skills. Every now and then you will have to speak to several investors. Here we give you an insight into how you can make your first impression, your best one.

Oratory skills have become an essential part of personality development. Why do you think that people around the globe are joining various speaking classes or soft skills are being inculcated in the academic curriculum? The reason is that in the population of over 7 billion people, for a person to state his/her point and to outclass among the competitors, his/her soft skills have to be developed. Now for the presenter in a business proposal meeting has to take care of the following points:

- **Look:** Formal dress-up will enhance the personality and give confidence to the speaker. General formal dress code for a man is a well-ironed collared shirt (preferably light color as bright colors distract attention), with ironed trousers (preferably black or dark blue) and an elegant plain tie. Similarly for a woman is a well-ironed shirt (preferably light color as bright colors distract attention), along with ironed trousers / knee-length skirt (preferably black or dark blue) with/without an elegant plain tie.
- **Content Developing:** Things to be said in the meeting has to be on the fingertips. It's always better to form a script syncing with the presentation and practice it quite a few times in front of the mirror or record your speech. This way you can introspect the script and the modulation. Points to be mentioned should be in a sequence that is well-rehearsed by the presenter so that even in case of interruption the flow of the presentation should be maintained. If your investors have allotted you a specific time then time your script before the final presentation so that you don't miss out anything due to lack of time. It's always good to keep the time-limited to 10-15 mins as a person can concentrate for 20 min in a row. The script should be crisp and on point. The use of phrases and quotes makes it better to hear. Use words like “importantly,” “mainly” etc to emphasize the key points. Points that should be explicitly mentioned in the script are:
 - USP of product
 - Market status
 - Revenue model
 - Methods to face competition
 - Marketing strategy

As all things can't be said in the script so try to include the unsaid parts in handouts and presentation. Discussion on designing handouts and presentation is covered in section 4 of this paper.

- **Speech modulation and body gestures:** Modulation of voice with proper emphasis on highlighted points of your presentation. Things that you feel are the strongest point of your company that has to be spoken with more emphasis so that investors can note them. The clarity of each word you speak will help you to convey your thoughts to the investors. Body gestures denote our confidence in our content. Head high and eye contact with everyone in the room makes your listeners believe you. Proper hand movements help you to ease your nervousness as well as make you look more confident.
- **Be ready for Q&A:** Doubts and queries will come up in every business proposal. Being ready with every possible question displays your homework. The best way to get prepared for this is to question each and every word of your proposal. Find an answer for every why, what, when, and how. Be clear on every decision you have taken to develop

your business plan. The only way to answer every question with clarity and confidence is to know the reason for everything you are saying.

4. IMPACTFUL MS POWERPOINT PRESENTATION:

Visuals are easy to catch and attract the attention of our audience so creating a dynamic presentation for our business plan will give it an edge among others. The key aspects of a good presentation are:

Background: MS PowerPoint provides various background themes but making a customized theme using Adobe Photoshop or downloading innovative templates from the internet will seize the investor’s attention.

Font Selection: Choosing fonts depending upon our theme and clarity of each letter is important. Common and non-emphatic fonts will make the presentation boring for the viewers. Use of bold, clear, and calligraphy-based fonts converts a normal formal business presentation into an elegant dynamic presentation.

Table 4.1: Elegant pre-installed fonts in MS-Powerpoint

Font Name	Font Type
Antique Olive Roman Bold	BUSINESS PRESENTATION
Book Antiqua Bold	BUSINESS PRESENTATION
Algerian	BUSINESS PRESENTATION
ITC Zapf Chancery	<i>BUSINESS PRESENTATION</i>
Hoefler Text Black	BUSINESS PRESENTATION

Shapes: The use of non-basic shapes and preset colors will be eye-grabbing. Effects like 3D, Shadow, Reflection, Bevel, and weight outline of borders of all shapes will make the content more likely to read. On comparing fig 4.1, fig 4.2 & fig 4.3 we can see the impact use of various shapes, colors, 3D effects have on the presentation. Such a non-conventional presentation makes our pitch more attractive.

CONTENT

- TEXT
- TEXT
- TEXT
- TEXT

Fig 4.1 Conventional of content slide

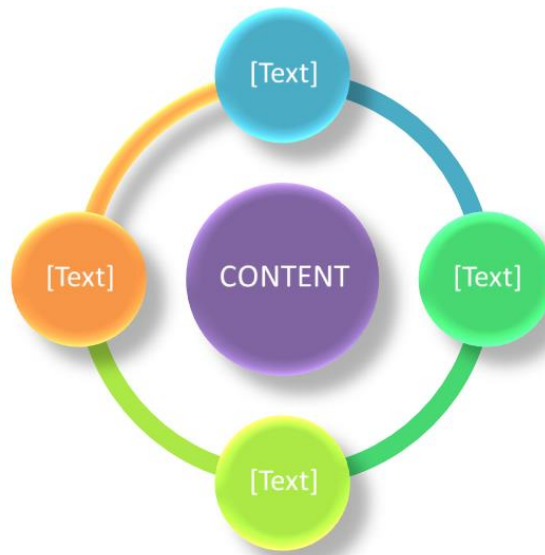


Fig 4.2 Non-conventional content slide

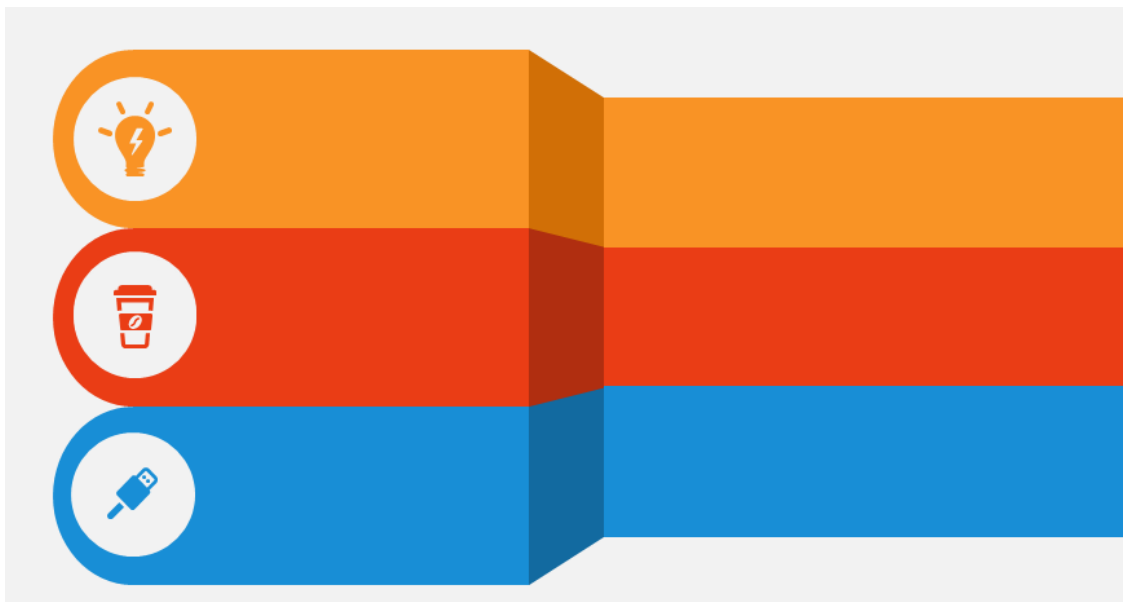


Fig 4.3 Use of shapes, preset colors and 3D view to design template

Animation: Making an impactful start with coordinated animation and slide transition which are impressive and noticeable by the viewers. Sequences of the content should sync with the presenting script. Custom animation for various movements of figures to convey the idea is the best way to add visual effects to the ppt.

Icons: Use of relevant icons is very connecting as we are habituated to refer each icon to a specific topic thus via an image we can say many things.

Infographics: The best way to display figures is via the right graphs, flowcharts, or pie-charts.

Table 4.2 Graph choices

Content type	Graph Type
Comparison	Bar Graphs
Intensity	Histogram
Distribution	Pie-chart
Hierarchy	Flow charts

Content Selection: The next important thing is the content display. The choice of content in the slides is very important. The context should be short and crispy. If we are going to investors and talking about our world-class infrastructure then we should be able to visually display it via plant layout, organization layout, and certain prototype of our product. Sections like product description and finance are very elaborate topics so the points which will give profit and make them believe in our proposal should only be displayed.

Accessibility: In a live presentation moment, quick access to each section of the presentation will save our time essentially. Hyperlinking slides with the reference slides or various sections of a particular topic will hit two aims for us that are impressive to investors and time management.



Fig 4.4 Hyperlinked slides

Handouts: handouts are supplementary documents justifying our claims should be carried. Everything that can be questioned should be present in the handout. This will not only back our proposal but will also display our research and confidence in our facts.

4. CONCLUSION

Hitting the right chords in this competitive world is important. All the aspects discussed in this paper is crucial for new ventures. In this phase of economic crisis, new entrepreneurs can implement the above ideas and thoughts to impress their investors as well as to set up a successful business for themselves. Visuals play an important role in attracting attention so the points for dynamic presentation skills are very useful. Proper implementation of each and every point stated above can carve a new way for the recent entrepreneurs.

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