

Business Plan Guidelines - Philips Innovation Award

PHILIPS

Innovation Award

Dear participant,

We created this guideline in order to give you an impression of what your business plan should look like. Moreover, your idea will be judged on the basis of the listed criteria. This guideline will help you to develop and transform your idea into a real business plan, which is necessary to participate in the Philips Innovation Award. You are free to hand in your business plan in any form you like, whether it is a business plan or a business model canvas. However, we recommend using this guideline and the mentioned criteria in your business plan! Make sure to write your business plan as concise as possible.

Judging will be done by our Business Panel. Our Business Panel consists of more than 100 business men and women with entrepreneurial experience, entrepreneurs as well as corporate executives from all sectors in the business world. Your entry will be reviewed several times by different members of our business panel. This way, your business plan will receive personal feedback from multiple experts from different backgrounds. **Note: our Business Panel members are required to sign a Non-Disclosure Agreement (NDA).** This will safeguard your intellectual property.

The judging process is based on **4 main criteria: Innovation, Startup, Market and Finance.** Each criterion will be split into sub-criteria. The following pages will guide you through each criterion and will describe the sub-criteria. We suggest that your business plan consists of an introduction, four chapters (4 main-criteria), and a conclusion. However, make sure to aim for a concise business plan in more or less 6 pages. **If you have received feedback on your Executive Summary, make sure you use it!**

We wish you all the best. Good luck!

Criteria:

Your business plan should be based on four main criteria, with each three related sub criteria and key questions that you should ask yourself when writing your business plan. If you can answer all of these questions, you are ready! Maybe, some of the descriptions do not fit with your specific plan, in that case you should interpret the criteria in a way suitable for you.

Criterion	Sub-criterion	Key-question
Innovation	Originality	<i>To what extent is this idea original?</i>
	Impact	<i>To what extent does the business change daily life (quality)?</i>
	(Social) Sustainability	<i>To what extent is the idea sustainable? Does it add value on a social, environmental and/or economical level?</i>
Startup	Credibility	<i>Does the plan introduces the team and are they able to implement the business model into reality?</i>
	Team Quality	<i>Does the business plan introduce the leading team and does it reflect their quality and leadership talent?</i>
	Value Propositions	<i>What value does the startup add and what distinguishes them from the competition?</i>
Market	Market Analysis	<i>Is there an analysis of the market: competitors; substitutes; suppliers; customers; new potential entrants?</i>
	Customers	<i>Is there a market for the product/service? Who are the (potential) customers?</i>
	Scalability	<i>Is the business model (internationally) scalable?</i>
Finance	Revenue model	<i>Is there a defined plan how to generate revenue?</i>
	Cost structure	<i>What are the costs of the operation? Is it clear what the costs of the operation will be?</i>
	Financing	<i>Is there a need for financing and to what extent have they thought about multiple scenarios and accounting ratios?</i>

Note: Maybe the best way to use these criteria is not to go by them one for one. Because many of them are interrelated. For example: originality, if you describe how your new service is better and different from any other competitor than you already have done a little part of your *Market Analysis*. Please, keep in mind that these criteria is what you should cover but it does not have to be in this strict order because that would maybe put off your own creativity and will reflect badly in your business plan.

1. Innovation

2. Startup

3. Market

4. Finance

The first criterion is innovation. Innovation should be split into three sub-criteria: Originality, Impact and Sustainability.

A. Originality

Key-question: To what extent is your idea original?

Is this idea an exact copy of an already existing idea or is this a totally new concept? This can possibly be a mixture of the two. Give a clear description of the new methods you are using. Describe how your methods differ from existing business methods and models.

Example: Thuisbezorgd.nl was the first online delivery platform for food in the Netherlands.

B. Impact (Quality)

Key-question: To what extent does your idea change the daily life (quality)?

To what extent is your business life-changing to an individual? So do not focus on the amount of customers, but think about the impact per person.

Example: developing a medicine for MS has great impact, although it might not affect many people.

C. Sustainability

Key-question: To what extent is the business sustainable?

Sustainability is a key factor these days. Researchers pose themselves the question how life will be for next generations. With this question you immediately question yourself if your idea will be relevant in the coming years. Will it be sustainable for the coming 100 years?

Good example: PhoneBlock, sustainable phone using replaceable phone parts without immediately buying a new one. People can personalize their phone and could last for multiple years.

Bad example: designing a car that drives on gasoline will maybe not be the most sustainable idea.

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The second criterion is about your Business/Startup, it is split into three: Entrepreneurial Credibility, Team Quality and Value Propositions.

A. Entrepreneurial Credibility

Key-question: Does the plan introduce your team and are you able to implement the business model into reality?

Here we want you to provide a mission and/or vision statement, these statements should reflect your business and should guide you along the way in every decision. It is succinct and expresses a direction where the organization is headed, a target, a goal etc. .

Example: the vision of Nike's co-founder is still used today: "To bring inspiration and innovation to every athlete* in the world. *If you have a body, you are an athlete. "

D. Team Quality

Key-question: Does the business reflect your quality and leadership talent?

In contrast to A, we would like to see what capabilities and qualities your team has. What binds you as a team? Try to present yourselves; what are your strengths, weaknesses, know how..

Example: you might have a great plan with great potential, but you lack the ability to realise this or bring it to the next level, you might consider a plan how to breach this gap.

E. Value Propositions

Key-question: What value does your startup stand for and what distinguishes you from the competition?

What gives your business the edge over your competitors' business? How are you going to maintain this advantage? Give a clear description of your unique selling points (USP's). These values should also reflect what makes you interesting for your customers.

Example: Apple's quality and brand permits them to set high prices and still retain a high market share.

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The third criterion is split into three: Market Analysis, Customers and Scalability.

A. Market Analysis

Key-question: Did the team provide an analysis of the market's: competitors; substitutes; suppliers; customers; new entrants?

This sub-criteria is about knowing your market and assessing all possible threats and opportunities. By doing this you define your position in the market.

Example: as a web application builder it may be that you are enter a market with fierce competition from big players like Apple, Google, Amazon, etc. You might see this as a threat, but this can also be an opportunity in which you may be supported by these great innovators.

F. Customers

Key-question: Is there a market, who are the customers?

Who is going to buy your product or service? Why do they need your product? What do your customers have in common? Give a clear description of your customers. Do not forget to think about the amount of customers.

Example: in Australia they launched a free beer app, which allows users to get one free beer a day. But the actual customers of this application are the beer pubs that offer these free beers, since the app is a form of "strategic marketing" which presents proprietors a cheap way to get possible customers. In addition you could make a variant for example a Free Lunch App etc.

G. Scalability

Key-question: Is the business model scalable?

Can you easily expand without evenly increasing your costs. Think of your product or service, can it easily be implemented in other cities, regions, countries. Does your service has to be customized for each customer or is it basically the same for every user.

Example: Facebook needed only a couple thousand engineers to create value for hundreds of millions of its social network users. With only a few physical operating offices around the world.

1. Innovation

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The fourth criterion is split into three: Revenue Model, Cost Structure and Financing

A. Revenue Model

Key-question: Is there a clear plan how to generate revenue?

What is your revenue stream and how do you project it in the future? What does your revenue model look like? Lack of a clear revenue stream will result in a low score (e.g. through advertisement with unclear/low hit rates).

Example: Facebook sells advertisements to generate revenue, but Whatsapp decided not to (before Facebook bought them) and requires a yearly fee of their customers.

H. Cost Structure

Key-question: What are the costs of your operation?

What is the impact of the costs on a possible price of your product? How are you planning to optimise those costs? Think about the amount of your fixed and variable costs. To what extent is your production scalable?

Example: if 80% of the cost price of your product is dependent on the price of oil, you can imagine that your costs to produce your product are very volatile. On the other hand, when your fixed costs are relatively high, you face the risk of bankruptcy when your sales are decreasing.

I. Financing

Key-question: Is there a need for financing and to which extent have you thought about multiple scenarios?

Does your business needs additional financing? Make sure you make a clear plan about how your business should be financed. Give a clear description of all funds needed in the first five years. Work out multiple scenarios. Explain the sources of all the funds. For example, are you aiming for a bank loan, crowdfunding, or are you receiving funds in advance for future products?

Example: nowadays many internet companies need investments to acquire the capital they need. One way to achieve financing is starting a KickStarter campaign.