



Business Case Evaluation

BizDonut

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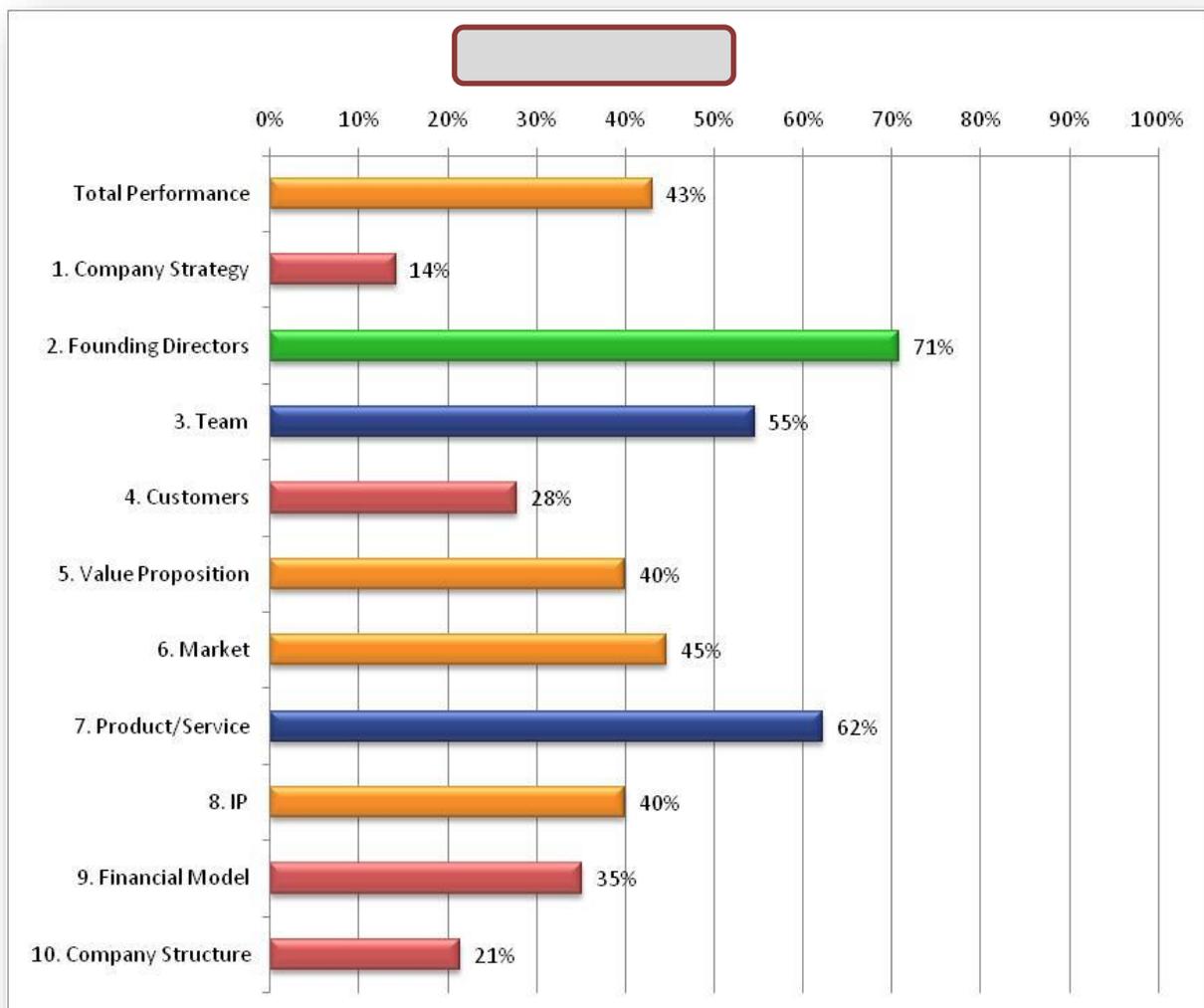
Summary

[redacted] is a design and development company providing print and digital services to small companies (1-5 people). It's currently positioned between agencies and freelancers, as a cheaper alternative to a small/med size agency.

The business is going well in a lifestyle mode, however the 2 co-founders are aware that they do not understand why customers (who are largely founders/ CEOs) are buying. Current sales are by word of mouth referrals, from diverse industry sectors, and are occurring without active sales or marketing, nor strategic management of the business. An issue will therefore arise when sales decline. And the founder's ambitions, to be a creative 'Concept' based agency rather than 'product' agency, are at odds with the current demand lead path.

Performance Review

This review examines the business in the context of longevity, future growth and founders' ambitions.





Company Strategy

The company lacks a business development strategy. The vision is not defined and agreed between the founders. There are various directions which need exploring and evaluation. In particular, the choice between remaining a Lifestyle business and growing to become a Concept based agency. In the latter case, that is large enough to allow the founders to remain as the creative core, with other resources including management and admin.

Recommendation:

- #1 Agree overall purpose of business, and future long term objective*
- #2 Brainstorm and formulate the company's vision and mission;*
- #3 Brainstorm and Draft the business model of the current state, and for the future, and identify the gaps (see following sections).*
- #4 Set short and long term goals to fill the gaps and achieve the future model / Objective;*
- #5 Explore the possible -directions the company may take to achieve them.*



Founding Directors

The founders are experienced in the service delivery (design and web development). The core drive to be in business is the flexibility to select projects and the flexibility to work from home. This is currently a lifestyle business where the end goal is a moderate income level combined with more free time.

However, the founders desire to be seen as a Concept based design agency is at odds with the current need to keep working to pay the bills – which is based on current demand for product based assignments using existing concepts.

Both founders appear to wish to stay creative and hands on with design, rather than manage people. Hence, they have no free time, nor ability to think strategically and take actions to grow / develop the above Concept based business.

Recommendation:

- #1 Decide and share your personal goals;*
- #2 Use personal goals as input to develop business' goals, and strategy (as above);*
- #3 Agree responsibility areas.*



Team

The founders have a lot of experience & skills in creative design, however by their own admission they are not experienced in business management nor sales. They are also spending significant time on admin.

There is a good communication in regard of the actual execution of projects. However, there isn't established practice in regard to the company strategy and governance. So far the business is seen as an extension to the self-employed model.

Recommendation:

- #1 Fix a time on at least one day every week to discuss strategic business issues;*
- #2 Break the business development tasks into weekly milestones;*
- #3 Develop structure behind the meetings and agree a weekly report format.*
- #4 Consider employing a project coordinator / admin. assistant.*
- #5 Consider staffing needs in light of Business Strategy.*



Customers

The current customers can be identified just as small businesses in the UK. There is no understanding about the different industry sectors nor customers' archetypes. It is important for this type of service, to focus on a particular customer type, because it will help to formulate a stronger value proposition.

Recommendation:

- #1 As part of the Business Strategy business modelling activities, list all customer types (current and future);*
- #2 Identify the main problems you can solve for each customer;*
- #3 Using Lean Start-up techniques test your assumptions and validate them (Customer Discovery).*



Value Proposition

The founders currently believe that this is based upon close working with the customer, who sees them as 'part of the team' and as someone who 'understands his business'. Flexibility is also believed to be key, and that the customer is/feels more in control because of the close interactive working.

It is assumed that customers see the value in this communication during the process of delivery, which in effect gives the customer more control on the final product. However, it is not clear if this applies to all target customers or just to the group of more creative ones (artist, designers, etc.).

The founders would like to change this and to be seen as a company delivering unique concepts and able to provide high-end delivery on them.

Recommendation:

- #1 Following the customer discovery process, list all customer types (buyer, user, influencer, etc.), describe the pain/need for each,*
- #2 Design value propositions for the service to provide a solution to these for each.*
- #3 Design and conduct tests to confirm these.*



Market

Currently the market is only defined as "small companies in the UK". The definition is broad, with no sector or other focus, and doesn't allow formulation of strategy. There is a high risk of investing time and money in targeting the wrong market based on just a few successful deals in the past.

However, historically many new customers for this type of services consider the previous experience/ portfolio in their particular field, highly important and one of their main criteria to engage with the service provider.

Recommendation:

- #1 Decide the criteria for segmenting the market, informed by the above Customer Discovery activities.*
- #2 List the segments and evaluate them using a score card.*
- #3 Identify the 'Beach Head' / focus segment or niche,*
- #4 Feed this into the Business Strategy.*



Product/Service

There appears to be a good understanding about the services specs, but not the benefits for the customers. The Concept part of the desired business is currently undefined as a service offering, and the in-house and outsourced services that would deliver this are unclear.

Recommendation:

- #1 Clarify current Product design benefits in line with Customer, problem & value proposition identified above.*
- #2 Design the 'Concept service' offering, as part of the Value Proposition above;*
- #3 Specify delivery requirements.*



IP & Ownership

The main uniqueness in the service is in the way the company engages with the customer during the development phase, and in the creativeness in the design (bespoke solution). However, for the former to be fully exploited and promoted to /recognized by the customer, it needs to be defined as a structured process, and tested.

Recommendation:

- #1 Map the process you are using;*
- #2 Test the different parts to identify which ones are recognised as unique & valuable by your customers;*
- #3 Create Quality System to ensure consistency in the quality of the service.*



Financial Model

There is a basic understanding and the current pricing strategy is based on £50 per hour. There are no financial projections and Cash Flow analysis in place, and hence no real financial management nor planning.

Recommendation:

- #1 Start with listing basic assumptions in the financial model (salaries, marketing expenses, revenue streams, etc.);*
- #2 Factor not only the time it takes you to produce something but also all the time to administer, sell and manage a project;*
- #3 Develop costs, sales and revenue projections based on business modelling activities above.*
- #4 Develop a draft cash flow. This will allow you to brainstorm further and see more clearly the financial situation of the business.*



Company Structure

The company consists of the two founders, as equal shareholders in company limited by shares. There is no vision in regard to the company structure and governance, nor management systems or decision processes, in place. There is a risk of poor management when new team members get involved.

Both founders are managing the business activities together and separately without defined responsibility areas. This may cause a loss of information in the current process due to undefined functions between the partners. Separate working is resulting in a dilution of company being seen as a unit entity with broader offerings.

Recommendation:

#1 Agree responsibility areas, and establish basis processes (see 'Team')

#2 Consider more coordinated working, at least in customer facing aspects.

#3 Consider company structure as part of Business Strategy development (above).



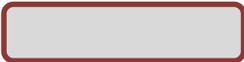
Key Strengths

- ✓ Good symbiosis between the technical and creative capabilities of the founders;
- ✓ Shared ethos in regard to the customer
- ✓ Existing brand
- ✓ Number of satisfied customers

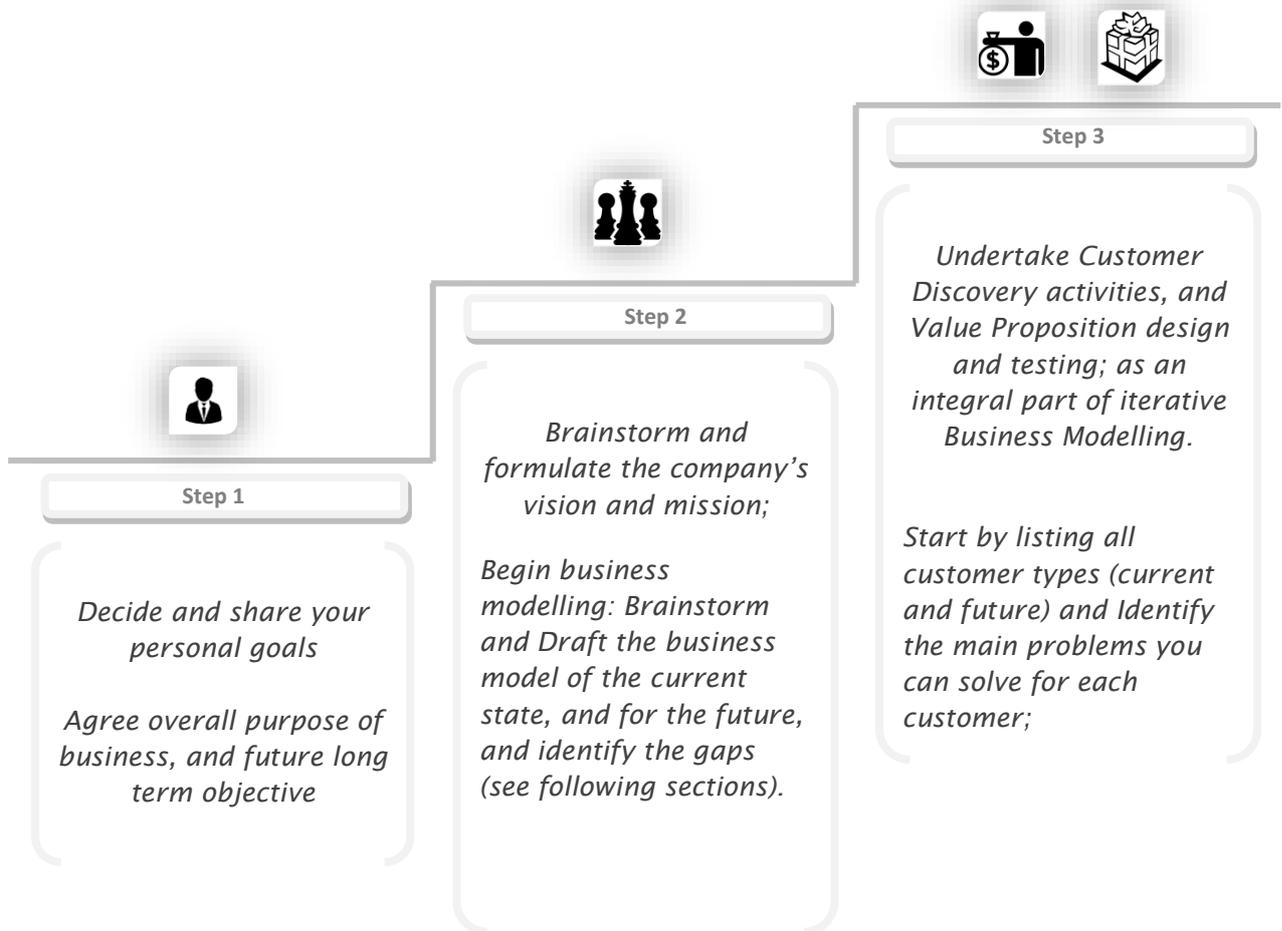


Key Risks

- 🔴 Branding - Diluted by split working. Not yet Concept based
- 🔴 Focus - No clear direction or purpose, so ending up somewhere you don't want to be.
- 🔴 Strategy - Absence of one, risks wasting time & money in wrong direction.
- 🔴 Value Proposition - Ill-defined and uncontrolled, so unable to create appropriate message for customer and so effectively promote.
- 🔴 Target market - Undefined and so business follows opportunistic direction, without steering.
- 🔴 Team - Absence depletes skill base and time, makes strategic change unlikely, and will likely be a major issue should sales decline.



Next Steps





How we can help

We provide coaching and consulting services in the following areas:

- ✓ Customer Discovery and Business Modelling
- ✓ Market, Customer and Product opportunity assessment and modelling.
- ✓ Business Development and Plan generation.
- ✓ Commercialisation Strategy and planning; including R&D, IP and Regulatory factors.
- ✓ Development of cash-flow models for budgetary and funding needs assessment.
- ✓ Organizational analysis (company structure, subordination, team effectiveness and motivation, communication channels)
- ✓ Leadership & personal coaching; and Team working
- ✓ Quality Management Systems (Effective business administration, Report system and Data management)
- ✓ Business Processes analysis, mapping and management
- ✓ Business case presentation for pitching to potential customers, partners & investors.
- ✓ Networking.

We also have affiliate providers for the following services:

- ✓ Detailed IP Analysis and support
- ✓ Regulatory Services
- ✓ Detailed Financial Modelling and Accounting
- ✓ Copywriting
- ✓ Legal Services
- ✓ Student internships and placements.

Please note that currently we don't provide:

- ✓ PR services
- ✓ Website development
- ✓ Mergers and Acquisitions



Methodology

This report is based upon a 'business surgery' interview with the founder (as dated above) together with supplied materials, and utilises analysis performed by a proprietary algorithm & process developed by KV Consult Ltd.

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