

Business Plan Development

Design Thinking and Startups

Design thinking is a strategic approach to revise business strategies based on consumer pain points. Design thinking has four major steps: clarify, ideate, develop, and implement. Clarifying involves observing the consumer environment/situation in an immersive way to identify areas for improvement. For example, UberEats designers walked around cities to figure out how restaurants and infrastructure operated throughout different cities to identify possible problems. A challenge they identified was parking in highly populated urban areas. Ideation is the next step, meaning the process of brainstorming solution to the identified challenge. Continuing with the UberEats example, the designers came up with the idea for a solution to focus the problem of parking via an instruction guide. Developing, the third step of the design thinking process, entails further developing potential solutions. In the UberEats scenario, the designers honed in on a driver app that provides step-by-step directions about how to collect food from the restaurant and efficiently deliver to the consumer. The final step of the design process is implementation, in this case where UberEats launched their driver app!

Design thinking can help entrepreneurs come up with innovative ideas because it encourages diverse perspectives and strategic problem solving. Instead of using preconceived notions to address a challenge, using design thinking places consumers at the center of the solution and designs solutions around pain points. These types of solutions are much more catered and impactful, increasing efficiency and engagement for the service/product. Entrepreneurs would benefit from using this approach from the beginning because it encourages the design of innovative products/services that address an actual need/gap in the market--ultimately leading it to be much more successful and useful than a product would be if it were not created with the design process in mind. Here are some resources to learn more about the design thinking process below.

[Design Thinking in Business](#)

[How Design Thinking Can Help with Startups](#)

[Lean Startup Meets Design Thinking](#)

From here, entrepreneurs can create an ideation document to guide startup ideas by leveraging the design thinking process. Here is an outline of what to include:

1. Part 1: Ideation – Generate a Start-Up Idea

Use innovative and design thinking techniques to brainstorm start-up ideas based on:

- **New Market Ideas:** Identify a product or service that exists elsewhere but is unavailable in your target market.
- **New Technology Ideas:** Explore how a new or emerging technology could address a market need or pain point.
- **New Benefit Ideas:** Consider how improving existing products or services or offering better customer benefits could lead to a profitable business idea.
- **Sources of Inspiration:** Reflect on personal/work experiences, hobbies, or even accidental discoveries to generate your ideas. Think of how each idea could solve a problem or meet an unmet need in the market.

2. Part 2: Choose and Describe Your Business Idea

- **Select Your Idea:** From your brainstormed ideas, choose one start-up concept to develop further.

- **Business Concept:** Describe the product or service, target market, and the specific problem it solves.

3. Part 3: Conduct a SWOT Analysis

Perform a SWOT analysis on your selected business idea:

- **Strengths:** What internal factors give your business a competitive edge? (e.g., innovation, first-mover advantage)
- **Weaknesses:** What internal limitations could impede success? (e.g., lack of experience, limited resources)
- **Opportunities:** What external market opportunities can your business leverage? (e.g., untapped demand, favorable trends)
- **Threats:** What external factors pose risks? (e.g., competition, economic changes)

4. Part 4: Feasibility Study

Assess your start-up's feasibility by analyzing the following:

- **Market Demand:** Is there a clear need for your product or service? Who is your target audience, and what is their purchasing power?
- **Industry Analysis:** What is the competitive landscape, and are there barriers to entry? Is this a growing or stagnant industry?
- **Capital Requirements:** Estimate start-up costs. Can you fund the business yourself or will outside investment be necessary?
- **Founder's Capability:** Do you (and your team, if applicable) have the skills, connections, and resources required to successfully execute your idea?

Business Model Canvas

Although there is not a consensus on the operating definition, a business model is an overview of the key processes and resources that interact to create value and profits for a specific enterprise. A business model is an essential step before developing a business plan because it conceptualizes the organizational structure and operations of the company which impact its effectiveness and success. A business model determines not only the organizational structure, but the branding of the company, meaning their customer value and retention. A good business model should generate a virtuous cycle that reinforces itself insofar that its core operational principals increase profit, which in turn contributes to improved operations, and so on. It is also important to consider how business models interact with competing business models because they inevitably have effects on each other within a competitive industry — meaning that these possible interactions need to be accounted for. For these reasons, creating a business model is an important step before developing a business plan because it clearly defines the value and allows the enterprise to establish its competitive branding and strategies.

A business model canvas is a resource commonly used to organize the initial ideation of your business model in a simple format. Through a business model canvas, you can see how all the different parts of your business will interact and unveil key resource considerations for moving forward. Below are a few resources further explaining the Business Model Canvas as well as Business Models:

[Business Model Canvas Explained](#)

[How To Design a Winning Business Model](#)

[Template for Business Model Canvas](#)

Building a Business Plan

A business model is the full, comprehensive plan outlining the business concept and overall strategy associated with bringing the business to life.

Essential parts of a Business Model:

1. Cover Page
 - a. Company name
 - b. Logo
 - c. Slogan
 - d. Contact Information
 - e. Copy Number, date prepared and disclaimer if needed
2. Table of Contents
 - a. Listing of the key sections
3. Executive Summary
 - a. One to three page overview of the significant points, intended to keep the reader interested in learning more
4. Company Description
 - a. A description of the company, its objectives and nature of the business, the product(s) or service, and current status
 - b. Also should include the history of the company (if applicable) and the legal form of the organization (LLC, LP, S Corp, C Corp, etc.)
5. Industry, Target Customer, and Competitor Analysis
 - a. Describe the key characteristics and trends of the industry, including the different segments and niche where you plan to compete
 - b. Identify and explain your target customer (demographics, interests, location, desires, etc.)
6. Product/Service Plan
 - a. An overview and description of the product or service being provided
 - b. Describe what differentiates you in the competitive market – why people will use your product/service
7. Marketing Plan
 - a. Describe marketing strategy used to identify and acquire customers, selling approach, distribution channels and types of advertising methods
8. Operations and Development Plan
 - a. Describe the operating or manufacturing methods, operating facilities (location, space, equipment), quality control methods, inventory, and purchasing procedures
9. Management Team
 - a. Description of the management team, investors, board of directors, and plans for recruiting and training employees
10. Critical Risks
 - a. Any known risks in the venture
11. Offering
 - a. Outline how much capital is required for business activities and how it will be used
 - b. This is the section to attract investors
12. Exit Strategy
 - a. Describe a strategy to leave the industry
 - b. This is also the ways you as the entrepreneur, and the investor, may be able to harvest their business investment
13. Financial Plan

- a. List out sources of financing
 - b. Historical financial statements
 - c. Projected statements for 3-5 years
 - d. Balance sheets
 - e. Cash flow statements
 - f. Cash budgets
14. Appendix of Supporting Documents
- a. Any supplementary materials and attachments to expand reader's interest

Here a few free templates from the [Tory Burch Foundation](#).