



# Activity: Developing the business case

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**Joe Tidd and John Bessant**

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# Activity: Developing the business case

This exercise uses the framework around the Business Model Canvas – see elsewhere in the Toolkit Look at the section on Developing a business case below.

You are a small team of entrepreneurs who have come up some great new ideas – see the list below. Pick one and, using the questions and structure above and any other relevant tools, develop a Business Case for pitching to a group of potentially interested funders.

- A new online entertainment concept
- A new medical device
- An app for helping people with their shopping
- An improvement to engine fuel efficiency
- A radically new approach to delivering university education
- A new children’s toy
- A new product for floor cleaning
- A new way of providing clean water in developing countries
- An improved building product which replaces the need to drill holes in walls to hang pictures
- A small 3D printer designed for household use which prints clothes for everyday wear

## Business case

Whether it is pitching a new idea for a start-up business or making a proposal for funding within a larger organization the business case is a key component of any innovation project. It involves pulling together various strands of information and presenting them in a clear and concise fashion so that others can make an informed decision about the likelihood that the project will succeed and – importantly – whether they should commit resources to back it!

It isn’t just a presentation aid - business plans also provides a valuable discipline for the innovator, making sure they have thought about all the important issues involved in turning their idea into successful reality. These might include technical feasibility, market need and interest, financial management (especially cash flow) and how they will capture and preserve the benefits in the long term.

There are many variations on the structure of a business plan and a wide variety of templates to help in putting one together. For example, below is a list of key questions which should be considered when starting up a new business:

*What* is the need that your business will satisfy? *What’s* the opportunity?

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*How* will your business meet that need? Outline the key idea

*What* is the competitive edge you are offering – how is your business different from anyone else already in the market?

*Who* will help you create the business – identify the key players involved and what they bring in terms of experience, expertise, etc.

*What* is the market opportunity? – provide an idea of size and growth possibilities, explain why it is an attractive prospect

*Who* are the target customers? Be as specific as possible in defining the segments you are aiming at

*How* will you reach them? What is your strategy for marketing your idea to them?

What will be your most effective marketing and promotional strategies?

*How* does the financial side of your plan work? Where does the revenue come from, what are your costs (start-up and running costs), how will you balance the flow to make sure it stays positive?

*What* resources do you need to get started? Capital, equipment, people, etc. And what – specifically – are you asking for from the people you are pitching to?

*When* will you break even – and what happens after that? What are your growth plans, what comes next?

There are several tools which can help in putting a business plan together – for example, the business model canvas, a SWOT analysis, competitiveness profiling and various financial tools. And the Business Model Canvas is a powerful organizing tool for building the business case. You can find these by clicking on the links here in the Toolbox.

If the challenge is not starting up a business but proposing an innovation project within an organization the same basic structure applies. Once again the questions are around clearly defining the idea and opportunity, and identifying the resources needed to make it happen. Key questions here might be:

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What is the new idea?

Why is it an opportunity – how does it improve on what we already have?

What resources do you need to bring it about – people, equipment, time, etc.?

What is the project plan? – give as much detail (and usefully some kind of map like a Gantt chart – for how the project will proceed

What are the risks and the potential benefits?

How will the cash flow work – where and when are costs incurred and when do the benefits bring revenue back to offset this? (If the project is a new product or service in the market when will the project break even? If it is a process change within the organization what will the savings be and when will the project break even?)