

## How to write a business plan

### WHAT IS BUSINESS PLAN AND WHY IT IS IMPORTANT IN HORIZON 2020?

Innovations are a new element in Horizon 2020. Innovation is the engine of development and as such European Commission has decided to increase innovation development support in Horizon 2020. By coupling research and innovation, Horizon 2020 is helping to achieve this with its emphasis on excellent science, industrial leadership and tackling societal challenges. The goal is to ensure Europe produces world-class science, removes barriers to innovation and makes it easier for the public and private sectors to work together in delivering innovation.

**DEFINITION: A business plan is a formal statement of business goals, reasons they are attainable, and plans for reaching them. It may also contain background information about the organization or team attempting to reach those goals.**

In Horizon 2020, major elements of business plan can be found in all project proposal templates. You have to prove that your results and your solution are viable, repeatable and, especially, bringing profit. In business, you have to convince investors that your plan is worth investing, in Horizon 2020 you have to convince evaluators that your project is worth funding, too. As Horizon 2020 is more business and innovation-oriented than previous 7<sup>th</sup> Framework programme, expert evaluators need to take into account also a viability of your project idea. One of the most often mistakes in project proposal according to evaluators is that project is not enough "business-oriented".

In Horizon 2020 most business oriented types of project are SME Instrument, Fast Track to Innovation and Innovation action. Generally, higher Technology Readiness Level (TRL) means more business-oriented project. These types of action consist mostly from close-to-market activities (TRL 6 till TRL 9).

### Structure of business plan vs. structure of proposal template

Business plan should give answers to following questions:

- What >> solution
- Who >> partners
- Where >> markets and users
- When >> plan
- How >> strategy
- How much >> financing

The business plan in Horizon 2020 mainly provides an insight of the activities connected to exploitation of research results during the project or after its conclusion. Business plan can be a part of a project proposal when explicitly mentioned in topic. Then it is included in criterion 2 – Impact, part 2.2 (Measures to maximise impact). For FTI and SME Instrument substantial part is also covered in part 2.1 (Market / Company). Further business related information may be provided in part 4 (Members of the consortium) of the proposal without page limits. It is not a separate document and should fit within page limit. The business plan in this sense should describe how the consortium intends to use results of activities carried out during the project or after the project.

Basic content structure of business plan should cover:

- the planned key exploitable results and their expected key areas of applications
- the exploitation team
- the market
- the business model
- the financial projections
- the commercialization roadmap
- the risk assessment

Warning: for each type of action there is different template with different requirements for business-oriented scope. Always use correct template and follow the instructions.

#### TIP

Business plan elements can also be located in different sections of the proposal template (impact, implementation, exploitation etc.), even though there is no specific mention in topic outline. When writing a proposal you should take into consideration what part of your project should be more business-oriented and reflect it in your proposal.

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Business plan	What should business plan cover?	Where is it reflected in proposal template (in general)?
<b>What? Solution</b>	<ul style="list-style-type: none"> <li>Description of solution, previous activities and further product development</li> <li>Comparative analysis of existing solutions</li> </ul>	<ul style="list-style-type: none"> <li>→ part B – 1. Excellence – 1.1 Objectives and 1.3 Concept and methodology</li> <li>→ part B – 1. Excellence – 1.4 Ambition</li> </ul>
<b>Who? Partners</b>	<ul style="list-style-type: none"> <li>Partners who will share results</li> <li>IP protection and exploitation</li> <li>Characteristic of expected growth</li> </ul>	<ul style="list-style-type: none"> <li>→ part B – 3. Implementation – 3.3 Consortium as whole and 4. Members of the consortium</li> <li>→ part B – 2. Impact – 2.2 Measures to maximise impact</li> <li>→ part B – 2. Impact – 2.1 Expected impacts</li> </ul>
<b>Where? Market and users</b>	<ul style="list-style-type: none"> <li>International dimension</li> <li>Description of target market</li> <li>Life cycle assessment</li> <li>Economic impact assessment</li> <li>Identify end users</li> </ul>	<ul style="list-style-type: none"> <li>→ part B – 1. Excellence – 1.3 Concept and Methodology</li> <li>→ part B – 2. Impact – 2.1 Expected impacts</li> <li>→ part B – 2. Impact – 2.1 Expected impacts</li> <li>→ part B – 2. Impact – 2.1 Expected impacts</li> <li>→ part B – 2. Impact – 2.1 Expected impacts</li> </ul>
<b>When? Plan</b>	<ul style="list-style-type: none"> <li>Exploitation of results during and after project</li> <li>Time table with milestones</li> </ul>	<ul style="list-style-type: none"> <li>→ part B – 2. Impact – 2.2 Measures to maximise impact</li> <li>→ part B – 3. Implementation – 3.1 Work plan</li> </ul>
<b>How? Strategy</b>	<ul style="list-style-type: none"> <li>Strategy of IP protection</li> <li>Risk analysis</li> <li>Used marketing tools</li> <li>Methodology, models and assumptions</li> <li>Overall strategy of production, sub-contracting, sales and marketing</li> </ul>	<ul style="list-style-type: none"> <li>→ part B – 2. Impact – 2.2 Measures to maximise impact</li> <li>→ part B – 3. Implementation – 3.2 Management structure, milestones and procedures</li> <li>→ part B – 2. Impact – Measures to maximise impact</li> <li>→ part B – 1. Excellence – 1.3 Concept and methodology</li> <li>→ part B – 2. Impact – Measures to maximise impact</li> </ul>
<b>How much? Financing</b>	<ul style="list-style-type: none"> <li>Forecast sales, turnover, market shares</li> <li>Other sources of financing</li> <li>Financial plan</li> </ul>	<ul style="list-style-type: none"> <li>→ part B – 2. Impact – 2.1 Expected impacts</li> <li>→ part B – 2. Impact – 2.1 Expected impacts</li> <li>→ part A – 3 Budget for the proposal</li> </ul>

## Do's and don'ts in business plan

- Do a proper market research!
- Analyse your strengths and weaknesses!
- Use quality background materials!
- Reserve enough time to find key elements and facts to create a business plan!
- Identify and research your potential clients!
- Quantify!
- Be specific!
- Don't overestimate financial possibilities in creating financial concept!
- Make a difference from other products and companies!
- Be innovative when presenting your innovation!

### HELPDESK

*Technology Readiness Level TRLs on Participant Portal*

*Annotated proposal templates for individual types on action on Participant Portal*

**Don't forget to discuss your project proposal and rules of participation with your NCP**