



Staatlich anerkannte, private
**Fachhochschule des
Mittelstands (FHM)**



MOVIDIS – Lecture: Company Founding

1/5 (SS 2022)

- Lecture as part of the international MOVIDIS-program
- Student-workload: 150 hours
- Workload of live-sessions / lectures: 10 hours
- Exam performance:
 - Study work: creating a business plan
 - Deadline: 31.07.2022 (via upload in TraiNex)
 - 6 Credits (ECTS)

Organizational Information



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Nr.	date	time
1	16.02.2022	3 pm – 4:30 pm
2	16.03.2022	3 pm – 4:30 pm
3	13.04.2022	3 pm – 4:30 pm
4	11.05.2022	3 pm – 4:30 pm
5	08.06.2022	3 pm – 4:30 pm

Beside those live-sessions we can arrange individual sessions (if you want):

MS-Teams-Link:

https://teams.microsoft.com/l/meetup-join/19:meeting_NmM0ZjFmNGYtMGlxOS00MzQzLWE0ZTEtMTVhMmQ2Mjl4NWQz@thread.v2/0?context={%22Tid%22:%225bf0da95-0f18-4542-9d8d-44c524396b7f%22,%22Oid%22:%22707784c7-d4a3-46e4-b470-856728c77c6f%22}

Prof. Dr. Ralf Brüning

bruening@fh-mittelstand.de

Skype: [bruening-1](#)

Learning Goals



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Your expectations of the course
„company founding“

???

- **Theoretical basis:**
 - Theoretical foundations, get to know the procedures and challenges involved in **setting up a company**
- **Practical use:**
 - **Analysis** and **evaluation** of **business ideas** / **business models** / **business plans**
 - Ability to create a business plan
- **Get to know the context:**
 - Be able to classify relevant detailed business knowledge in **the overall entrepreneurial context** and understand the relationships among each other

- This course deals with the planning process of founding, building and running a new company. The main focus here is determined on creating an economically viable business plan: based on an innovative business idea and the following business model, the students learn the required parts for this plan, such as the comprehensive presentation of the chosen product or service, the comprehensive market research and the corresponding marketing concept.
- After completing the course, the students recognize entrepreneurship as an important opportunity for personal independence and are able to create a business plan.

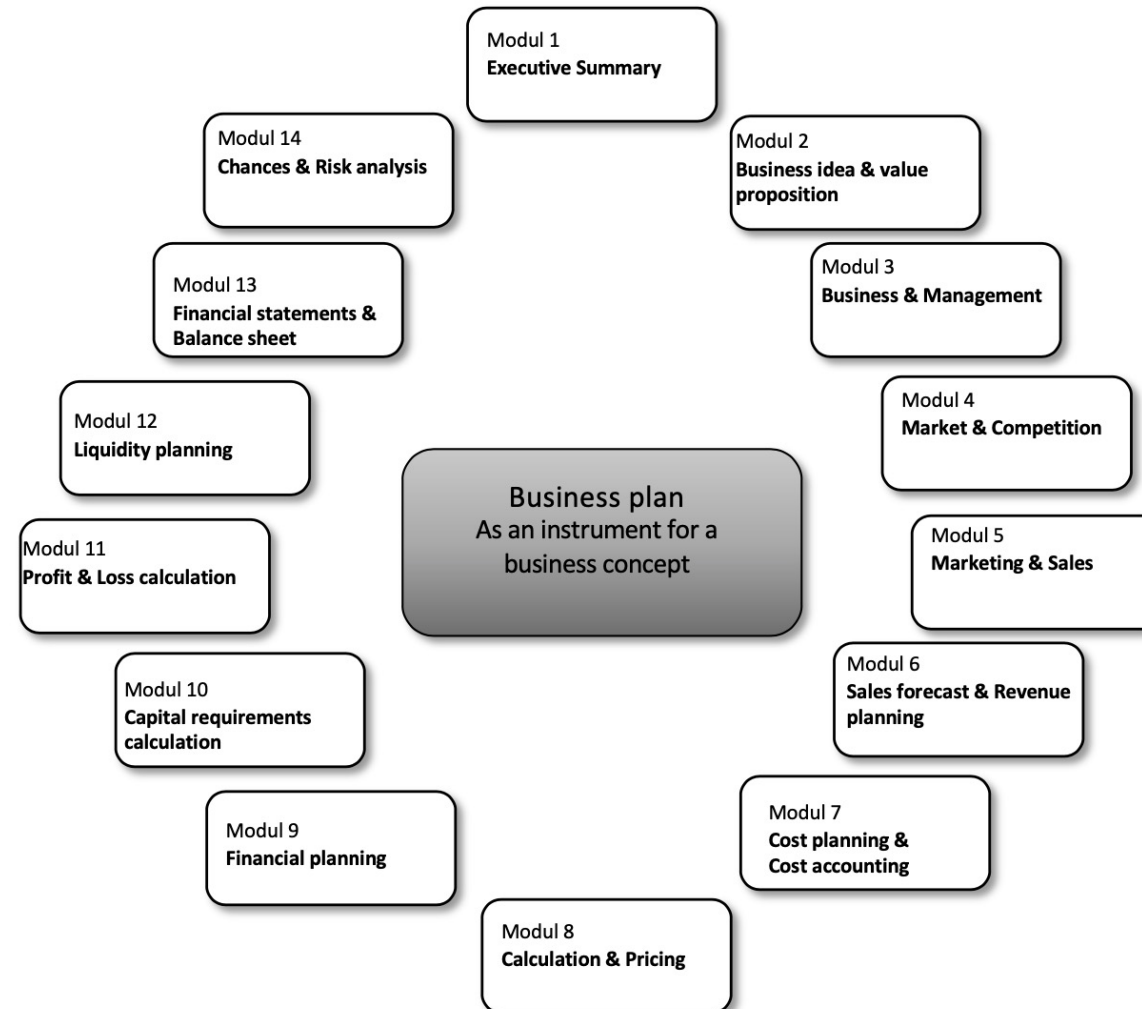
- **"3-division"** of the live session:
 - Lecture,
 - Collaboration,
 - Case studies / project work / solving tasks (-> application of the lecture content, own development, etc.)
- **Quintessence** at the beginning of each session
- **Questions and criticism** are always welcome!!!
- On our **moodle platform** you get the opportunity to:
 - read and download the relevant chapters
 - get additional literature and learning content
 - receive the lecture notes

Literature accompanying the lecture

- Osterwalder, A. et al: Value Proposition Design: How to Create Products and Services Customers Want. Strategyzer, 2014
- Osterwalder, A. / Pigneur, Y.: Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers, Strategyzer, 2010
- Noble, C. et al.: Open Innovation – New product development essentials from the PDMA, Wiley 2014
- Siegel, T. et al: Founding a Company in Germany (see pdf-file in moodle)
- Fueglistaller, U. / Müller, C. / Volery, T.: Entrepreneurship. Modelle – Umsetzung – Perspektiven. 4. Aufl., Wiesbaden 2016
- Freiling, J.: Entrepreneurship. Theoretische Grundlagen und unternehmerische Praxis. München 2006
- Grichnik, D. / Brettel, M. / Koropp, C. / Mauer, R.: Entrepreneurship. Unternehmerisches Denken, Entscheiden und Handeln in innovativen und technologieorientierten Unternehmungen, 2. Aufl., Stuttgart 2019

Structure / Chapters:

The Knowledge – Map



(source: Merk, R. 2008)

Structure / Chapters:

- **CHAPTER 1:** Introduction: basics of entrepreneurship & business planning
- **CHAPTER 2:** Business idea, business- and revenue model, management (Modules 1-3)
- **CHAPTER 3:** Market research, Marketing concept & sales forecast (Modules 4-6)
- **CHAPTER 4:** Cost planning & accounting, calculation & pricing (Modules 7-10)
- **CHAPTER 5:** Financial planning & risk-management (Modules 11-14)

1. Introduction: understanding of terms



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What means „Entrepreneurship“?

- no uniform understanding of the term...
- etymological origins:
 - Lat. "Prehendere" = to do something
 - French "Entrependre" = make an effort, undertake, intervene
- **Research:** diverse basic interpretations of "entrepreneurship" with the focus on: (cf. Glancey / Mc Quaid 2000 p. 6 ff.)
 - economic or entrepreneurial function
 - Conduct of the entrepreneur
 - Personality trait of the entrepreneur
 - situation-related characteristic of the company formation

1. Introduction: understanding of terms

What means „Entrepreneurship“?

Definition according to Freiling: (2006, p. 16 f.)

- “Entrepreneurship refers to those entrepreneurial task complexes that have to be performed in a situation-adapted manner in order to generate new institutionalized business bases in order to successfully shape the process from their generation to their sustainable establishment.
- Entrepreneurship is also characterized by a proactive, creative component that is geared towards shaping conditions as much as possible according to one's own ideas. ”

1. Introduction: understanding of terms

What means „Entrepreneurship“?

Definition according to Fueglistaller / Müller / Volery: (2008, p. 1, based on Shane / Venkatarman 2000):

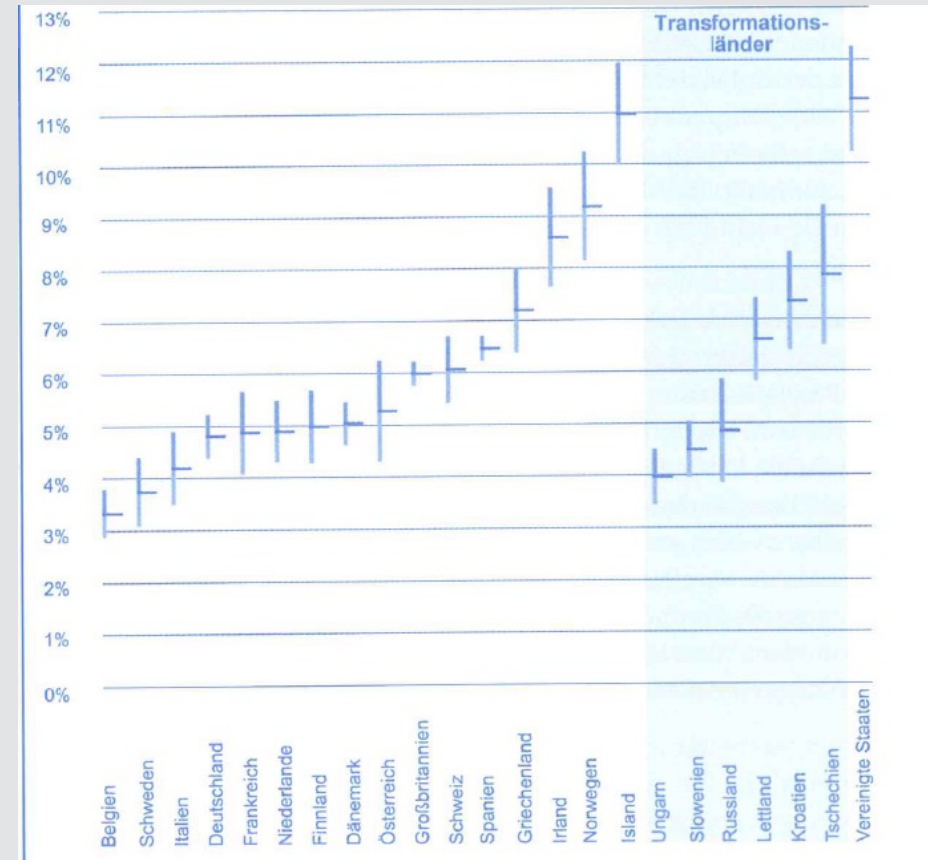
- "Entrepreneurship is a process that is initiated and carried out by individuals and that serves to **identify, evaluate** and **use opportunities**"



1. Introduction: empiricism

Extent of entrepreneurial Activity in selected states

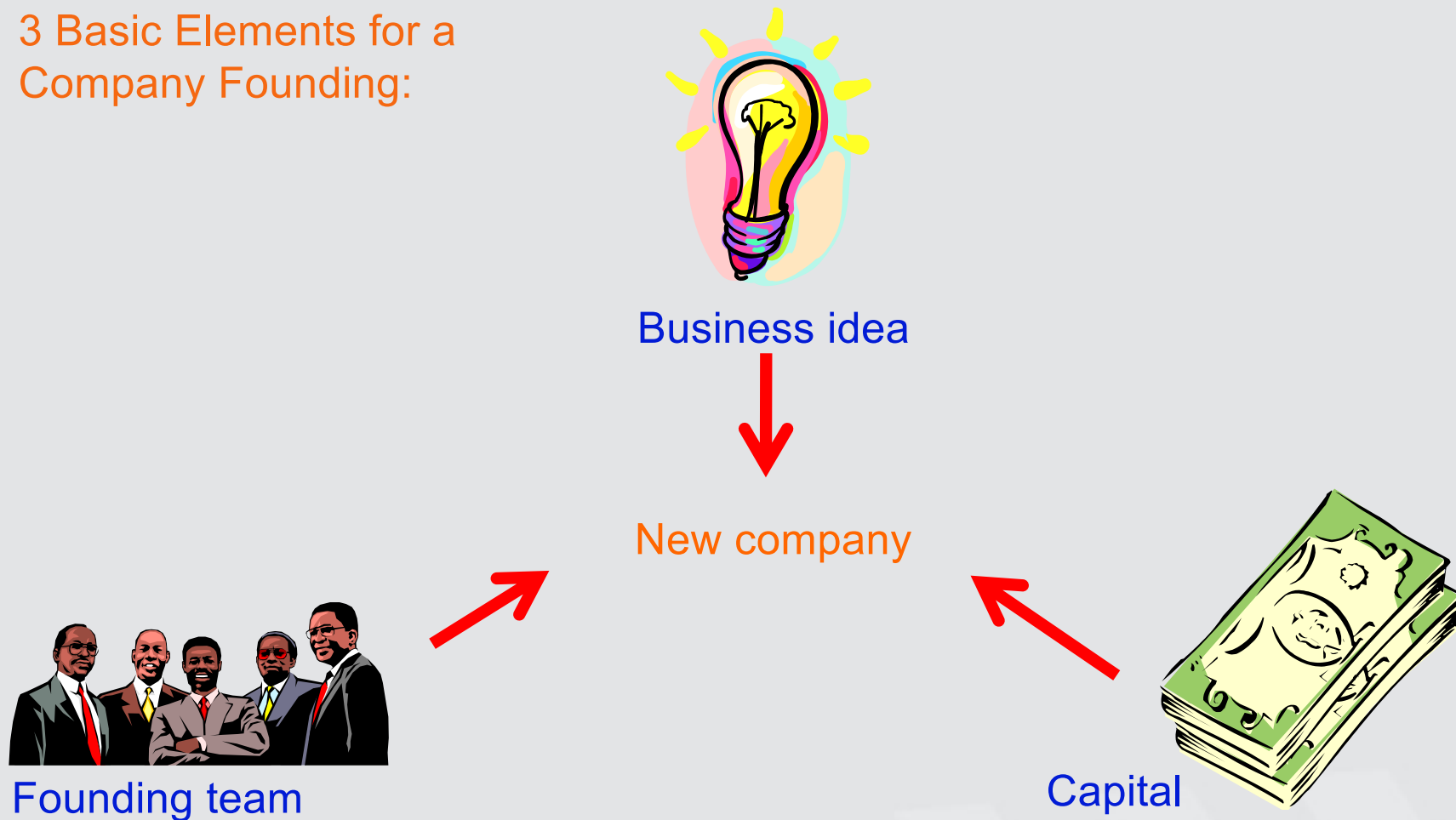
- Global Entrepreneurship Monitor (GEM) study
- Measurement of start-up activities of the adult population (18-64 years), who are involved in UN foundations (vertical bars = fault tolerance)



(source: Fueglistaller / Müller / Volery (2008), S. 24)

1. Introduction: key issues

3 Basic Elements for a
Company Founding:



1. Introduction: business plan



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A (successful) company foundation ...

... mostly develops from the **relevant experience** with a respective market or industry with regard

- to existing products or services
- technology
- the market structures and market participants
- Customer structure, customer needs
- ...

1. Introduction: business plan

A business plan ...

... is primarily aimed at **potential investors**, i.e. it is **not an advertising brochure** for an "ingenious product" or a technical description, but puts the questions in the foreground:

- What is the **unique customer benefit** or the problem solution (USP)?
- What is the **market** (market potential, market volume, target groups and competitors)?
- How can you **earn money** with it (earnings mechanics)?

1. Introduction: business plan



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The business plan

Formal layout:

- meaningful,
- structured (clear structure),
- understandable (clear and understandable also for laypeople),
- short (about 20 pages),
- reader-friendly and appealing (with regard to font size, tables and figures) ...

1. Introduction: business plan



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The business plan

- detailed overall concept of the business project
- Assessment and control of business activities (especially for investors)

Contents:

1. Executive summary
2. Product or service idea
3. Founding team
4. Industry and market
5. Marketing planning
6. Business system and organization
7. chances and risks
8. Financial planning (3-5 year plan)

1. Introduction: business plan

1. Executive Summary

- key statements of the respective parts / chapter of the business plan
- "Door opener" for a more detailed discussion of the business plan

Key questions:

- What's your business idea?
- To what extent does it fulfill a unique selling proposition (USP)?
- Who are your target customers?
- What is the benefit for your target customers?
- What market volume and what growth rates do you forecast?
- What is the competitive situation?
- How much must investments should be made (forecast)?
- What are your long-term goals?

1. Introduction: business plan



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2. Product or service idea

- Further detailing of the business idea: What exactly is **the customer benefit**?
- How can you **protect** your business idea?

Key questions:

- What problems do you solve with the idea?
- Which customer needs are solved?
- What kind of product or service do you want to sell?
- What exactly does the offer look like?
- What is the innovation of your service?
- How is your performance unique?
- How do you protect the uniqueness?

1. Introduction: business plan

3. Founding team

- Complex tasks of starting a business require **complementary** and **numerous knowledge** and **skills** of the team members

Key questions:

- Has the team already worked together?
- Do the members have relevant experience?
- How are the tasks distributed in the team?
- Do the founders know their weaknesses and can they fix them?
- Are all members fully behind the project?

1. Introduction: business plan



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4. Industry and market

- Comprehensive analysis regarding **market potential** and **market growth**
- Desired market segments and **target groups**
- **Competition** (structure, existing and potential competitors, positioning compared to the competition)

Key questions:

- How is the industry developing?
- Which factors are decisive for success in this industry?
- How do you segment the market and what market potential + market volume do you estimate?
- Who are your target groups?
- Who is the current and potential competitor?
- How permanent will your competitive advantage be?

1. Introduction: business plan



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5. Marketing planning

- **strategic (long-term) marketing planning** regarding detailed market segmentation, competitive strategy, product positioning
- **operational (short-term) marketing planning** regarding implementation of the strategies, vertical and horizontal coordination of the marketing mix instruments (4 P's)

Key questions:

- What fundamental strategic direction are you pursuing?
- What steps are you planning to bring your product / service to market?
- How and to what extent are you planning the design of the marketing mix instruments? (esp. Price, Place and Promotion – product has been already considered in chapter 2)

1. Introduction: business plan

6. Business system and organization

- Description of the **tasks and activities** that are necessary for the creation and delivery of the produkt / service
- Definition of the organizational **structures and processes** (for the whole **value creation** process)
- Making **make-or-buy** decisions

Key questions:

- What does the business system look like for your company?
- What activities do you want to do yourself?
- What corporate functions does your organization consist of and how is it structured?
- Which values and norms shape your organization (company culture)?
- Do you want to work with partners (if so, with which ones)?

1. Introduction: business plan



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7. Chances and risks

- Multi-year planning is always associated with risk!
- Esp. for innovations or new products / markets
- Internal and external factors (e.g. SWOT analysis)
- Creation of best / normal / and worst-case scenarios

Key questions:

- What are the basic risks (market, competition, technology) for your company?
- What measures do you want to take to counter these risks?
- How does your company survive the worst-case scenario?
- What extraordinary opportunities do you see for your company?

1. Introduction: business plan



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8. Financial planning

3-5 year planning regarding:

- Price and sales planning (from chapter 5)
- Procurement and production planning (from chapter 6)
- Personnel / staff planning (from chapter 6)
- Investment and depreciation planning
- Planning of profit and loss
- Liquidity planning
- Financial requirement planning and financing planning

Basis: results from the previous chapters (use an excel table with the necessary assumptions)!

1. Introduction: business plan



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Notes on editing / creating your business plan

- Subject of the business idea: **freely selectable!**
- Top priority: Business plan should consist of **"one piece"**
- Please send a short description of your business idea / topic of the BP by email
- Extent: approx. 20 pages (see following recommendation) in standard format
- **Submission: (31.07.2022) TrainNex upload**

1. Introduction: business plan



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Adjusted scope recommendation:

Contents:

- | | |
|---------------------------------------|-------------------|
| 1. Executive summary | approx: 1 page |
| 2. Product or service idea | approx: 3 pages |
| 3. Founding team | approx: 0,5 pages |
| 4. Industry and market | approx: 4 pages |
| 5. Marketing planning | approx: 3 pages |
| 6. Business system and organization | approx: 4 pages |
| 7. chances and risks | approx: 1 page |
| 8. Financial planning (3-5 year plan) | approx: 4 pages |

1. Introduction: case study



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„Homework“

„Individually mixed muesli“ (source: Fueglistaller / Müller / Volery 2008, S. 30ff.)

Discussion questions:

- How did it come about that Hubertus, Phillip and Max discovered an entrepreneurial opportunity?
- How did the 3 founders evaluate the entrepreneurial opportunity?
- What are the advantages and disadvantages of different business models for using the entrepreneurial opportunity?
- What other alternatives are conceivable? What activities need to be started before starting the business?



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