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BUSINESS PLAN:
COURSE PROJECT GUIDELINES

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A well-written business plan enables company executives to set a range of interrelated key goals, priorities and strategies for the business, evaluate attractiveness or profitability of a business idea or project, and seek additional equity or debt funding. A business plan could be useful in launching a startup as well as in starting a new project within an existing business.

Business Plan Course Project is a requirement within the project work section of the curricula of Bachelor Programme. These guidelines are meant to assist in the administration of this course project and in preparing a report on its outcomes.

Contents

Introduction

The Business Plan Course Project was run for the first time in the 2020-2021 academic year for the Bachelor students of *Business Administration and Logistics* and *Supply Chain Management* majors within the Management curriculum at the HSE Graduate School of Business. The course project involved over 480 students divided into teams of 5-6 people each. The teams got engaged into projects for companies of various scales representing a range of industries. To name a few, IT and telecommunications industry was represented by companies like 1C and Ericcson, consulting business was represented by Accenture, Germa, and Neurotrend, retail industry was represented by Puma, DNS, and Hotel Shopping. Besides, the projects included industrial and innovative initiatives from companies like Segezha Group, Technopark Skolkovo, GenerationS Accelerator (organized by RVC), DPI Group, ClassGuru, 99recycle, and others. The proposed initiatives included start-up ideas (such as creating an industrial venture, starting a packaging production, launching an R&D centre, manufacturing a medium-duty e-car, creating a business club with a focus on service design, etc.), plans to break into new markets with existing products (for instance, a project of Russian cosmetics brand entering the US market, a project of breaking into the European market with an equipment system, a project for expanding the market share of a Russian educational project, and so on), as well as plans for developing existing businesses (like incorporating digital solutions into an existing venture, streamlining and accelerating supply chain logistics within a project, a VMI implementation project, etc.). The selected projects included both B2C and B2B segments, which enabled the students to gain experience in interacting with a wide range of companies and markets.

The course projects were supervised by the faculty of the Department of Strategic and International Management, the Department of Operational Management and Logistics, and Financial Management Department of the HSE Graduate School of Business. Within the 3rd and the 4th modules of study, the supervisors, acting in the role of academic advisors, helped the teams to master the business tools studied within the Business Planning Project Seminar that had been developed to target on the skills and competencies necessary for successful completion of the course project work.

Upon the completion of the Business Plan Course Project, a series of feedback sessions were held for the students, academic advisors, and the members of the course project evaluation committees in order to define the best practices and common challenges encountered. The positive outcomes included the situations where the students, seriously engaged with the business plan content and working in close collaboration with the company representatives managed to create outstanding business plans that were distinguished by the evaluation committee members and business representatives as having great practical value. After the public defence sessions, some of the students were offered summer internship placements in various companies. Besides, it was noted that the students were more motivated for thorough research and working through the details when a project was seen as feasible and valuable by the business community, although this meant additional challenges for the students, as the work required regular contacts with company representatives to fine-tune various project tasks.

The students faced some difficulties finding data and information for quality project research and business modelling for certain business plans. In some cases, it was hard to find information in open sources, which meant additional effort invested in locating and systematizing relevant data. In order to resolve these issues, the students were briefed on the possibilities for accessing digital data available to HSE GSB students and staff. One of the examples is the access to the unified archive of economic and social data (http://sophist.hse.ru/4dbank.shtml) that includes access to such databases as Ruslana, Statista, SPARK Interfax, as well as many others.

For many of the second year students in 2021, the Business Plan Course Project provided the very first experience of team work where each member was equally responsible for the overall outcome of the project, so team work proved to be an additional challenge for some of the teams at first. In order to help the following cohort to handle team work better and more efficiently, it was decided to run DISC test to make the students aware of their personal and professional traits, strengths and weaknesses, and to organize a series of sessions on managing team work and overcoming potential conflicts and crises within a team. This was done in 2021 to help the students who will be working on course projects in 2022. Besides, the Team Management Project Seminar was added to the second year curriculum to equip the students for team work before they start their course projects.

The second edition of the Business Plan Course Project Guidelines was revised in terms of evaluation criteria for course projects, providing justifications for awarding 9 or 10 points (Excellent) for a course project as a grade for outstanding performance, above the learning outcomes expected in a typical programme — a policy that is in full accord with the HSE policy against the inflation of grades.

The authors of the present Guidelines would like to express their heartfelt gratitude to all those who shared their feedback, comments, or recommendations to clarify or improve various points of the Guidelines.

1

BUSINESS PLAN COURSE PROJECT

A well-written business plan enables company executives to set a range of interrelated key goals, priorities and strategies for the business, evaluate attractiveness or profitability of a business idea or project, and seek additional equity or debt funding. A business plan could be useful in launching a startup as well as in starting a new project within an existing business.

Business Plan Course Project is a requirement within the project work section of the curricula of Bachelor Programme. This course project is meant to be carried out as a group project within the 3rd and 4th modules during the year of study, and is complemented by Business Planning project seminars and culminates in public defence of the project for a committee.

1.1. Course project learning objectives

Business Plan Course Project aims to develop the skills necessary for drafting a business plan based on researching the external and internal environment of a given business project, as well as presentation skills to pitch the project to potential investors, drawing on the material learned during the first and second years of study, including courses such as Microeconomics, Macroeconomics, Marketing, *Business Plan* project seminar while developing analytical skills and communication skills necessary for doing business.

The Course Project learning objectives include:

- mastering the techniques of writing a business plan for a given project understanding the specifics of various sections of a business plan;

While working on the project, students are expected to use both primary sources of information, such as interviews, and the secondary ones, such as available statistical, financial and analytical reports and data directly related to the project and the chosen business or industry, as well as academic and business publications.

- mastering the analytical tools necessary for managerial decision-making based on a business plan;
- acquiring and developing skills for identifying a business idea and drafting the business model canvas for a project;
- acquiring and developing skills for drafting a business plan based on real corporate data, as well as skills necessary to communicate with the project owner and process external information;
- developing teamwork skills within a context of a real business task, as well as improving project management skills;
- developing presentation skills and other skills necessary for public defence of a project.

1.2. Business Plan Course Project: General requirements

In carrying out Business Plan Course Project, the following requirements should be met:

- **Project content and structure:** Business Plan Course Project should reflect the results of students' independent work and their use of various principles and techniques of drafting and finalizing a business plan. Students develop a business plan for implementing a given project or a business idea (including identifying the product or service, project location and how-tos, the assets necessary for the chosen activity, describing the environment where the company operates, designing a management system that will enable the company to achieve its goals, evaluate the project efficiency, etc.). The developed business plan should be economically sound and meet the cost-effectiveness criteria. *Report on the Business Plan Course Project* should be written in the format of a standard business plan as outlined in the present Guidelines, and should include clearly defined goal and objectives of the project, the analysis findings presented in consistent and logical manner, and valid conclusions. While working on the project, students are expected to use both primary sources of information, such as interviews, and the secondary ones, such as available statistical, financial and analytical reports and data directly related to the project and a chosen business or industry, as well as academic and business publications. All the used sources of information should be properly cited. If deemed necessary due to the nature of a particular project, the report structure may differ from the standard one; in this case, all changes should be reviewed and approved by the academic advisor of the project. Business Plan Course Project can be meant for launching a new company or idea (a start-up) or for a specific project or product within an existing company.

- **Relevant data:** Business Plan Course Project and respective calculations provided within the business plan must be based on materials relevant to a chosen business and take into consideration the specifics of a given company (Russian or foreign) that operates in the Russian Federation and serves as the project owner. In developing the business plan, available data should be used; project team should gather all primary data through direct interaction with the project owner representatives, as well as obtain secondary information from available sources.
- **Using authentic material and avoiding plagiarism:** The textual content of the Business Plan Course Project must be authentic; copying from any printed or electronic sources without properly citing the sources is not allowed. The Course Project Report must be checked for plagiarism in accordance with the *HSE Regulations on Checking Student Papers for Plagiarism and the Publication of Bachelor's, Specialist, and Master Theses on the HSE Corporate Website (portal)*. Detecting any plagiarism in the report, regardless of the total amount of plagiarized content, results in the evaluation committee giving unsatisfactory grade for the report. Absence of plagiarism in the coursework is confirmed by the student on a separate page following the title page.
- **Format.** The Course Project must be presented in full accordance with the requirements provided in the present Guidelines. Failure to comply with the format requirements shall result in lower overall grade for the project. The volume of the Course Project paper cannot be less than 40,000 characters including spaces (excluding appendices).

1.3. Formation of project teams and appointment of academic advisors

The course project is run as a team project for teams of 5–6 students. The project implies active participation of all team members. Thus, the course project outcomes are seen as the result of team work, although individual team member grades could vary based on their performance within the team.

Students form teams independently and send the list of team members to the Course Project coordinator via specially created online forms (worksheets); the information on how the teams are to be registered is sent to all participants by the programme manager. It is recommended that the teams be formed within the existing study groups. When forming a team, students of Management programs are advised to use the DISC test results obtained within the *Management As a Present-Day Job* career seminar.

Students who fail to register their teams in due time are assigned to teams by the Business Plan Course Project coordinator. Within each team, students choose a course project leader who is responsible for coordinating the team's work.

Project teams are registered by filling in an electronic form, *Business Plan Course Project Team*, by a specified deadline; the link to the form is sent to the students by the Business Plan Course Project coordinator via corporate e-mail. In the form, the students list each team member's full name (surname, first name, and patronymic, if applicable), study group number, and e-mail address. Each team fills in one form per team.

Each project team is overseen by an academic advisor, appointed by the Business Plan Course Project coordinator from among HSE Graduate School of Business faculty members. If necessary, an academic advisor can be appointed without being full-time faculty member of HSE Graduate School of Business. One advisor can oversee several teams from different study programs. The list of advisors and project teams is finalized by the Course Project coordinator, approved by the Academic Supervisor of the relevant programme, sent to the students via corporate e-mail and published on the programme web page at HSE website.

Responsibilities of the Course Project academic advisor include:

- supporting a project team in their interactions with the project owner (arranging interviews with company representative; helping to draft a list of interview questions; moderating subsequent contacts with the project owner, if necessary; requesting company's feedback on the project outcome);
- holding regular consultations with project teams on project issues and requirements for course project and the report;
- advising the project teams on available sources and methods of collecting and processing data;
- discussing provisional project results, preparing and presenting necessary recommendations;
- preparing feedback on the team's project work in accordance with the criteria set forth in the present Guidelines (including frequency of consultations with the academic advisor, deadlines for reporting on provisional project results, authenticity of content, etc.).

Based on the Course Project outcomes and the report prepared by a team, the team's academic advisor decides whether the report meets the requirements specified. In case the advisor's decision is negative, the project team is allowed to defend

A project is a business idea that could range in scope and focus, from prospective ventures to those currently under way , and it could focus on a startup or an established business that may operate in different industry contexts and vary in forms of ownership.

their project before the evaluation committee but the latter takes into account the advisor's decision and feedback when evaluating the final project and grading the team members.

Academic advisors of Business Plan Course Projects are included in evaluation committees during the defence of course projects but cannot serve in the committee that evaluates the team(s) they supervise.

Consultations with advisors can be held in person as well as online via such platforms as Zoom, MS Teams, etc. Consultations with advisors should be scheduled in advance, since one academic advisor may be overseeing various project teams. Consultations could be individual for each team or joint for several teams.

Initiating and scheduling a consultation with the academic advisor is the responsibility of the project team. Should any problems arise in regards to the advisor, the project team should immediately inform the Business Plan Course Project coordinator.

1.4. Choosing a project for a business plan

Business Plan Course Project is carried out by project teams based on materials provided by project owners, with the list of topic areas defined by the Course Project coordinator in collaboration with the Career Centre, the Academic Supervisor of the corresponding programme, and the Centre for Project Learning Development. A project is a business idea that could range in scope and focus, from prospective ventures to those currently under way, and it could focus on a start-up or an established business that may operate in different industry contexts and vary in forms of ownership.

The students choose the topic of their Business Plan Course Project by filling in an electronic form, *Business Plan Course Project*, within an established deadline (but no later than the date of the second project workshop session); the link to the form is sent to the students by the Business Plan Course Project coordinator via corporate e-mail. A project team selects three preferred project topics from among those proposed in the form, ranging the topics in priority from one (the most preferable) to three (the weakest preference). The Course Project coordinator assigns projects to the teams based on the preferences they indicated; the same project could be assigned to different teams (up to 6). The

Course Project coordinator assigns projects to the teams within the timeframe specified at the first Business Plan project seminar. The projects are assigned randomly based on the priorities indicated by the teams. If any project team fails to state their preferences, the Course Project coordinator assigns to them a company project of his/her own choice.

After the projects are assigned to the teams, each team is provided with the contact information of the project owner (the company that came up with the project proposal) along with the project details. Teams should take their interaction with the project owners very seriously. Before communicating with the owner's representative, the teams must study the information about the project provided in the project outline and available in various databases and mass media. Project owner's representatives are invited to the relevant course project defence sessions where they can give their feedback on the project outcomes, and the evaluation committee can take this feedback into account when awarding the final grade to the team.

In their interaction with the project owners, the teams represent HSE Higher Business School, and therefore, should strictly follow the norms and ethic of business communication and abide by HSE rules and academic standards.

1.5. Individual assessment of a student's work on the project

Despite the team format of the Business Plan Course Project, each student receives an individual grade for the project. As a rule, the students within the same team receive the same grade, yet sometimes individual team members may receive grades that differ from the ones of their teammates, should the situation be one of the following:

1. The team members inform the Course Project coordinator via corporate e-mail, no later than the date of the project defence, that a specific student failed to participate in project work in general or failed to be involved in a meaningful way. In this case, the Course Project coordinator forwards the letter to the Course Project evaluation committee, and the committee decides on the student's individual grade based on the team members' feedback and the student's performance during the project defence.
2. There is a remark from the team's academic advisor on the title page of the coursework or he/she informs the Course Project coordinator that one of the team members has been ignoring meetings with him/her and/or with the project owner. In this case, the evaluation committee will be asking additional questions to the student during the defence session to assess his/

her awareness of the project details and his/her ability to provide rationale for specific project outcomes.

3. Public defence of the course project implies a group presentation of the course project outcomes with participation of all team members. Evaluation committee considers the project as a whole as well as the team work skills demonstrated by the team members in presenting the results of their work, e.g., in dividing presentation segments between various team members, in helping each other answer questions on specific features of the project or the overall results of the research and analysis the team conducted.

If one of the team members misses the defence session for a valid reason certified by a relevant document (medical certificate), the student will be assigned another day for a defence session during the period of remedial exams. Should a team member fail to be present at the defence session without a valid documented reason, such student shall receive a failing grade for the course project even if his/her project team is awarded a passing grade for their project.

2

BUSINESS PLAN AS A PLANNING TOOL FOR A COMPANY

The ultimate goal of any business plan is the success of the new venture or a business project. Creating a business plans allows a team to test their hypotheses on external and internal needs of the venture and develop specific strategies and action plans based on facts and relevant and verifiable analysis of trends that may help the company improve its efficiency and reach its target performance levels.

According to a Harvard Business Review study, ventures of entrepreneurs who create well-structured formal business plans are 16% more likely to survive than the projects that lack a business plan[1]. However, it is important to keep in mind that a start-up idea is not the only scenario that may need a business plan. These days a business plan is a basic tool used for strategic business planning when implementing a project or when identifying development prospects of an existing business (for a short-term or medium-term period ranging between 1 and 5 years). A business plan could be used by the staff as a working document, and many of its sections could be revised and updated on a regular basis (as a rule, once a year); therefore, it is vital to stick to realistic assumptions and specify clear objectives when drafting a business plan.

Another important role of a business plan is facilitating the interaction between entrepreneurs and managers, on the one side, and capital or funders, on the other (creditors, investors, shareholders, investment boards or committees within various organisations), while the former raise funds for creation or development of new business projects (including those starting within an existing venture) or seek funding to develop or expand existing products and services. Many investors refuse to deal with entrepreneurs who do not have a clear, solid and sound plan in place. In some large corporations, business units are bound to submit and defend their detailed business plans annually in order to be able to get access to corporate resources. Besides, a business plan enables the owners and executives to calculate and model the consequences of changes in case of mergers, acquisitions or selling a business, allowing them to envision how the new business would function after the deal.

1 Green, F.J., Hopp, C. Research: Writing a Business Plan Makes Your Startup More Likely to Succeed // Harvard Business Review, July 14, 2017. URL: https://hbr.org/2017/07/research-writing-a-business-plan-makes-your-startup-more-likely-to-succeed (accessed on Oct.01, 2021).

Business plans could be used by entrepreneurs launching new start-ups, by executives of a business unit that is being established or undergoing changes, by the heads of branch offices of an existing business, as well as project leaders or managers in charge of launching new services or products.

When developing a business plan, it is important to detail the current status of a project or company, current market needs and any trends identified in the industry and external macroenvironment. Also, it is essential to give a coherent and convincing rationale for any current and future resources a project might require as well as the marketing solutions to be used and to provide working estimates for production and sales, financial forecasts, while taking into account the requirements for the main business processes, including production, and various needs and demands in terms of workforce.

While drafting a business plan, the author needs to take into account all the possible factors that may affect the project and are considered crucial by the key stakeholders. As a rule, the stakeholders include the end users (both present and prospective) of the product or service in question, the capital owners providing financial or other resources, and the actual project initiator (entrepreneur, project head, manager, or team). Thus, the person or team writing a business plan must prove that the end customer is really interested in the new product or service, that the project is financially attractive for an investor (besides having unique or special features in terms of technology or product) and that the implementation of the business plan is clear, well-calculated and feasible. This trifold presentation of the project enables investors to have a comprehensive evaluation of any expected benefits of the project versus the risks it entails.

2.1. Business Plan Course Project content

The core text of the Business Plan Course Project consists of eight sections which fully describe the scope of a project and include:

1. Executive Summary;
2. Business Outline and Market Analysis;
3. Marketing and Sales Plan;
4. Organization Plan;
5. Production Plan;
6. Investment Plan;
7. Financial Plan;
8. Project Performance Evaluation and Risk Analysis.

In order to be accepted for submission, the course project must include all of the sections listed above.

The logic of a business plan structure implies coherent analysis and rationale of the effectiveness of setting up a given business and includes the following steps:

- description of a proposed business, including features of business model of the proposed venture or project, details of products or services (product

When developing a business plan, it is important to detail the current status of a project or company, current market needs and any trends identified in the industry and external macroenvironment.

portfolio selection, unique selling proposition), target audience (segmentation and positioning), as well as the intended scope (business scaling) of production and sales;
- market analysis that allows to evaluate its size and potential, the description of the target audience, planning the sales volume with full justification and the details of the proper marketing tools (sales and marketing plan); a required part of this stage is coming up with demand analysis tools (e.g., drafting a questionnaire and testing it);
- details of the HR needs, organizational structure and legal form of the enterprise (Organization Plan);
- description of the production technology and production cycle for each product, with details on the assets, competencies and resources required, planning production volume for each product and the relevant operating and investment costs (Production and Investment Plans);
- details of the financial results of the business for each period included in the planned timeframe: revenue, operating costs, profit, operating cash flow and free cash flow (Financial Plan);
- performance evaluation for the proposed business using NPV and IRR criteria; analysis of the project risks by evaluating NPV sensitivity to the main operational parameters of the project (sales and costs).

If a new product or service is being proposed, it is recommended to carry out at least one design thinking iteration, with the outcomes provided as an appendix to the Course Project. This block includes:
- empathic study of customer experience (at least 8 interviews of end users, observation sessions and/or experience journey, if applicable);
- analysis and synthesis;
- idea generation;
- prototyping;
- testing.

The following paragraphs, 2.2–2.10, provide further details of the main sections of a business plan and their content.

2.2. Executive summary of the project

This section is not an introduction but rather a summary or an outline of the business plan as a whole. This part is of major importance, since in reality many a potential investor decides which projects to support based on an executive summary and a cover letter.

The content of this section may vary depending on a given project and the purpose of the business plan. However, a typical executive summary provides a brief description of the business plan following its sections in the order as they appear in the plan. If this approach is chosen, the structure of an executive summary can be described as follows:

- a few short introductory sentences (or paragraphs) that provide an overview of the project or venture and the current stage of its development;
- a summary of all business plan sections (a few sentences or paragraphs for each), including the marketing plan, production, financial and investment plans;
- the team's vision of the project prospects based on the conducted analysis and the key data of the project presented in form of tables or spreadsheets.

An executive summary should include the key data that may be of interest to an investor, including measurable goals of the business plan and key performance indicators of the project (including the break-even point, payback period, NPV, ROI, ROA and other KPIs).

Table 1 provided below is a given as a sample that can be adapted by any team for their project.

Overall, this section should not exceed one and a half pages. The summary should be checked for coherence and consistency to avoid any contradiction between its parts.

Table 1. PROJECT SUMMARY

Project Data	Period I (year, quarter, etc.), RUB '000	Period II, RUB '000	Period III, RUB '000	Period IV, RUB '000	Period V, RUB '000
Sales					
Gross Profit					
Net Profit					
ROI					
NPV					
IRR					
Payback Period					

2.3. Business Outline: Business model

Following the executive summary, the body part of the business plan starts by describing the business model of the proposed company (project) and providing an overview of the project, including its main features, business activity, and objectives.

Describing the business model of the proposed venture: Before stating the purpose of the business plan it is necessary to define how the project generates profit and how it functions. This subsection should answer the following basic questions:

- How does the project create and deliver value to customers?
- How does the project generate profit for the company?

In formalizing a business model for a given venture, we suggest using the business model template (or, canvas) developed by Alexander Osterwalder and Yves Pigneur[1]. While we highly recommend studying Osterwalder and Pigneur's work in detail, we shall briefly outline their business model here. The canvas consists of 9 blocks to be filled consecutively. These include:

1 For a detailed description of this approach, see: Osterwalder, A., Pigneur, Y. Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers. Hoboken: John Wiley & Sons, 2010. 288 p. The Russian translation was published by Alpina Publisher (Moscow, 2017).

Customers (Customer segments)

This block defines the customer segments a project will create value for (its target market). Definition of the project's market can include its characteristics, e.g., mass market or niche market. Besides, a more detailed segmentation can be provided, such as a focus on specific categories of customers having minor differences in their preferences, or a diversified focus with the project targeting various customer segments. For companies operating as multi-party platforms, it is vital to elaborate on this point, as they serve at least two interrelated segments (if one of them cannot be approached, the business model is unworkable). The block answers such questions as, "Who are the customers?" or "Who cares about the product?". In defining customer segments, it is recommended to rely on customer needs rather than descriptors (gender, age, income, region). The best strategy for filling in this part of the template is conducting a preliminary study of customer experience and segmentation based on customers' needs/preferences/behaviour/attitude to service.

Value Propositions

This block describes the value a company provides to its customers, the customer problems it solves, and how it meets the customers' needs. For a customer, the value created by a project could be qualitative (design, positive emotions of the customers) or quantitative (price, speed of service).

The block answers the questions such as, "What is the unique value of this product/service for customers?", "What problems are we solving for our customers?", "What groups of products/services are we offering to each of the customer segments?", "Which customer needs do we meet?", etc. The important features of value proposition are: innovation (what makes the product different from the ones existing on the market?), functionality (what main function does the product perform?), customization (is it possible to tailor the product to customer's preferences?), design, brand or status of the product, its price, availability, and ease-of-use. A highly detailed prototype could serve as a good sample of a value proposition.

Channels

This block indicates the channels the venture uses to communicate with its customers and reach them with its value proposition. Sales channels can include company's website (in case of online sales), partner stores (including e-stores), wholesalers, sales agents, sales outlets, direct sales, and others. The block answers the questions, "How are we delivering a product or service to different customer groups?", "Which channels would our customer segments use to interact with us?", "How are we interacting with our customers now?", "How are different channels integrated?", "How do we measure their effectiveness in terms of sales volume and promotion costs?", "How are we integrating our sales channels into our customers' daily routines?", etc.

In order to better grasp the information that is presented in this block, it is recommended to create a customer journey map for each segment. There are several stages of engaging with channels, and different sequence of actions can be selected for each: Awareness (How does a customer become aware our products and services?), Evaluation (How do we help customers evaluate our value proposition?), Purchase (How do we enable a customer to purchase specific products/services?), Delivery (How do we deliver our value proposition to our customers?), After sales (How do we provide post-purchase support to customers?).

Customer Relationships

This block describes the nature and types of relationships that a company has established with specific customer segments. In defining the nature of relationships, one may discuss the style of interaction with customers (e.g. personal vs. impersonal and indirect) providing various examples, such as personal assistance to customers, self-service, automated services, support communities (groups in social media). The block addresses questions like, "What kind of relationships do we establish with each customer segment?", "What kind of relationships have we actually established with our customers?", "How are our customer relationships integrated with the other sections of our business model canvas?", "What are our costs in maintaining relationships with our customers?" A highly detailed prototype could serve as a good way to communicate with customers.

Revenue Streams

This block describes various ways the company generates revenue, including contract revenue (e.g., product sales), recurring revenue from ongoing payments (recurring fees paid for the services, e.g., subscription fees), usage charges (e.g., a usage-based charge plan), leasing charges, brokerage interest, etc. The block answers the questions, "What is our customer willing to pay for, and how?", "What is the contribution of each value segment in the company's total revenue?", "What are the customers paying for now, and how?", "How do the customers prefer to pay for such products/services?". This canvas section outlines the pricing model options, including fixed cost (full price, tiered subscriptions, customer segment fees, bulk price, etc.) and dynamic pricing (negotiated price, market price, discounts offered, etc.).

Key Resources

This block specifies the resources (assets) that enable the functioning of the business model and the ways the business accesses these resources. These could be material, or physical, resources (materials, equipment, facilities, buildings, etc.), human resources, intellectual assets (copyrights, patents, useful models, brands), and financial resources. The block answers the question, "What resources do we need to create value for each group of our customers?"

Key Activities

The block outlines the activities that define the functioning of the entire business model. Key activities may include providing services, manufacturing goods, granting access to a service (e.g. hosting), managing a website or a platform, etc. The block addresses the question, "What activities do we need to create value for each of our customer groups?". A service template could prove useful in structuring key activities (processes).

Key Partnerships

This block should identify the partners (direct suppliers, suppliers of components, or other partners) that facilitate the overall functioning of the business model and help to reduce the project risks. Along with suppliers, key partnerships may include the companies that partner with the given venture in certain areas without being its competitors, as well as joint ventures. The block answers the questions such as, "Who are our key partners/suppliers?", "What resources do we get from our partners/suppliers?", "What are our partners' key activities?", etc. Stake-

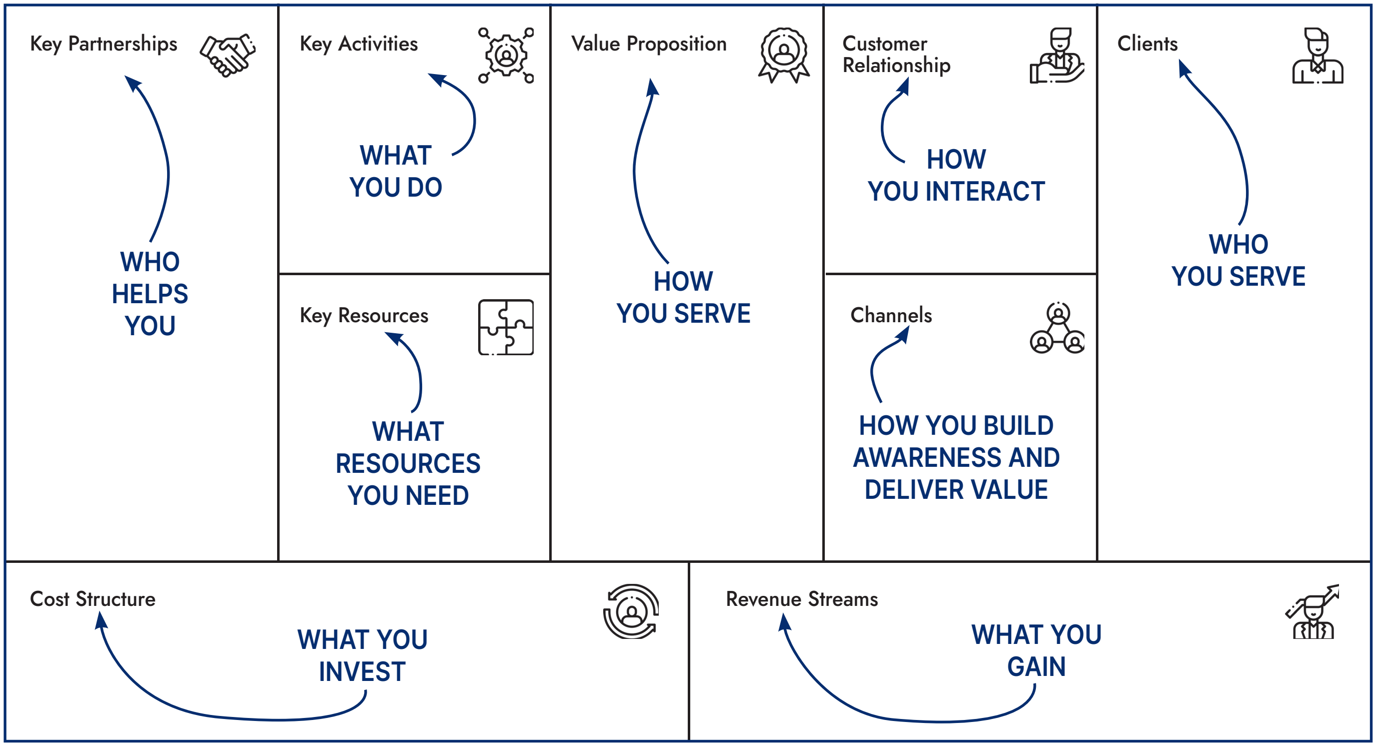

Figure 1. Business Model Canvas by Osterwalder and Pigneur

holder mapping could help in structuring the list of key partners and understanding their interconnections and their influence on a given product/service.

Cost Structure

This block identifies the main costs implied within the specified business model and the relevant business processes. Both fixed and variable costs of the company should be specified. The block answers the questions, "What are the company's most substantial costs?" and "What key resources or activities are the most cost-intensive?"

Analysis of the data received from the evaluation of the business model of a given venture helps to plan, control, and correct its operations, including making decisions on what needs to be reduced, added, excluded, etc.

Project overview should help the readers answer the following key questions:

- Which business area does the company operate in (e.g. manufacturer, service provider, sales company, etc.)?
- Who could be its prospective customers?
- What distribution and communication channels enable the company to build up its customer base?
- Where is the company located?
- What is the intended scale of the company's operations (global, international, domestic, regional, local, etc.)?
- What is the current stage of development of the company (e.g. a well-established company planning to expand, a new company with a developed range of products, a start-up planning to launch products/services)?
- What is the purpose of the business plan (e.g., attaining certain business or financial KPIs, entering a new market with a product/service/ company, etc.)?
- Who are the team representing the project (what experience the team members have to implement the proposed business plan)?

2.4. Market Analysis

A critical step in developing a business project is to determine the nature and size of the market where the proposed product or service is to be launched.

As a rule, when assessing attractiveness and risks of a given project, capital providers (investors) tend to select the ones that focus on customers and specific market features and trends rather than on the features of a proposed product or service. The key task of this section of a business plan is to convincingly demonstrate that the idea suggested within a project has its target audience, that the market has sufficient capacity and growth potential and the existing competition does not make the feasibility of the business project questionable. Those who draft the business plan should identify both the market for the proposed product/service as a whole and its existing opportunities, including its capacity, target segments and their value and stability.

The quality of a market analysis conducted depends not only on how well the team drafting the business has processed any available information but also on what kind of information the business plan is based on.

When a team is drafting a business plan, the hard work that goes into locating and obtaining quality data usually pays off, as investors have strong confidence in wellgrounded proposals that mitigate investors' risks.

When a team is drafting a business plan, the hard work that goes into locating and obtaining quality data usually pays off, as investors have strong confidence in well-grounded proposals that mitigate investors' risks. Such data could be provided by professional or industry associations, derived from special reports and publications of consulting and research companies, private and public surveys, experts' reports and interviews, as well as come from the team's own research based on the collected primary data. Such market research may be included as a subsection of the marketing plan or as an independent section of the business plan.

When preparing the Market Analysis section, the team should focus on the market conditions that are most critical for the future business to succeed. If the key element of the business plan is successfully competing for a market share that has limited capacity and growth rates, an investor will require more details on the resources and competencies ensuring the entrepreneur's ability to succeed in such competitive environment. On the other hand, if the market is growing significantly, some details of competition could be skipped, even when battling for a small market share, if it is obvious that the project will manage to achieve the required sales performance under the described conditions.

Defining the industry: When developing a business plan, the team needs to identify the industry the project or venture is most relevant to. The industry analysis should start by describing the overall situation in the industry and evaluating its growth or stagnation.

The choice of industry will determine the following stages of target market analysis and segmentation and will help in identifying the rates of the overall economic dynamics to define the trends that may affect your project, the opportunities and threats related to major technological, economic or social factors, and to recognize the examples of companies that operate under conditions similar to those of the project in question. The team can consult various standard classifiers of economic sectors and industry groups (e.g., SIC or Rosstat classifier, etc.) to determine the industry.

If the project belongs to two or more industries, the team should study each of them highlighting the issues that are most relevant to their project. Researching the growth rate of the relevant industry (or industries) will enable the team to assess the economic potential of the project as a whole. Using the annual reports of the largest companies operating in the relevant industries, as well as research conducted by stock exchange analysts, the studies by analytical companies or their databases, reviewing the current publications on industry leaders, the team will be able to determine the approximate scope and dynamics of a given industry (see Table 2).

Identifying the target market: Next, it is necessary to specify the actual target market, determine the

Table 2. DYNAMICS FOR INDUSTRIES RELEVANT TO BUSINESS X FOR THE PERIOD Y

Relevant Industries	Industry Size	Industry Growth Rates for ____________ (time period in the past) (numeric value / low, mid-level, high)	Industry Growth Rates Forecast for ____________ (time period in future) (numeric value / low, mid-level, high)
1. Industry Title			
2. Industry Title			
3. Industry Title			

Table 3. GEOGRAPHICAL FEATURES OF THE TARGET MARKET

Service Area (global market, group of countries, country, region, city, etc.)	
Population Density (density, rural area, suburb, etc.)	
Location Profile (shopping mall, roadside shopping centre, downtown area, etc.)	
Other geographical specifics of the target market	

solvent demand for the proposed product/service, and specify various ways of meeting the demand within the chosen target market and the specified industry (or industries).

The results of the analysis, along with some characteristics of the target market, can be presented in tables describing its geographical features (see Table 3) and capacity (see Table 4).

The market size can be estimated based on available sources of industry and geographical information, for instance, by searching the data in the databases available via HSE University electronic subscription:

- Passport (Euromonitor), Factiva databases are available at: https://library.hse.ru/e-resources
- The unified economic and social data repository is available at: http://sophist.hse.ru/data_access.shtml
- SPARK, Thomson Reuters, Bureau Van Dijk are available at: http://sophist.hse.ru/4dbank.shtm

Table 4. EVALUATING TARGET MARKET CAPACITY

Potential Market Capacity (in monetary or numeric value)	Accessible Market Capacity (in monetary or numeric value)	Evaluation Method (how the market was measured)	Data Source (where initial data were taken from)	Measuring Limitations (constraints implied by data source or used method)

Industry attractiveness: Michael E. Porter's analysis of five competitive forces is used to assess the company's environment. Five Forces Model is a tool widely used by consultants when analysing a venture's environment, as it helps to assess an industry's attractiveness in terms of competition as well as determine the company's current position in the industry and map out an action plan (strategy, programs, initiatives, etc.) that will maximise the use of the venture's competitive advantages.

Five competitive forces are evaluated (Figure 2):

- Existing rivalry within an industry;
- Threat of new market entrants;
- Bargaining power of buyers;
- Bargaining power of suppliers;
- Threat of substitute products to emerge.

These five forces define attractiveness of a given industry, and their analysis offers a clearer view of the industry context in which a company operates and helps to assess its competitive environment from various angles. Besides, this tool allows to examine the attractiveness of new industries and to evaluate the strategic position of a company in the market.

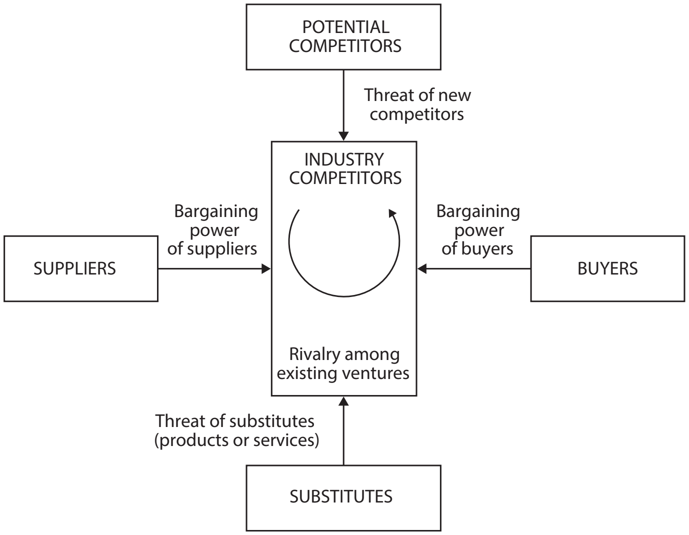

Figure 2. Porter's Five Competitive Forces Model[1]

The model consists of 5 linked blocks:

1 Porter, M. E. Competitive Strategy: Techniques for Analyzing Industries and Competitors. New York: Free Press, 1980. 396 p.

- Rivalry within a given industry: the central section that looks at competition within the industry where a given company operates. It is important to consider the company's specifics when carrying out this analysis. If, for instance, a company in question is a small manufacturer of soft drinks, the presence of Coca-Cola, PepsiCo and the like in the market means the company will have to perpetually catch-up with the leaders who set the rules and trends in this market. Not being a trendsetter, the company would have limited options in terms of pricing, marketing and distribution channels, and so on.
- Bargaining power of suppliers demonstrates which of the market players and to what extent can put 'market pressure' over their counterparts. For example, a big retailer has a host of small suppliers to whom it can, due to its size, effectively dictate its terms (price and delivery schedule). On the contrary, a small store buying bakery products from a huge industrial bakery nearby is likely to go by the price and terms of the bakery — the store will simply have no other reasonable option.
- Bargaining power of buyers shows what market pressure buyers are able to exert on a company and to what extent. In analysing customers, it is very important to define correctly who they are. For instance, for a TV broadcasting company that provides TV content free of charge, defining a customer/client is not that obvious. On the one hand, TV audience seems to be the customer, as they consume the content the company produces, yet this would be wrong. A viewer may watch but they do not pay the broadcaster; the broadcaster's customer in this business model is an advertiser. This is the one who buys advertising time slots from the broadcaster and thus gains access to the audience to promote a product or service. And viewers in this case are the 'suppliers', they supply their attention caught by some interesting content of TV shows and then sold to the advertiser. Therefore, in this case one needs to see to which extent the advertiser is able to dictate his terms to the broadcaster.
- Threat of substitute products describes a different type of competition. These are not companies offering products and services similar to those of the company in question; these are companies providing products or services that may serve as an alternative to satisfy the same customer need and, therefore, these are effective rivals to the products of a given company. For example, Aeroflot competes with other air carriers on the Moscow — St. Petersburg route (S7, Ural Airlines, Nordwind, and others), yet the competition is not limited to the airlines. A passenger may prefer taking a Sapsan high-speed train of the Russian Railways (purchasing a ticket) or driving a personal car along the M10 toll highway (paying the tolls). Besides, the section of Substitutes often includes

the analysis of the state regulatory environment, since the balance of competitive powers of various alternative products/services could often be affected by the government control exercised in a given industry.

- Threat of new market entrants shows how easy a new player can enter a given industry and become a strong rival. For instance, the sea transport industry is extremely hard to break in due to its capital-intensive nature. Setting up operations requires purchasing or leasing expensive ships, obtaining licenses, and concluding long-term contracts for port services and marine fuel supply. Therefore, the existing players in the industry do not have to dread the threat of new competitors. The private tutoring business, on the contrary, is exceptionally easy to enter: any person capable of teaching can become a tutor, no investment or licenses are required.

When assessing each of the five forces, the following scale is suggested:

1 — the company does not depend on this force;
2 — low (insignificant) dependence of the company on this force;
3 — the company's dependence is below average;
4 — the company's dependence is above average;
5 — high level of dependence;
6 — the company is almost entirely dependent on this force.

The indicator questions presented in Table 5 can be used to rate the impact of each of the five forces.

Based on the answers to indicator questions and their analysis, a table is drawn describing each competitive force and its impact on the company (rating on the scale of 1 to 6, Table 6); Table 7 provides a sample entry. Along with the tables, it is recommended to present the results in a form of a radar chart, which visualizes the balance of forces (Figure 3).

Along with the analysis of five competitive forces, a business plan should consider the following questions in assessing competition and overall attractiveness of a given market:

- Which market players would you regard as your main competitors?
- What makes your offering different from those of your competitors? (See Table 8 for a sample of competition analysis, with the weight of each factor determined by the industry).
- What is the basis of your competition?
- Who might be your potential or emerging competitors in the nearest future?
- What entry barriers do new competitors face in this market? (See Table 9 for a sample of entry barriers analysis).

Market segmentation: After the target market has been defined and its competitive appeal assessed, the customer audience (segments) should be clearly identified, determining the target segments as well

Table 5. PORTER'S FIVE COMPETITIVE FORCES: INDICATOR QUESTIONS TO DEFINE THE IMPACT ON THE COMPANY

Competitive Force	Indicator Questions
Rivalry within the industry	■ Are there many players in the market? ■ What is the market competition structure? (e.g. many small players or a few large ones) ■ What advantages do the competitors have? ■ What is the industry growth rate? ■ Do market players have any unique (hard-to-copy) competitive advantages?
Threat of new entrants	■ Are there entry barriers that prevent new competitors from breaking into the market? ■ Are there economies of scale? ■ Does the company have a strong, recognizable brand? ■ Is the required initial investment high? ■ Are the costs of switching to other products high? (switching costs) ■ Are distribution channels hard to access? ■ Are there legal restrictions to enter the market? ■ Do existing market players have strong unique competitive advantages? (e.g. licenses, patents, know-hows) ■ Is the industry regulated by the authorities in terms of limiting the number of market players?
Bargaining power of buyers	■ Does the company operate in the B2B, B2G, or B2C market? ■ Can customers dictate their terms of purchase making and to what extent? ■ Does the company mostly have large buyers or small? ■ What is the percentage of large buyers? ■ Is it easy for a customer to make a similar purchase elsewhere? ■ Are switching costs high for a customer? ■ Does the company have in-house production, even in part? (this could be a powerful leverage to put pressure on the seller, and it helps the buyer to understand the real costs of the supplier) ■ How well is the buyer informed of the product? (the better the buyer is informed, the stronger their position is when negotiating with the supplier)
Bargaining power of suppliers	■ Does the company have any alternative suppliers? ■ Is the cost of changing a supplier high for the company? ■ How quickly could the company change a supplier? ■ Does the supplier integrate directly? (Does the supplier manufacture products for the company's customers to sell them directly?)
Threat of substitute products	■ Can the company's product or service be easily substituted by another product or service? ■ Is the substitute capable to fully or partially replace the company's product/service? ■ Is the substitute significantly better?

Table 6. PORTER'S FIVE FORCES: ANALYSIS RESULTS

Competitive Force	Impact Assessment	Impact Description
Rivalry within the industry		
Threat of new entrants		
Bargaining power of buyers		
Bargaining power of suppliers		
Threat of substitute products		

Table 7. PORTER'S FIVE FORCES: SAMPLE TABLE ENTRY

Competitive Force	Impact Assessment	Impact Description
Rivalry within the industry	4/6 — company's dependence is above the average	■ There are several major players controlling 70% of the market ■ The company is the market leader (controlling 25% market share) ■ Two direct competitors have unique competitive advantages ■ Buyers find it very easy to change supplier ■ The industry demonstrates high growth rate
Bargaining power of suppliers	2/6 — low (insignificant) dependence	■ The company has a list of alternative suppliers and has conducted preliminary negotiations with them ■ The costs of changing suppliers for the company are low ■ The company could change the supplier in 2 months (which may cause some disruption to the operations) ■ The company's main supplier does not sell products to the customers directly

Table 8. COMPETITION ANALYSIS: CUSTOMER PERCEPTION FACTORS

Factors	Factor's Weight	Your company (scale of 1 to 10)	Competitor 1 (scale of 1 to 10)	Competitor 2 (scale of 1 to 10)	Competitor N (scale of 1 to 10)
Functionality of product or service					
Purchase price					
Indirect costs					
Quality					
Service time / Support					
Design / Style					
Brand awareness					
Customer relationships					
Location					
Delivery time					
Ease-of-use					
Credit policy					
Customer service					
Social responsibility					
Other:					
OVERALL GRADE:					
Summary:					

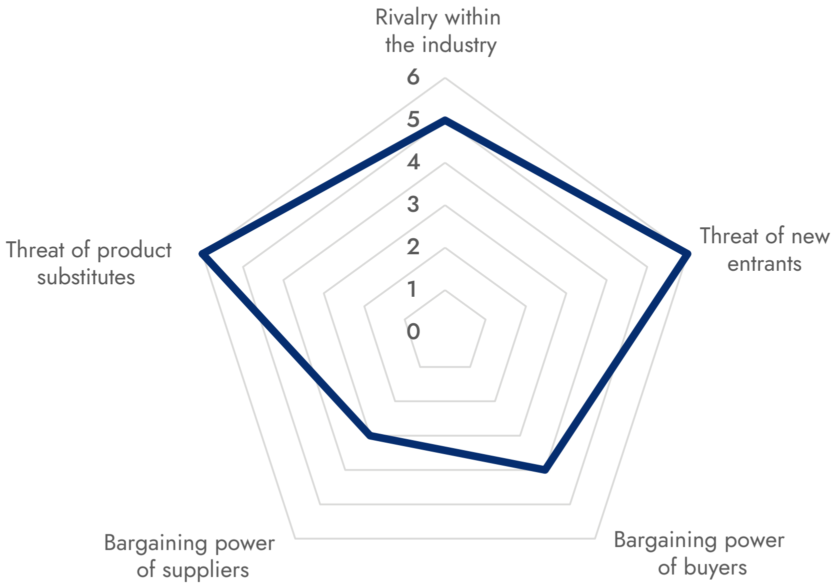

Figure 3. Porter's Five Forces: Analysis results (radar chart)

Table 9. ANALYSIS OF ENTRY BARRIERS FOR A GIVEN MARKET/SEGMENT

Entry Barriers	Barrier Effectiveness				Barrier Duration
	No barriers	Low	Medium	High	
Patents					
High initial costs					
Highly-qualified staff required					
Complexity of production and technology					
Lack of suppliers or distributors					
Market saturation					
Brands					
Other:					

as the way the proposed product or service is to be positioned. STP (Segmentation, Targeting, and Positioning) is a marketing strategy that is based on identifying target audiences (segments) and developing specific positioning (company or product image) for each segment. Designing this strategy assumes, first of all, having a clear understanding of each of its components, so, in this section, we shall discuss the key definitions and concepts of STP.

Segment is a large group of customers (buyers) clearly identified by a certain attribute within the market. **Market segmentation** is the division of the market into groups of customers with similar needs.

Market segmentation serves a range of purposes:

- to identify customer groups with various needs;
- to structure and focus the company resources in order to create a product that meets the segment's needs;
- to analyse the competitors' opportunities in a given range of segments;
- to create and maintain the product's competitive advantages;
- to maximise the company's effectiveness in retaining and increasing its competitiveness.

The following criteria are used in market segmentation:

- Demographic: gender, age, family size and life cycle stage, income level, professional competence and occupation, education, religion, ethnic background (see Table 10 for a sample);
- Psychographic: personality type, lifestyle;
- Geographic: region, urban vs. rural area, population density, population size, climate (a sample is provided in Table 11);
- Behavioural: benefits sought, customer loyalty, consumption rate, purchase occasions, level of readiness to purchase (see Table 12 for a sample).

Customers' needs and benefits sought are the primary criteria in customer segmentation; the other features are secondary (descriptive). Demographic and psychographic attributes help create a more complete profile of a segment but they serve more as auxiliary criteria.

In order to ensure that the segmentation performed is adequate, it needs to meet the following performance criteria:

- **Segment homogeneity:** Each segment should be internally homogeneous, i.e. consumers within the segment must be similar to one another and respond to marketing incentives in the same manner.
- **Segment size:** Segments must be sizeable enough to justify the expense of tailoring a product or service to the segment's requirements.
- **Segment accessibility:** The segment should be accessible for the effective use of distribution channels and marketing communications.

- **Segment measurability and continuity:** Segments should be measurable and exist long-term.
- **MECE compliance:** The Mutually Exclusive and Collectively Exhaustive principle assumes that (1) each given consumer cannot belong to more than one segment, the segments do not overlap, and (2) all segments taken together include all consumers in the market.

Once market segmentation is done, each segment should be properly described in order to compose its profile. A segment profile defines an average consumer (buyer persona) of a given segment, and it allows to measure the variables based on which a consumer could be assigned to this or that segment.

This analysis should be applied to all market segments considered in the business project, and assessment of each segment should be followed by answers to the following questions:

- What makes this segment relatively attractive?
- Which market (or market segment) do we regard as the most important to our project and why?
- How may the answers to the above questions change in medium or long term?

Table 10. DEMOGRAPHIC SEGMENTATION CRITERIA

Segmentation Criteria	Customer Demographics
Age	Under 6 y.o., 6–12, 13–19, 20–29, 30–39, 40–49, 50–59, 60 y.o. and over
Gender	Male, female
Family size	1–2, 3–4, 5 and more people
Family life stage	Young and single; young and married, no children; young and married, children under 6 y.o.; young and married, children under and over 6; middle-aged, married with children; elderly, married, no children; elderly, living alone, etc.
Professional competence and occupation	Manual and intellectual labour; managers, officials and company owners; jobs in creative industries; blue collars and white collars; industrial and agricultural workers; retirees; students; housewives; unemployed
Education	Primary, secondary, vocational, incomplete undergraduate, graduate, MBA , etc.
Monthly income	Under $1,000, $1,000–2,000, etc.

Table 11. GEOGRAPHIC SEGMENTATION CRITERIA

Segmentation Criteria	Geographic Features
Geographic location	Russia, Ukraine, Belarus, etc. Moscow, St. Petersburg Region, Yaroslavl Region, Vladimir Region, Ivanovo Region, etc.
Urban/rural area	Capital, regional centres, district centres, towns, settlements
Size of city/town (population size)	Towns with up to 5,000 residents, 5–10,000, 10–20,000, 20–50,000, 50–100,000, over 500,000 residents
Type of settlement and population density	City, suburb, rural area
Climate	Northern, southern

Table 12. BEHAVIOURAL SEGMENTATION CRITERIA

Segmentation Criteria	Consumer Behaviour
Purchase frequency	Regular, repeated, special occasions
Benefits sought	Product quality, service quality, opportunity to save/spend less, prestige
Consumer type	Non-consumer, former consumer, potential consumer, new consumer
Consumption rate	Weak consumer, moderate consumer, active consumer
Loyalty pattern and degree	Zero, weak, moderate, high, absolute
Readiness for the product	Unaware, aware, informed, interested, willing, intending to buy

Market segmentation results can be presented visually in form of a table with comparative results (e.g., Table 13) as well as in form of pie charts to estimate the market share of each segment (Figure 4).

Besides, the quality of each segment should be evaluated (Table 14) and the choice of primary and secondary target segment(s) properly marked and justified.

Table 13. COMPARISON OF MARKET SEGMENTS BASED ON CHOSEN SEGMENTATION CRITERIA

Segmentation Criteria	Segment Title 1	Segment Title 2	Segment Title 3	Segment Title N
1. Criterion 1				
2. Criterion 2				
3. Criterion 3				

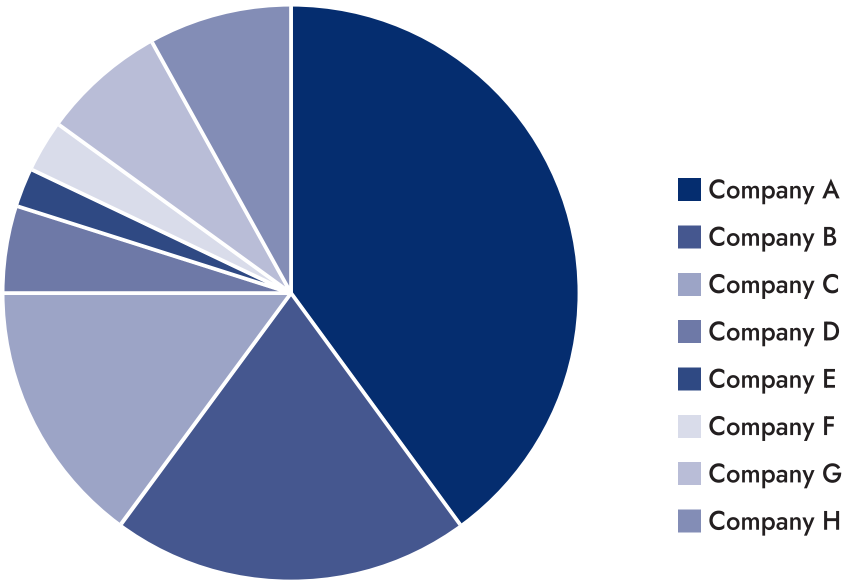

Figure 4. Sample of presenting shares of target market segments

Table 14. SEGMENT QUALITY COMPARISON

Quality factor	Segment Title 1 (1 to 10 grades)	Segment Title 2 (1 to 10 grades)	Segment Title 3 (1 to 10 grades)	Segment Title N (1 to 10 grades)
Size	_/10	_/10	_/10	_/10
Growth potential	_/10	_/10	_/10	_/10
Accessibility	_/10	_/10	_/10	_/10
Homogeneity	_/10	_/10	_/10	_/10
Measurability	_/10	_/10	_/10	_/10
Continuity	_/10	_/10	_/10	_/10
Target segment selection	primary / secondary / off-target segment	primary / secondary / off-target segment	primary / secondary / off-target segment	primary / secondary / off-target segment

Once segmentation is done, it is followed by targeting (selecting the target audience). Targeting is a process of identifying the potential of a customer group and selecting one or more segments to target. In developing its product, the company shall focus on this segment (one or more). Targeting allows to maximise the effectiveness of marketing campaigns, cut advertising costs and moderate customers' negative response in case an irrelevant product or service is offered.

Creating a buyer persona: In segmentation, the key factor is customer needs, they serve as the main point of reference when a company creates a product targeted at a particular segment. Yet the needs are very hard to use in product promotion, for example, in social media or TV advertisements. Secondary segment attributes, such as sociodemographic, geographic and behavioural ones, suit the communication and promotion purposes much better. The buyer persona is a tool that serves to link the primary attributes (needs) with the secondary ones (e.g. sociodemographic ones) and to create a realistic consumer profile. Buyer persona reflects the consumer's way of thinking, their interests, challenges and problems, as well as their objective needs and what drives them. A detailed customer profile allows for more accurate positioning and more comprehensive demand analysis (which, from the investor's viewpoint, helps to mitigate the risk of potential failures within the project).

If a project involves more than one market segment (secondary segments), various buyer personas could be created. Creating a buyer persona requires collecting some primary data which usually involves face-to-face meetings and communication with customers and salespeople, the analysis of the point of sale; besides, a customer's digital footprint could be very informative — this may require analysing newsfeeds and online communities that the target customers are believed to be subscribed to. What are the customers interested in? What do other companies offer to them? What content is published? When creating a buyer persona, the profile may be given a name and a short background (including his/her most probable demographic features).

2.5. Marketing and Sales Plan

This section defines a marketing and sales plan for your project. The marketing plan is developed based on the company's relevant strategies, the marketing strategy being the most crucial. The first step is to determine a strategic position of the project which would combine the company's strengths, the industry trends, market opportunities and competitive prospects. The description of strategy should incorporate distribution, promotion and pricing techniques for the proposed products or services. The following tasks must be completed at this stage of analysis:

Targeting is a process of identifying the potential of a customer group and selecting one or more segments to focus on. Targeting allows to maximise the effectiveness of marketing campaigns, cut advertising costs and moderate customers' negative response in case an irrelevant product or service is offered.

- defining competitive advantages for the target market;
- defining the unique selling proposition for the proposed product or service;
- developing an X-Y-Z positioning macromodel to define your market position;
- setting marketing goals and objectives along with a strategy that will ensure the goals (such as securing, strengthening or retaining a desired market position) are met.

To begin with, the team needs to identify and describe the existing or potential competitive advantages of the project within the target market (see the critical success factor analysis below) and, based on these, state a message that would represent the desired position in the target market (positioning strategy).

Critical Success Factors: To understand a company's strengths and weaknesses, one needs to identify what makes the company succeed in competition, what the critical success factors (CSFs) in a given industry are. "CSFs are those characteristics, conditions or variables that, when properly sustained, maintained, or managed, can have a significant impact on the success of a firm competing in a particular industry"[1].

Defining the CSFs and assessing a given company against its competitors using CFSs as the metric allows to define its competitive position and highlight the areas where the company has the edge over its competitors or is lacking.

The CSFs should be determined from a buyer's perspective, defining the criteria that a company/product should meet to be appealing for a buyer.

In defining the CSFs, two questions should be answered:

- What do the clients want to get (what their needs are, what criteria they use to choose between products/services of different companies within the industry — e.g., high quality, low price, level of service, etc.)?
- What helps the company to survive in competitive environment (what resources and organizational capacities are required — e.g., low production costs, quick response to changes in customers' preferences, etc.)?

1 Leidecker, J. Bruno, A. Identifying and using critical success factors // Long Range Plan, 17. 1984. P.24.

Below is a step-by-step algorithm to identify and evaluate CSFs:

Step 1. Identifying the CFSs (no more than 5-6 factors). It is recommended to present the CSFs in a table (Table 15).

Step 2. Assessing the company's current state in comparison with its main competitors (no more than 5-6 rivals).

To evaluate the company against its competitors using CFSs, the team could use the form presented in Table 16. The evaluation of the competitors can be based on expert opinions using the following code:

- +++ the factor is highly present
- ++ the factor is moderately present
- – the factor is absent.

Team members can conduct the CFSs evaluation themselves based on the information available in open sources or with the assistance of an expert.

Positioning: Two important elements of marketing strategy have already been discussed, that is, segmentation and targeting (selecting the target audience). The final stage of strategy development (according to the STP model) is positioning. Positioning is a range of actions taken to develop the company's product offer and image that would secure it a unique competitive place in its product category and create a positive image in the minds of the target audience, as well as identify the product's key advantages and its differences from the rival offers.

Table 15. CRITICAL SUCCESS FACTORS (SAMPLE)

What do customers want to get?	What helps the company to endure competition?	Critical Success Factors
User-friendly service	Using modern digital technologies to provide services	A mobile app for ordering

Table 16. CSF-BASED EVALUATION OF THE COMPANY AGAINST ITS MAIN COMPETITORS

CSF	Company	Competitor 1	Competitor 2	Competitor 3	Competitor ...
CSF-1	++	+	-	+	+
CSF-2	+	-	+	++	++
CSF-n ...	+++	+	-	+++	++

Promoting a product with a focus on non-price advantages and features that distinguish it from its competitors (differentiation) helps to avoid a price war and strengthen the company's competitive position.

There are two positioning strategies:

- positioning based on Unique Selling Proposition, USP. A USP-based offering must focus on the product's competitive advantage, be unique, be different from rival offers and should ensure the good sales;
- positioning based on Emotional Selling Proposition, ESP. ESP is a non-functional feature of a product or service that evokes unique associations in a customer's mind.

The STP strategy can be generally presented as a scheme (Figure 5).

Depending on available resources and market and product specifics, a company can reach customers in various ways. There are following approaches (also known as market coverage strategies) to working with segments:

1. Undifferentiated (the same marketing mix for all segments, when a company does not select a target segment but sells the same product to everyone).
2. Differentiated (a company selects several target segments and develops a different marketing mix for each).

3. Concentrated (a company chooses the most attractive segment and develops a product to meet its needs).
4. Customization (working with buyers/customers individually).

In developing strategies for a particular segment, these questions need to be answered:

- What is the key marketing message that we would like to convey?
- Is the message adapted to the real needs of the target audience?
- What tools are used to get the message across to the target audience?
- Where are the target customers, what do they read, watch or listen, how do they respond?
- Where and how do they make purchases?
- How are leads converted into sales?

In developing product positioning, these questions should be addressed:

- What is the product type?
- Who is it targeted at?
- What problem does it solve?
- What is the most important benefit a customer gets from the product?
- Who is the main competitor?
- What makes the proposed product different from the main competitor's offer?
- How do customers benefit from this difference?

Below are some tips and recommendations for developing the positioning of a proposed product or service:

- Focus on the target segment rather than the entire market;
- Choose the product offerings and features that address the target audience's needs;
- Build on your company's strengths rather than overcoming the strengths of the competitors;
- The strategies that are not focused prove to be futile;

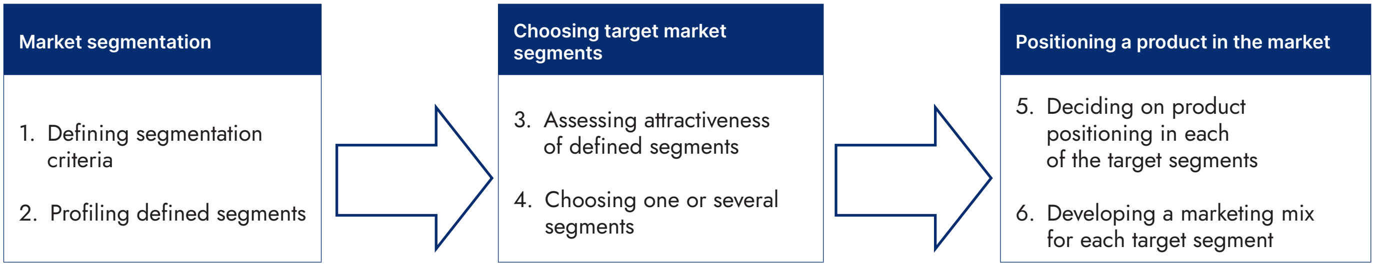

Figure 5. STP Strategy Scheme

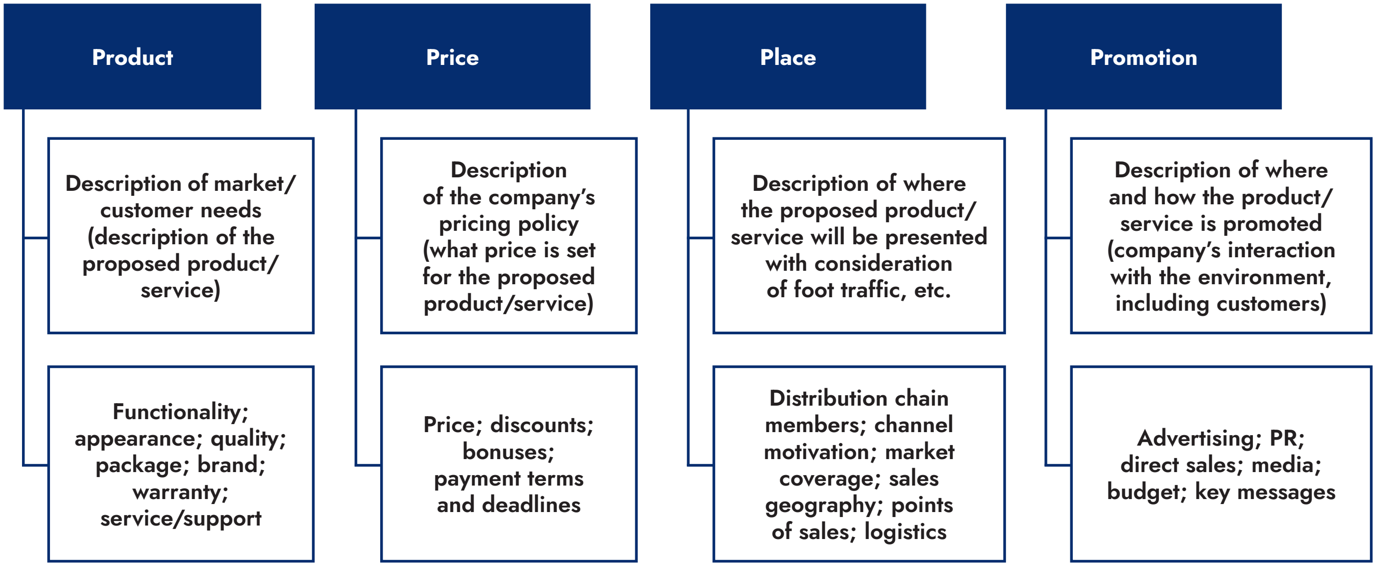

Figure 6. 4P Model/marketing mix

- Try to limit the key positioning attributes to a realistic number (3-4).

Development of a marketing mix (4Ps/Marketing mix): At this point of drafting a marketing plan a marketing mix (4Ps) should be developed for the company's target audience. In case several target segments are chosen, a separate marketing mix should be developed for each. 4P marketing mix is designed for a specific target audience based on the previously developed positioning.

The 4Ps of marketing are: product, price, place and promotion. The elements are interconnected and, at the same time, affected by both internal and external factors of the company and the ever-changing market.

The main objective of the 4P marketing mix is to secure effective functioning of a product or service in a given market thanks to continuous development that takes potential threats into consideration.

As all 4P elements are related to the company's target audience, defining the target segment and developing positioning should come before the design of the 4P marketing mix.

The 4P model might be used both when launching a new product/service or developing the company's existing offering. In either case, the sequence of actions taken in designing marketing for the proposed product/service, includes four main stages:

1. Identifying the product/service which is included in the company's offering.
2. Developing a 4P model for the company's offering (there is no specific order for defining the 4Ps as each of them should be considered in relation to the others).
3. Tuning the 4P model to the needs of the target audience (the "what for" and "what if" questions should be answered to check the relevance of the company's offering to the target audience's real needs).
4. Testing the 4P marketing mix from the consumers' perspective. It is necessary to answer the following questions:
   - Does the company's offering meet the customers' needs? (product)
   - Will the customers find the company's offering where they shop? (place)
   - Are the customers ready to buy at the suggested price? (price)
   - Will the company's communication reach its customers? (promotion).

Let us consider these stages in detail.

Marketing mix: product. This is a product or service offered by a company to satisfy the customers' demand, needs, or interest. The type and features of a product vary widely and are limited only by the market needs (real and potential ones) and the company's resources. Any product is a fusion of both physical properties of the product itself and additional features that define how it is used:

- packaging;
- functionality;
- ease of use;
- brand name;
- quality;
- design;
- service, etc.

The following questions need to be answered when developing the *product* marketing mix element:

- What customer problem does the product solve? What customer need does it meet? Which features of the product address that need?
- What properties of the product appeal to customers? Does the product have any features that customers do not need nor actually use?
- How and where will a customer use the product? What experience will the use of product create?
- What benefits does the product deliver to consumers?
- What makes the product stand out from competition?

Marketing mix: price. Price is the cost a customer pays for the product. A pricing strategy is developed in light of the product's value for customers, production and sales costs, consumer demand and competitive environment. The pricing system includes:

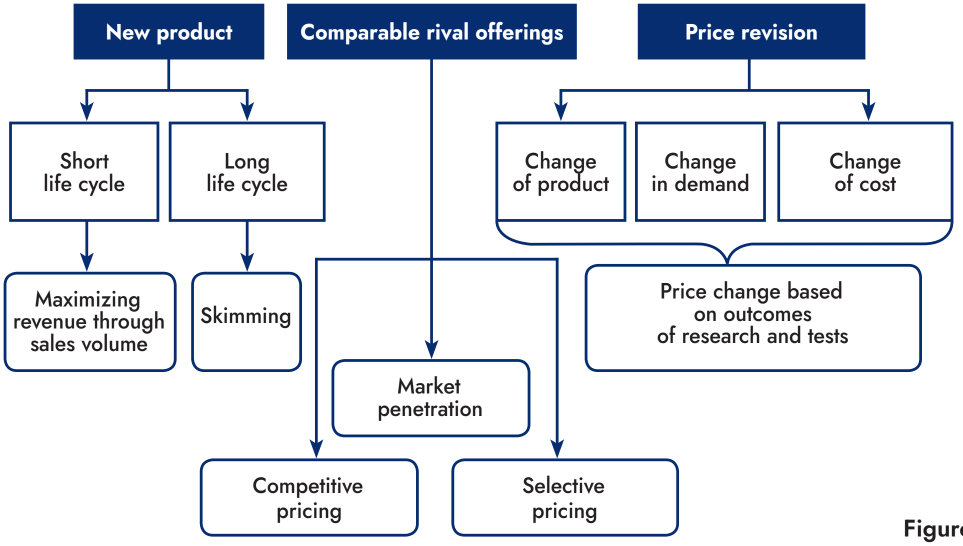

Figure 7. Pricing strategies

- A pricing strategy that enables to determine the level of prices and price ceiling for specific product groups;
- A price management strategy, a range of measures aimed at maintaining prices at a set level while effectively regulating them based on market demand and competition.

Implementation of this strategy involves analysing prices and defining pricing goals and trends.

Price analysis includes answering the following questions:

- Have the price norms been defined?
- Has the customer's profile been considered?
- Is the price differentiation justified?
- Have potential price trends been considered?
- Are the price norms properly aligned with other marketing tools?
- Do these help to compete?
- Has the demand flexibility been taken into account in setting the price?
- Has the competitors' response to the product price been considered?
- Is the price consistent with the product's image?
- Has the product's life-cycle stage been taken into account in setting the price?
- Have the discount rates been defined correctly?
- Are prices differentiated (by regions, customer segments, seasons, etc.)?
- Does the pricing strategy have a clear goal?

Setting pricing goals and trends:

- pricing goals are profit, revenue, countering competition;
- pricing trends include tiered pricing, price regulation, discount system.

Customer-driven pricing Implementation steps:

- Understanding of the product usage: how or why will the customers use the product?
- Analysing the benefits sought in using the product: What tangible value does the product deliver to the customers?
- Estimating all relevant consumption costs and correlating them with benefits sought.

Price range (3Cs): Customers, Competition, Costs

When working on pricing, it is advisable NOT to:

- Adjust pricing apart from other marketing mix elements;
- Try to maximize profits by raising prices without consideration for the value the customers get;
- Make the pricing process too complex;
- Replace logic with intuition;
- Rely on past experience alone;
- Limit yourself to a single pricing factor;
- Suggest initiatives the staff is unable to implement;
- Develop a single and one-of-a-kind pricing model, thus making the process more complicated.

3Cs of Pricing: Customers, Competition, Costs

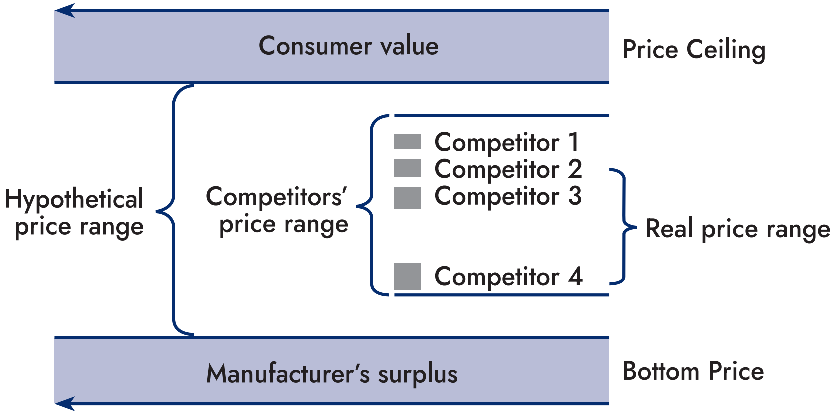

Figure 8. 3Cs Price Range Model

Table 17. SALES STRATEGIES

Comparison Criteria	Selective	Exclusive	Intensive
Description	A certain number of retailers sell via specific channels. Customers evaluate and compare products based on price and quality	A specific retailer interacts with a particular customer segment in their regional market. The situation is characterized by high prices, high profit margin, and low sales volumes	Many outlets where the product is available, supplied by a significant number of retailers. Product distribution is at its highest
Advantages	Significant sales are generated by a small number of retailers	High level of service, more focus on customer service, loyalty of both customers and dealers, better inventory management and more accurate sales forecasts	Availability of products and large sales volumes
Disadvantages	Failing to fully cover the market is a possibility, difficulties in interaction with retailers as they can influence the number of sale points	Dependence on the retailer, who can impose his terms when sales decline. Unstable sales volume	Low prices and low profit margin, profit generated from high turnover. Since many retailers are involved, the manufacturer's quality control and/or pricing process grows weak

When working on pricing, it is recommended:

- to consider the price as a message conveyed by a company to the market;
- to align pricing strategy with the brand and company strategy and be consistent;
- to make decisions based on facts and logic;
- to replace discounts with increased value;
- to make the pricing process within the company as transparent as possible;
- to future consequences into account;
- to make decisions that are less sophisticated but more cost-effective.

Questions to be answered when developing the *price* marketing mix element are:

- What are the production costs for the company?
- What is the value of the company's product for the customers?
- Is the target audience price-sensitive? Would a small price cut help to expand the market share? Would a small price increase help to generate higher profit?
- What discounts will the company set for wholesale customers and other specific market segments?
- How does the product price correlate with rival offerings?

Marketing mix: place. Talking of product sale point or distribution we imply distributing the company's product through the channels that will make it convenient for potential customers to purchase the product. Distribution channels can be divided into wholesale, retail and direct sales.

Both wholesale and direct sales can be done via the Internet. In this case, it is necessary to state whether sales take place through the company's own online store or through third-party marketplaces or online stores. There are zero, first, second, and third levels of distribution. Zero level (direct distribution channel) includes manufacturer and customer. At the first level, the product goes from the manufacturer through a retail agent to a customer. The second level implies the product travelling from the manufacturer to a wholesale agent, then to a retail agent, and then to a customer. The third level includes a wholesale agent, then a small-scale wholesaler, from whence the product goes to a retailer and, finally, to a customer.

Depending on the market and product characteristics, a company can choose one of three sales strategies: selective, exclusive, or intensive.

The following approaches can be used to evaluate a company's distribution system:

Numerical (quantitative) approach builds on the ratio of the sales points where the product is available to the total number of outlets. Accordingly, the calculation formula is as follows:

D n = (number of points where product is available / total number of outlets in the market) * 100%.

Weighed (qualitative) approach shows the share of the product's gross sales volume in the category. It can be measured in units relevant for a specific product. The formula is as follows:

D w = (product sales volume / gross sales volume in category) * 100%

The distribution and delivery channels and methods necessary for the product to get to the customer should be described, including detailed information on distribution centres, logistics, supply chain and partnerships with contractors who assist in selling the product.

Questions to be answered when developing the *place* marketing mix element are:

- Where do the customers look for the company's product?
- What outlets (online and offline, type of sales point) have the company's product presented? Does the company practice direct sales through a catalogue?
- What is the company's strategy in selecting points of sale? What channels is the company using?

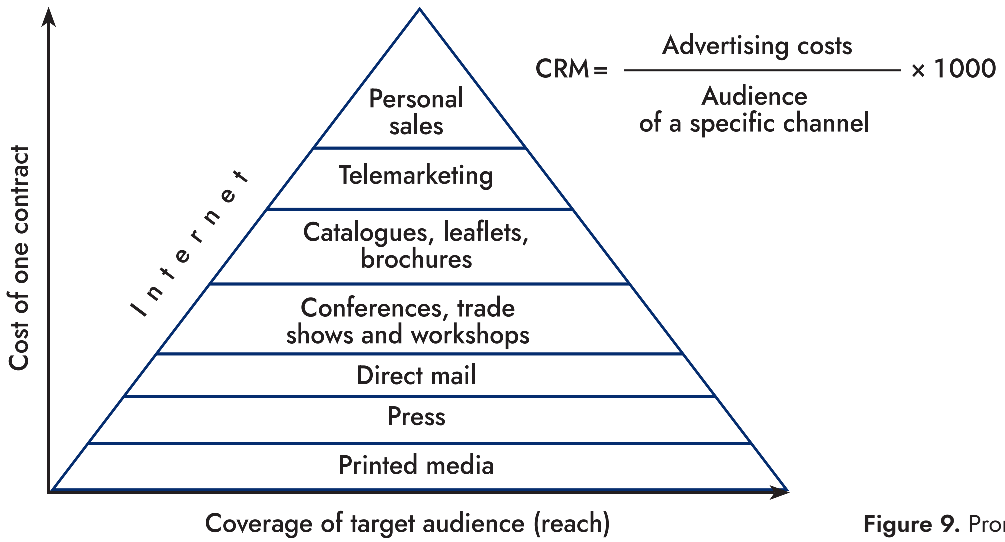

Figure 9. Promotion Pyramid

- How does the product get from the manufacturer to the customer? How does the product get to the shelf?
- How should the company build its distribution in light of the competitors' operations? What practices of rival companies can be used?

Marketing mix: promotion. Promotion encompasses all the communication tactics a company uses to inform of its product and build relationships with various stakeholders. Promotion focuses on how a company plans to convey its product to the customers, so it includes all the related elements: the sales process, public relations, and advertising.

Companies using multichannel communications engage customers via multiple communication channels, including web apps, social media, email, and so on. However, due to fragmented nature of multi-channel communications, message traffic is not continuous or consistent across all channels. This approach does not address the need to optimize interactions with customers on specific devices, such as mobiles, tablets, or laptops.

As for omnichannel communications, information is synchronized across all channels. It provides a customer with a 'seamless' experience, even if he calls first, then sends an email, and then starts a chat.

The optichannel approach builds on the idea that, instead of offering more channels and integrating them, a brand would benefit from more manageable and efficient communication via fewer channels. In this case, the selection of limited number of channels and channel tools should be relevant to each specific member of different stakeholder groups. This means a bigger role for artificial intelligence that would serve as a tech base for selecting relevant channels and tools. More and more companies are opting for more effective channels, discarding other, even traditional ones.

Comprehensive approach to marketing communications: Integrated marketing communications (IMC) is the interaction of all forms of a communications mix, with each form integrated with and supported by other marketing tools to maximise cost-effectiveness.

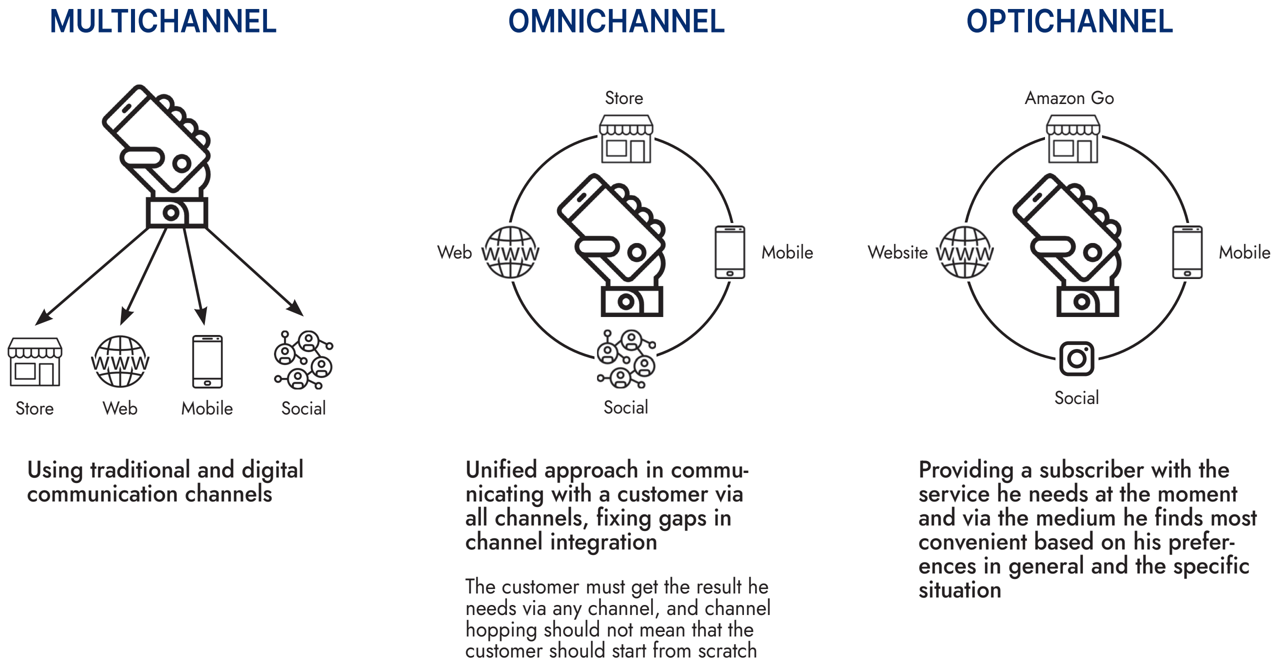

Figure 10. Multichannel, Omnichannel, and Optichannel Compared

Table 18. IMC ELEMENTS

IMC Goals	■ Providing information about a product/service to increase awareness and sales ■ Encouraging to buy ■ Reminding to make a purchase ■ Creating and maintaining the company's image
IMC Functions (stemming from goals)	■ Informing, creating awareness ■ Persuading (after customers are aware of the product, they should be told why they need the product/service) ■ Reminding (if a customer does not decide to purchase at the first try, a company could advertise to him/her again to remind of the opportunity to buy the product / use the service)
IMC Objectives	■ Identifying the target audience (a crucial step for any marketing communication, even non-integrated one) ■ Promoting sales ■ Creating demand ■ Building an image / creating a proper positioning ■ Ensuring coordinated work of company employees ■ Monitoring the state of the market and the company

Table 19. ATL, BTL, AND TTL COMMUNICATIONS

ATL	■ Television ■ Radio ■ Press ■ Outdoor advertising
BTL	■ Direct marketing (telemarketing, emailing) ■ Presentations, stickers, booklets, promotional materials, point-of-sale advertising ■ Sales promotion
TTL	■ SMM (social media marketing) ■ Mobile ■ Events

One of the approaches classifies communication tools as ATL (above the line), BTL (below the line) and TTL (through the line) ones. ATL communications aim at reaching wide audience by using newspapers, magazines, radio, and television to promote the product. They target the entire market rather than a specific group. BTL communications are a type of direct advertising that promotes a product to a specific group of consumers based on their needs and interests. It is about reaching potential and loyal customers rather than increasing product awareness. BTL communications take different forms: outdoor advertising, direct mail marketing (emails, text messages, etc.), sponsorship, point-of-sale advertising. TTL communications help to reach consumers at multiple points using both ATL and BTL tools. TTL is seen as a type of 360-degree marketing where various marketing aspects are linked to ensure a wider coverage and build customers' loyalty. It focuses on BTL marketing while using ATL as well. Thanks to TTL tools, the customers receive highly personalized advertising.

Questions to answer when developing the *promotion* marketing mix element are:

- What tools is the company using to communicate its messages to its target audience?
- Does the company reach its target audience through online, press, television, radio, or billboard advertising? Through direct marketing mailings? Through PR? Through the Internet?
- Is the company following an integrated marketing communications strategy? Does it use multichannel, omnichannel, or optichannel?
- What timeframe does the company use in promoting its product? Is there any seasonality in the market? Are there any environmental, political, economic, or social problems that may affect the timing of launching advertising campaigns? How does the rival product promotion affect the promotion of the company's products?
- Does the rival product promotion narrow the range of promotional tools for the company?

When developing a marketing mix as part of a business plan, it is necessary to consider the impact of **current economic trends on the marketing mix elements**:

1. **Solution rather than Product:** When communicating with customers, the focus should not be on the product's outstanding features or technology behind it. The idea is that customers care more about how the product will solve their problems. They do not have to know all of the product features, they need to know which of their problems the product solves.
2. **Value rather than Price:** Price still plays a significant role in a consumer behaviour. However, present-day customers make more conscious and informed purchasing decisions. Therefore, the company's product is to deliver value.

3. **Access rather than Place.** Traditional points of sale have become less important to customers. Thanks to modern technology, a customer can order a product from almost anywhere in the world. Shopping hours do not matter anymore, since the Internet is always on. Therefore, the focus is on having access: ensuring that customers get what they want just when they want it.
4. **Instruction rather than Promotion.** Unless it is an impulse purchase, consumers will study various offerings in the market before making a purchase. Companies build customers' confidence by educating their potential clients on their products' benefits through videos, blogs and other materials that show a consumer how the company can solve their problem.

When developing a marketing plan for each of the 4Ps, it is necessary to see what a given business project understands as its solution (that the product provides), value (that the customers pay for), access (to the products where and when the customers want it), and instruction (on the product's advantages over its competitors and on the benefits it brings for a consumer). A marketing plan based on the marketing mix model serves for complex planning that sets the foundation for a number of other functional strategies of the project, including the product strategy, pricing

Pricing strategy

- Skimming temporary/seasonal overpricing due to high demand
- Penetration prices product/service underpricing
- Stable prices maintaining prices at the same level

Distribution strategy

- Direct sale from manufacturer to buyer
- Indirect sale via several agents

Product strategy

- Differentiation creating a product that differs from rivals
- Narrow product range
- Diversification products of different functions and markets
- Vertical integration complete development and production cycle for the product

Communication strategy

- "Push" direct marketing, sales promotion (discounts, special offers)
- "Pull" buyer's personal interest (tasting events, loyalty programme)
- Market penetration winning customers by attractive price
- Diversification sales promotion, creating various advertisements

Figure 11. Variety of Strategies Within the Marketing Mix

When developing a marketing plan for each of the 4Ps, it is necessary to see what the given business understands as its solution, value, access, and instruction.

strategy, communication and distribution strategies; it enables to implement a variety of common competitive business and corporate strategies (see Figure 11).

Besides the features of various strategies discussed above, the following analysis elements should be mentioned.

Product strategy

- Describe the product, its physical properties and technical specifications.
- List the benefits of buying and consuming the product.
- Note the product development stage (how far the company's service or product has been developed to date and what the further development plans are).
- Specify the product quality requirements for different market segments.
- Analyse the product portfolio if the company intends to produce or already has got a range of products.

Pricing strategy

- Describe the selected price level in comparison with the competitors and prices of the company's other products.
- Discuss the company's discounts policy (for consumers and agents) and price change policy.
- Analyse the overall impact of the pricing strategy on gross profit (gross sales revenue less costs).
- Describe special payment and credit terms, if applicable.

Based on the collected information, numerical indicators of the planned activities should be defined and to a sales plan should be drafted (see examples in Table 20, Table 21); these will be used in the next stages of writing the business plan.

Table 20. PROMOTION/COMMUNICATION TOOLS USED AND THEIR COST ESTIMATE

Event name	Promotion channel	Event price	Number of events per month	Cost per month	Period of use
TOTAL:					
It is planned to spend … roubles per year on promotion.					

Table 21. SALES PLAN SAMPLE

Indicator	Period 0	Period 1	...	Period T
Quantitative sales forecast				
Product/service segment 1				
Product 1, ea				
Product 2, ea				
...				
Product N, ea				
Price forecast				
Product/service segment				
Product 1, RUB/ ea				
Product 2, RUB/ea				
...				
Product N, RUB/ea				
Monetary sales forecast				
Product/service segment				
Product 1, RUB				
Product 2, RUB				
...				
Product N, RUB				
TOTAL SALES, RUB				

2.6. Organizational structure

This section of a business plan implies determining the legal form of the new entity or, if a project is created within an existing company, defining the organizational form of the project within its parent company. Besides, in this section, the project management scheme is outlined, the requirements to key personnel are specified, labour costs are estimated, and remuneration scheme is defined (piece-rate or time-based payment system).

Choosing the legal form for the business: If the project assumes creating a new entity, choosing the proper legal form for the new business is quite important. The choice must be well grounded and take into consideration the peculiarities of each available option.

According to the Civil Code of the Russian Federation, entrepreneurial activity is an independent activity carried out at own risk and peril by persons **registered as entrepreneurs in compliance with the law** and aimed at generating regular profit from the use of property, the sale of goods, the performance of work or delivery of services. Entrepreneurship subjects include sole proprietors and legal entities. The most common legal forms to register a business are:

- Sole Proprietorship;
- Limited Liability Company;
- Stock Company;
- Production Cooperative, Association, etc.

The forms most often chosen for a start-up are Sole Proprietorship and Limited Liability Company. In selecting an appropriate legal form for a business, one should study the applicable laws and consider the specifics of proposed business operations, the availability of business partners, the amount of expected income and expenses, the counterparties the company will be working with, and development plans (see Table 22 for an example of comparing sole proprietorship to limited liability company based on key criteria). When choosing the form, it is necessary to specify the range of comparative advantages that would be of the utmost importance for a given project (for instance, the need to raise funds for operations, the need for flexible mode of operation while minimizing accounting costs and contributions to social security and other state schemes, personal liability risks involving the entrepreneur's own property, easy banking, etc.).

Choosing the taxation scheme: At the time the new entity is registered as a sole proprietorship or an LLC, an important decision will have to be made as to which taxation scheme is to be used. Company governing bodies and sole proprietorships are legally accountable for business operations, which implies the obligations to pay taxes, comply with labour and insurance regulations, and obtain licenses and permits. The same applies to business projects implemented by small and medium-size

Table 22. COMPARING SOLE PROPRIETORSHIP AND LIMITED LIABILITY COMPANY ON KEY CRITERIA

Criteria	Legal form of the entity: Sole Proprietorship	Legal form of the entity: Limited Liability Company
Registration	Relatively simple registration includes filling an application form and paying a fee. The entity at this registered at the entrepreneur's address of residence. SP may operate throughout the territory of the Russian Federation	Relatively complicated registration that includes filling in an application, paying a fee, drafting LLC by-laws and constituent meeting minutes. A company must be registered at the address of its physical location (could be the home address of CEO or one of the founders)
Termination of operations	Business may be closed relatively easy and quick	The closing procedure is elatively complicated and time-consuming
Owner	The only owner of the business is the Sole Proprietor	There may be several owners, up to 50 people
Liability	SP is liable with his own property	LLC is liable with its charter capital
Permitted activities	SP has some restrictions on types of activities	No restrictions for LLC activities
Accounting	SP without employees is not required to keep accounting or submit financial statements to tax authorities. When benefiting from the simplified taxation scheme (STS), SP must keep income and expenditure ledger (STS)	LLC must keep accounting records and submit regular reports to the Federal Tax Service (FTS), the Pension Fund of Russia (PFR) and the Federal Insurance Fund (FSS)
Contributions to state schemes	SP is obliged to pay contributions, regardless of whether it has operations or not	If operations are suspended, LLC is not obliged to pay any contributions
Revenue distribution	Comparatively easy procedure of managing SP's available cash	Partners forming an LLC may distribute dividends no more than once a quarter, i.e., income from company's operations may also be distributed once a quarter after a relevant meeting of partners. LLC must withhold 13% personal income tax from the partners' dividends

Table 22, Continued

Criteria	Legal form of the entity: Sole Proprietorship	Legal form of the entity: Limited Liability Company
Investment	SP may seek debt funding. If an investor wants to become a partner, a separate legal entity should be registered	If an investor wants to become a partner in LLC, it is sufficient to register a share of charter capital in his/her name
Employees	SP can operate without employees. As soon as an SP has its first employee, it must be registered as an employer	LLC is automatically registered as an employer from the moment of its incorporation as its director is an employee as well
Branches and representations	SP can open offices all over Russia under its own name. It does not establish or register branches or representative offices	LLC may open branches and representative offices but each of these will require changes in its charter documents and to being registered with tax services at a new location. In case of opening branches or representative offices, the LLC loses the right to benefit from the simplified taxation system

businesses. This being said, the Tax Code of the Russian Federation provides for a special tax regime, allowing for a simplified system of taxation for small and medium-size businesses.

The choice of the appropriate taxation scheme for the business is hinged on the entity's legal form and includes a general tax regime and a range of special tax regimes:

- General taxation system (GTS): This system suits large corporations and the companies that must calculate the value added tax (VAT) in settlements with their counterparties. Companies using GTS must do full-scale accounting, while SPs are must keep income and expenditure ledger. GTS is not useful for a new business, as it assumes filing regular reports and paying several taxes, including VAT (20%), corporate property tax (2%), and income tax (20%).
- Simplified taxation system (STS): This system is helpful for small businesses and start-ups as it implies paying one tax once a year instead of three taxes (VAT, corporate property tax, income tax). Taxable items may include:
  - Income: tax rate varies from 1% to 6% depending on region, type of operations, and amount of revenue earned.
  - The difference between income and expenditure: tax rate varies from 5% to 15% depending on region, type of operations and amount of revenue earned.

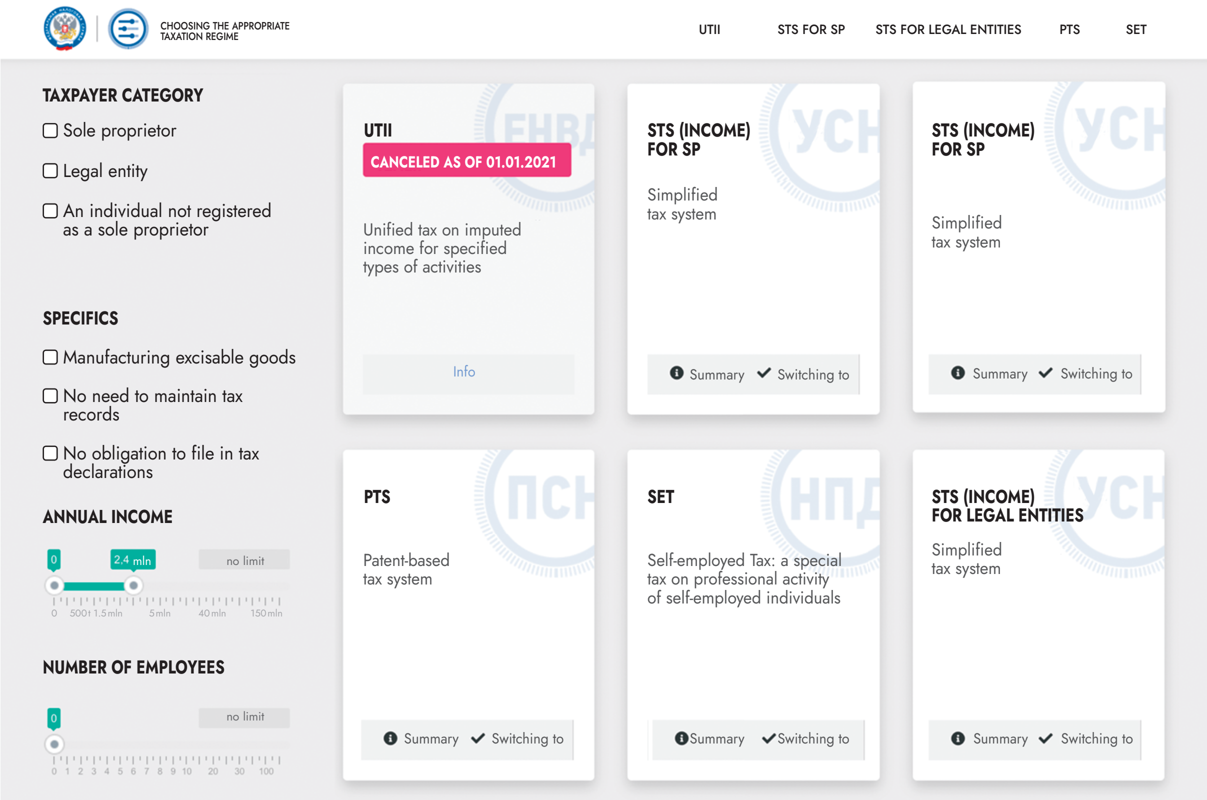

Figure 12. Federal Tax Service Recommendations on Selecting a Tax Regime, available on FTS website: https://www.nalog.gov.ru/rn77/service/mp (accessed on Oct 10, 2021)

- Patent-based taxation system (PTS) is applicable for sole proprietorships and is restricted to certain types of operations (personal services, transportation, retail, catering), the tax rate being 6% of the potential income.

Personnel and payroll data: To draft an appropriate HR plan, one needs to define the basic requirements to the personnel that will be needed to run a project.

In order to do that, the following questions should be addressed:

- What groups of employees are needed to implement the project (managers, workers, etc.)?
- What knowledge, skills, and competencies will be required from various employee groups to implement the project? How can such knowledge, skills, and competencies be attested?
- What could (or must) additional requirements be for the relevant groups of employees?
- How many employees will be needed to keep the project running smoothly?
- What average salary, form of compensation, and type of employment can be offered to each group of employees?

It is also necessary to indicate the key people who play a crucial role in creating and developing the new project. They may include the entrepreneur/founder, board members, key experts, and investors.

The next step is to define the organizational structure requirements for the project. Considering the main groups of employees, key managers and executives mentioned above, it is necessary to describe the interconnections and allocation of responsibilities within the company in a form of organizational chart accompanied by a written description. Organizational structure form depends on the nature of a specific project (linear, functional, linear-functional, matrix-based, divisional, etc.); however, in many cases the operations are structured based on product (working in departments on Product 1, 2, 3) or function (working in sales department, financial department, production department, etc.).

After the basic requirements for the personnel and the organizational structure are defined, it is necessary to prepare a staff schedule including a compensation plan. The staff schedule includes the list of structural units, job titles, occupations, qualifications and the number of staff positions. Staff schedule can be drawn based on the team's own template or on a T-3 Form from the set of unified forms of primary employment record, which can be used to formally define the organizational structure and headcount of any company (see Table 23).

If certain positions assume part-time (secondary) employment, the *Number of Staff Positions* column should be filled in with indication of the respective percentage rates of employment (0.25 / 0.5 / 0.75). The *Pay Rate (Salary)* column is filled in based on a monthly salary calculated in roubles at a set pay rate (salary), wage rate scale, percentage of revenue, share or percentage of profit, individual performance factor (IPF), distribution coefficient, etc., depending on the compensation plan chosen by the company. The most common forms of remuneration are piecework or timework pay and their variations.

If necessary, the staff schedule can be presented in a simplified form (Table 24) to calculate employees' salaries.

Table 23. T-3 STAFF SCHEDULE FORM SAMPLE

Structural Unit		Job title (occupation), level, class (category), qualification	Number of staff positions	Pay rate (salary), etc., RUB	Wage premiums, RUB			Total per month, RUB (col 5 + col 6 + col 7 + col 8) x col 4	Note
Title	Code								
1	2	3	4	5	6	7	8	9	10
		TOTAL							

Table 24. STAFF PAYROLL CALCULATION

Position	Responsibilities	Pay Rate	Count	Salary, RUB Insurance per month	Payments

Personnel costs: Personnel costs include all costs related to recruiting, remuneration[6] and incentives, as well as costs incurred in solving social problems, organizing and improving workplace environment. These costs are generally divided into three categories:

- labour payment expenses (payroll);
- social security and other similar payments;
- expenses other than payroll and social security payments.

The GTS taxation scheme makes the company responsible for various social payments, thus requiring the company to add pension insurance (22%), short-term disability insurance (2.9%) and health insurance (5.1%) contributions to its payroll budget.

2.7. Production Plan

This section of a business plan describes technical aspects of the project organization and defines the milestones of launching products and services. The following questions are to be answered here:

- How is manufacturing of products or services organized (approach to production, processes)?

- What resources are required for production and how these are to be supplied (sources)?
- Who are the suppliers (and other counterparties of the company, e.g., distributors)? How will interaction with the suppliers (and other counterparties) be organized?
- How is the product/service development organized?
- How is the legal protection of production provided?
- What external factors influence production (impact of exchange rate on imported raw materials, impact of oil price on transportation charges, etc.)?

How far should production plan be elaborated depends on the nature of the project, and its specifics may require that certain aspects of production be given in more detail as being of higher priority (for instance, description of production technology for a manufacturing company would be more elaborate, just like the service processes for service businesses, and so on.).

At least two types of production plans need to be mentioned.

- **Strategic production plans:** This type of production planning aims at outlining the production process and defining capacity and location of production facilities. These plans take demand forecast into account, as it defines production output requirements. At the same time, the decisions made within a production strategy are influenced by concerns for cutting manufacturing costs and time spent on production.
- **Operational production plans:** This type of production planning implies developing a consolidated cost plan, operation schedule, as well as an estimate of raw material needed to produce the goods or deliver the services.

Production plan should detail and rationalize:

- a list and types of resources and services to be purchased;
- selection of one or more suppliers;
- frequency, volume and terms of purchase from suppliers;
- the need for resource stocks, with allowance made for the storage costs;
- options of production, retail and office locations.

Variable and Fixed Costs: One of the important production plan elements is a detailed estimate of the project costs including cost allocation breakdown (variable/fixed, general/administrative costs, etc.) and a forecast of their possible changes.

- Variable Costs (VC_t) are the company's costs the amount of which depends on the volume of goods produced or services delivered, including direct production costs (raw material costs, consumables, payroll costs for core production staff, transportation costs). Variable costs can be direct (those directly related to the prime cost of

Table 25. FORECAST OF GENERAL AND ADMINISTRATIVE MANAGEMENT-RELATED COSTS

Indicator	Period 0	Period 1	...	Period T
Management labour costs, including payroll surcharges, RUB.				
Other management-related general and administrative costs (e.g., rent payments), RUB.				
Total management-related general and administrative costs, RUB (G&A Costs).				

Table 26. PRODUCTION PLAN

Indicator	Period 0	Period 1	...	Period T
Sales volume (production output) in numeric values				
Product 1				
Product 2				
...				
Product N				
Production labour costs, including payroll surcharges, RUB (LabCostst)				
Raw material costs, RUB (RM Costst)				
Variable production costs, RUB (VarCostst)				
Fixed production costs, RUB (Fixed Costst)				
Operating costs for production, RUB (ProdCostst)				
Purchase of manufacturing resources, RUB (Purt)				
Production resource stock, RUB (RSt)				
Work in progress, RUB (PPt)				

products or services) and indirect (those related to production but not included in the direct cost of a product or service unit).

- Fixed Costs (FC_t) are the company's costs which are not directly dependent on the production output (e.g., property taxes, executive salaries, rental payments, etc.). Fixed costs may include some indirect production costs, such as equipment depreciation, as well as non-production costs and general costs, such as rentals of premises, including production and warehouse facilities, and administrative costs, such as salaries of management and administrative staff.

An example of estimating general and administrative costs based on an Organizational Plan (see 2.2.) is shown in Table 25.

Based on estimation of direct costs of business processes and indirect costs of a business project within a specified timeframe, the project's production plan is drafted, including:

- **Forecast of the project's operating costs of production** ($ProdCosts_t$) for the periods t1, ...,T, with 'variable — fixed' breakdown; including the cost estimate for production of each product along with the average variable costs (variable costs per product or service unit) and fixed costs of production (ProdCostst, VarCostst, FixedCostst, RMCostst, LabCostst).
  - VarCostst are variable production costs including:
    - Production labour costs including payroll surcharges (LabCostst), and
    - Raw material costs calculated based on the production output (and, consequently, sales volume) — $RMCosts_t$;
  - $FixedCosts_t$ are fixed production costs (e.g., electricity costs, cleaning of production facilities).
- **Forecast of production resource stocks** (RS_t) represent the cost of production resources at each point in time t 0, ...,T and the relevant values in the following dependence: *RSt RSt* 1 *Purt RMCostst* , including
  - **Raw material costs** ($RMCosts_t$) are the cost of all materials used in production in a period of t 1, ...,T
  - **Production resource purchases** (Pur_t) represent the cost of all materials purchased in a period of t 0, ...,T .
- **Work-in-progress forecast** (PP_t) denotes unfinished production (when applicable for a project) at each point of time t 1, ...,T (based on the production lead time); work-in-progress should be estimated at the cost of production resources used;

Assumptions in a plan: It should be noted that, in preparing a production plan, certain assumptions could be made. For instance, to simplify planning it could be assumed that purchased production resources are paid for within the same time period as they get delivered to the warehouse, so as to avoid having accounts payable. By the same token, it is recommended to assume that all other company's current expenses (payroll, taxes, rent payments, etc.) are paid in the same period as they are accrued. If it is assumed that the finished product is promptly delivered to the customers rather than stored in warehouse, the production outputs within each period will coincide with the sales volumes.

Making allowance for changes of resource prices: Since the project's environment is volatile and the production plan provides basis for making major investment decisions, the plan should allow for changes in resource prices, in the same fashion the end product prices might change, to make the project more controllable and to mitigate the investors' risks. To make it simple (or if no forecast of changes in resource prices is available), the forecast inflation rate can be used to reflect the dynamics of resource prices.

2.8. Investment Plan

This section of a business plan should outline the need for investment, possible sources of funding, and ways to align the external capital sources with the project finances. This section should clearly define what part of the company's expenditure will require investments (for instance, purchasing tangible assets, such as equipment, appliances or brick-and-mortar facilities; for the sake of planning, there should be a complete list of planned purchases of this scale that takes into consideration applicable taxes and accounting regulations), breaking the investments down by relevant time periods and specifying the expected capital sources to fund these expenses.

Investment is understood as funds vested in real (tangible), intellectual, or financial (including portfolio) objects which meet certain criteria in terms of content and evaluation:

- Real investment is a long-term investment, usually in the means of production, in order to generate revenue from manufacturing goods or from renting such property out, which enables the company to increase its fixed assets (physical capital).
- Intellectual investments are funds vested in intangible assets, such as R&D, know-hows, brand design, etc.
- Financial investments are investments in financial instruments (e.g., stocks, bonds, other securities and bank deposits, as well as other companies' assets), which enables the company to increase its financial capital and generate additional income.

Other types of expenditure (e.g., operational costs, expenses incurred by core activities, etc.), are the company's costs and are not considered as investment.

In calculating investment outlay, an estimate of depreciation of investment objects[1] should be in-

1 For a useful life estimate for a fixed asset, one should refer to the classifier of fixed assets by depreciation groups that provides a standard useful life estimate for each group.

cluded (unless an investment object is an exception, as would be the case of a natural resource or an object with permanent, unvaried features) since it has direct bearing on project costs and cash flow. Intellectual and real investments are depreciated and may have their net book value (which could be included in the project's residual value for the last period, if necessary).

When breaking the investment down for various periods, one should keep in mind that investments may vary in time, namely:

- be random throughout the whole timeframe of the project;
- be repeated several periods in a row;
- come in one instalment (made in period to).

Implementation of a business project usually requires more than a thorough investment estimate and planning. This section should also include an accurate projection of the amount of working capital and contingency reserve, which might cover possible cash shortages at the initial stage of the company's operations (start-up costs), and an additional reserve that will make up for any possible financial performance deviation from the planned figures (or in case of an unforeseen problem, for instance, due to a mistake in planning the first sales date, or, on the contrary, due to encountering unforeseen opportunities that will require extra investments). These expenses call for a decision on how to finance the business (with two main types of funding being the owner's funds and borrowed funds). In drafting an investment plan, it is necessary to note that, as a rule, the operations are funded through a combination of several sources. If operations are financed with the owner's funds, one should choose a return on investment model — either a variable return model or a set required return model (for example, using an IRR rate).

As far as borrowed funds are concerned, it is necessary to specify the interest rate which determines the loan cost. For entrepreneurial projects, the leading banks and institutions that finance small businesses (for instance, Sberbank, MSP Corporation, etc.) may serve as the source of information on credit terms and conditions, including interest rates and loan amounts.

Based on the collected data on loan terms, a plan of loan repayments should be drawn and the payments should be included in the list of company's operations. One also should remember that there are objective situations in lending practices which may affect the terms of loan use and cash flow of a project: for instance, an emerging entrepreneur hardly has a chance to get a loan at a reduced rate and against collateral, and should a project require unearmarked financing to cover cash gaps and current operations, the interest rate may be high.

Table 27. ASSET INVESTMENT PROFILE

Complete list of products (goods and services)	Product 1	Product 2	...	Product N
Assets required to create the product or provide the service				
Way of using the assets (ownership or lease)				
Cost of required assets				

2.9. Financial Plan

The financial section of a business plan is meant to give a forecast of the project financial performance. Any new (entrepreneurial) project should give special consideration to this section for, unlike existing businesses, the project has not generated a financial history that could be used to determine investment risks and make forecasts. If the financial plan figures differ from the industry average, a proper rationale should be given for the variation as it is sure to be noticed by the investor and may increase volatility of investment or project financing.

Other sections of the business plan should be used in drafting a financial plan; there should be no contradictions between the sections. Any discrepancies will tell an investor that the project was poorly done, or that the authors did not pay attention to detail.

The core of any financial plan is the calculation of financial flows, in particular, free cash flows (FCF), which in the next section of the business plan will serve as the basis for assessing the project's financial performance. Let us look into the FCF calculation methods.

- Direct FCF calculation method:
  - $FCF_t = (Rev_t — pCosts_t)\ (1\text{-}\ Tax_t) + Dep_t$ — CAPEX — NWC, where:
    - Rev_t stands for revenues,
    - $OpCosts_t$ stands for operating costs,
    - $1\text{-}\ Tax_t$ is a tax shield; besides income tax rate, a tax shield calculation should take into account different tax regimes a company may use (the simplified taxation system, etc.).
    - Dep_t stands for depreciation,
    - CAPEX stands for capital expenses,
    - NWC stands for changes in net working capital.
- EBIT-based FCF calculation:
  - $FCF_t = EBIT_t *(\ 1 - Tax_t) +Dep_t$ — CAPEX — NWC, where:
    - $EBIT_t$ stands for earnings before interest and taxes.

- FCF calculation based on net profit:
  - $FCF_t = NI_t + Dep_t + i_t * (1 - Tax_t) - CAPEX - NWC$, where
    - NI_t stands for net profit and i_t stands for interest due.
- Calculation based on operating cash flow value:
  - $FCF_t = OCF_t - ICF_t$, where:
    - OCF_t stands for operating cash flow and ICF_t stands for investment cash flow (as features in Form 4 of the Russian Accounting Standards, RAS).

Free cash flow can be calculated based on a simplified form of the company's financial performance report or in less complicated calculation forms (see Table 28 for a sample).

Depending on the company's investing activity, the project may require estimating and planning cash flow from investing activities (CFI). This flow reflects the amount of cash a company allocates for investing in long-term assets or capital expenditures less funds received from the sale of previously acquired assets and investments in

Table 28. OPERATING CASH FLOW PLANNING

Factor	Period 0	Period 1	...	Period T
Revenues, RUB (Rev_t)				
Operating production costs, RUB ($ProdCosts_t$)				
Selling and management costs, RUB ($SG\&ACosts_t$)				
Operating costs, RUB ($OpCosts_t$)				
Depreciation, RUB (Dep_t)				
Earnings before interest and taxes, RUB. ($EBIT_t$)				
Interest due, RUB. (i_t)				
Earnings before taxes, RUB. (EBT_t)				
Current income tax (Tax_t)				
Operating cash flow (OCF_t)				

financial instruments or other companies (see Table 29).

When doing the calculations, it is important to note that the information on the net working capital (NWC) components must be in accordance with the other business plan sections related to sales, production and costs, and there should be allowance for some operations that might have inventories and work in progress.

Table 29. PLANNING FOR CASH

Factor	Period 0	Period 1	...	Period T
Fixed assets, residual value, RUB (FA_t)				
Production resource inventory, RUB. (RS_t)				
Work in progress, RUB (PP_t)				
Net working capital, RUB. (NWC_t)				
Invested capital, RUB (IC_t)				
Change in invested capital, RUB				
Depreciation, RUB (Dep_t)				
Investment cash flow, RUB (ICF_t)				

2.10. Project performance evaluation

Once the team working on the business plan has defined the company's investment plans and the project's investment needs, determined the schedule of repaying borrowed funds and estimated free cash flow (FCF), they can proceed to evaluating the project performance with the use of some popular evaluation methods. For the purposes of the present course project it is recommended to use the following approaches to analysing cost effectiveness:

- **Payback period (PP, PBP)** is an estimated period of time (in years) within which the amount of positive cash flow will equal or top the amount of initial investment *PP is the period over which* ΣCF_{i+} *fully recoups I, where:*
  - *I* is the amount of initial investment (a negative value, for it is a cash outflow);
  - ΣCF_{i+} is the sum total of nominal cash inflows.
- **Discounted payback period (DPP)** is the estimated period of time (in years) within which the amount of discounted positive cash flows (inflows) will equal or top the amount of initial investment *DPP is the period over which* $\Sigma DCF_i +$ *fully recoups I,*
  - where $\Sigma DCF_i +$ is the sum total of discounted cash inflows.
- **Net Present Value (NPV)** is an estimate of how much discounted cash inflows from operations will exceed the initial investment (measured in money terms) $NPV = I + \Sigma DCF_{i+}$.
- **Internal Rate of Return (IRR)** is the discount rate (measured as a percentage) at which the project is at the 'zero point' in terms of profit and loss, i.e., it is the rate at which the net present value of a project is equal to 0. IRR is a threshold value of the discount rate for a project with given cash flows. *IRR is such r when* $NPV = 0$, where:
  - *r* is a discount rate.
- **Modified Internal Rate of Return (MIRR)** is for projects with alternating positive and negative cash flows. This method assumes a MIRR rate to be the discount rate at which total cash inflows (accrued by a time point *n*) will be balanced by outflows discounted at "0".

Discount Rate: Using the discounted project evaluation methods requires taking the time to figure out the discount rate itself[1], which can be determined in different ways.

1 A discount rate is essentially a metric of money value at different times, thus demonstrating the rate at which money is depreciating.

- Additive method: the rate is calculated by adding up such indicators as:
  - inflation;
  - required return (IRR);
  - project risk premium, etc.
- Expert method: the rate is given a value based on specific opinion of an expert (e.g. experts' recommendations from trusted sources).
- WACC (weighted average capital cost), etc.

Table 30. TABLE OF MANAGERIAL DECISIONS BASED ON ESTIMATED PERFORMANCE INDICATORS

Project performance indicator	Discounted cash flow allowance	Unit of measure	Benchmark	Management decision making	
PP	No	Year	Project life cycle	PP<n	Accepted
				PP>n	Rejected
				PP=n	Point of indifference
DPP	Yes	Year	Project life cycle	DPP<n	Accepted
				DPP>n	Rejected
				DPP=n	Point of indifference
IRR	Yes	Percentage	Discount rate	IRR>r	Accepted
				IRR<r	Rejected
				IRR=r	Point of indifference
NPV	Yes	C.u.	0	NPV>0	Accepted
				NPV<0	Rejected
				NPV=0	Point of indifference

Project sensitivity assessment: Another issue of special interest for an investor is analysing the sensitivity of a project. Scenario analysis is recommended to assess and elaborate on expectations of a business project (for example, using three scenarios: conservative, average, and optimistic). Based on the results of the basic project evaluation within its forecasting horizon (see Table 30) an additional analysis of the project's sensitivity is needed:

- Adjusting and interpreting the estimated results of project's performance estimation with allowance for the risks of the sales dropping (the demand decreasing) below the target level **by 5%, 10%, 15%, 20%, or 25% in each period;**
- Adjusting and interpreting the estimated results of project's performance with allowance for the possibility of the business's fixed costs increasing **by 5%, 10%, 15%, 20%, or 25% in each period;**
- Adjusting and interpreting the estimated results of project's performance with allowance for the possibility of the average variable costs of production increasing **by 5%, 10%, 15%, 20%, or 25% in each period.**

3

PREPARING AND DEFENDING A BUSINESS PLAN COURSE PROJECT

The Business Plan Course Project is meant as an independent work of a project team, and therefore, no materials of any previous projects could be used. The course project requirements include meeting the deadlines for interim stages and keeping in touch with the team's academic advisor.

The course project runs during the 3rd and the 4th modules of the second year of study (the course runs for 20 weeks). The proposed sequence and duration of the stages will enable a project team to spread the work evenly and effectively to ensure the course project is a success. Please note that the final grade for the course project is awarded based on the text of the course project report and the public defence of the project.

3.1. Course project structure

The course project text should include:

- the title page;
- the list of team members;
- a statement of authenticity of content and absence of plagiarism;
- the table of contents listing business plan sections with corresponding page numbers;
- the business plan body;
- a conclusion;
- a list of references;
- appendices.

It is recommended to follow the proposed structure of the final text, although it could be changed to fit the specifics of the project (business idea), with the approval of the academic advisor. The issues addressed in various sections of the business plan may vary depending on the type of business.

The business plan should be written well and clear, with grammar and spelling used appropriately. If the text includes any special terms, their definitions should be provided either in the main text or in a glossary included as an appendix.

It is advisable to use tables and graphs to visualize the project data.

The financial estimates and forecasts provided should not seem unrealistic. All statements and projections must be based on adequate assumptions. However, any negative business plan figures are not treated as unrealistic. Any properly justified evaluations and indicators could be presented at the defence.

The format of the title page should follow the standard template (as presented in Appendix 1).

The list of team members must be presented on a separate page. It should include the students' names and photos; any other information is optional. There is no template for this section, so its design and format should be decided by the project team.

The body of the report should consist primarily of factual information and the results of data analysis conducted using the proposed tools. All information sources must be properly cited, especially when it comes to numbers and figures.

The conclusion should contain clearly outlined findings about the effectiveness of the measures proposed in the course project that stem from the course project content and summarize the outcomes of the analysis conducted. The conclusion should not address any issues not mentioned in the body of the report.

When developing a business plan, the team needs to determine what to include in the body and what information is better provided in appendices. For instance, a detailed description of the product or an extensive market analysis could be included in appendices, while making sure the business plan body presents key findings and references. Any tables, graphs, charts, diagrams, etc., given in the body (if they are compact) or in appendices should serve to facilitate understanding of the ideas and arguments they illustrate. Appendices are optional and may be used to present any additional information supporting the core analysis, e.g., statistics, analytics, visuals, etc. These materials should foster better understanding of the company in question rather than serve purely illustrative purposes. There should be a reference to each appendix in the text of the paper.

When preparing the full text version of the business plan, the sources used should be summarised or paraphrased rather than quoted word for word. The authors should restate the ideas in their own words and all through the course paper they should demonstrate being knowledgeable both of business planning methods and the details of their project.

The authors should have their own opinion and be able to present it in a clear and understandable way. That being said, the direct quotations from appropriate literature are allowed if they are properly cited.

Reference list and bibliography should include all sources cited or mentioned in the text, as well as other sources that were used but not actually formally cited. The format of footnotes, citations, and annotations is specified in the present guidelines.

3.2. Main stages of Business Plan Course Project preparation

Working on the course project consists of six (6) key stages:

Stage 1. Understanding business plan goals and process of drafting/writing a business plan: At this stage, the students learn the theory of business planning by studying relevant literature in Russian and foreign languages. In selecting and studying the literature, the students need to follow their academic advisor's recommendations and, at the same time, take initiative and be proactive.

Stage 2. Defining the structure of a business plan. Allocating responsibilities. Describing the business idea of a project. After determining which business will be the focus of the course project, the team should define what information they need, how they are going to procure it, and how they will divide the responsibilities for drafting various sections of the business plan among themselves. It is better to start searching for and collecting data right away, without further ado, and look into data on relevant markets.

Splitting the job between the team members could be done as follows: specific team members are made responsible for specific sections of the business plan (Executive Summary, Market Analysis, Marketing and Sales Plan, Organizational Plan, Production Plan), then the team decides on the appropriate deadlines and communication channels. In dividing the responsibilities, the students should remember that the calculations and estimates are to be done jointly after collecting all the necessary data (to avoid any inconsistency of data across various sections and financial models).

The action plan is prepared with the support and supervision of the academic advisor. The latter takes into account the course project objectives and deadlines. Since Business Plan Course Project is meant as a team project, all team members must attend action plan discussions and any further meetings with their academic advisor.

Stage 3. Collecting secondary information to work on various business plan sections. Submitting the Executive Summary and Market Analysis sections of the course project to the academic advisor. Within this stage, the team members meet with representatives of the project owner and those who initiated the idea and collect information related to the chosen business from open publications, electronic databases, the Internet, and relevant journals.

Stage 4. Collecting secondary information for specific business plan sections and conducting filed

studies. Submitting Marketing and Sales Plan, Organizational Plan, and Production Plan sections to the academic advisor. Along with collecting information outlined in the description of Stage 3, students gather data needed for various business plan sections, conduct independent studies, survey consumers, potential competitors, potential suppliers and manufacturers of complementary goods, use questionnaires, observation, etc.

Collecting data and information for various business plan sections is an ongoing process that is not limited to this stage; further work on the business plan may require additional information. Besides, if there are any discrepancies or inconsistency in the data collected, additional sources of information may prove helpful.

Stage 5. Systematizing information for specific business plan sections. Submitting the Investment Plan, Financial Plan, and Performance Evaluation and Risk Analysis sections to academic advisor. First draft of the completed work is submitted to the academic advisor by the deadline published by the course project coordinator.

Stage 6. Finalising the complete text of the course project and preparing a presentation for public defence. The final draft of the course project text is prepared after the first draft has been revised by the academic advisor and necessary corrections have been made.

Once the final draft of the course project has been registered for public defence, no changes can be made. The text must be prepared and formatted in accordance with the set rules. A projects submitted after the deadline or presented in incorrect format is not allowed to be defended. While working on the final draft of the course project text, the team should prepare a presentation of their project outcomes for the public defence session.

3.3. Preparing a Business Plan Course Project presentation

The process of creating the course project presentation consists of three steps:

- Planning a presentation: at this stage, the team goes through a series of steps, including defining the presentation goals, studying the audience, creating the structure, and defining the narrative logic of the presentation.
- Designing a presentation: preparing the slides by defining their vertical and horizontal logic, content, and the ratio of text vs. visual information.
- Practicing a presentation: walking through the presentation process and making final changes and adjustments.

Universal algorithm for designing a presentation

- Choosing the presentation design (colour, fonts)

A colour scheme may use the corporate colours of HSE Higher Business School, the ones of the company being analysed, or the colours of the team's choice. The team may go to https://color.adobe.com/ru/create/color-wheel/ to use the colour wheel and customize the design of the presentation in the Design tab of Microsoft PowerPoint.

- choose a combination of fonts that complement each other — as a rule, these are two basic fonts that differ in design;
- do not use font size smaller than 14, unless the text will not be readable for the audience;
- use matching colours;
- use different font sizes to visually highlight various parts of information;
- combine bold and italic types;
- as for the presentation background colour, it is recommended to use no more than three colours on one slide: one for the background, one for the heading, and one for the text. Check the colour of hyperlinks (before and after clicking) and make sure the text does not blend into the background. Keep in mind that the contrast of the projector and screen will be lower than the contrast of the computer display and the colours may look differently.

  The best background is white (or close to white), and the best text colour is black (or on of the dark tones of the colour scheme selected). Remember that a black background may have negative, depressing connotations and that a white text on a black background is not very readable.

- **Presentation layout**

Keep the text on the slides to the very minimum. If the presentation has a lot of text, it will distract the audience from the speaker, making them read rather than listen.

- **Presentation visualization:**
  - dividing the information into blocks;
  - creating links by using arrows;
  - inserting pictures: pictures used in a presentation should have good resolution (> 1,000 pixels); when searching for appropriate illustrations online, it is recommended to search for large- or medium-size pictures;
  - adding icons: one of the sources for presentation icons is https://thenoun-project.com/. The colour of the downloaded icons can be changed in PowerPoint, as the colours of all elements must be of the colour scheme the team chose for the presentation design;

- adding tables (in the tables, highlight the points that will be mentioned);
- adding graphs (in the graphs, highlight the points that will be mentioned);
- slides must be numbered.

- **Check** the final draft for consistency in design and content.

Recommended presentation structure (sequence of slides):

1. Title slide: the topic of epy project, names of the team members, name of the academic advisor, year and city
2. Brief description of project (Executive Summary)
3. Business Description and Market Analysis
4. Marketing and Sales Plan
5. Organizational Plan
6. Production Plan
7. Investment Plan
8. Financial Plan
9. Project Performance Evaluation and Risk Analysis
10. Final slide: it is not recommended to write "Thank you for your attention" or "Ready to answer your questions" in it. Rather, it is advised to duplicate here the project topic and the names of the team members to make it easier for the evaluation committee to address them.

3.4. Procedure of the public defence of a Business Plan Course Project

The public defence of the course project takes place during the finals period of the 4th module. The final draft of the report must be submitted to an academic advisor, who must give a signed statement on the front page whether the work conforms to the requirements and give his feedback to the course project on the form presented in Appendix 3.

A student is awarded his/her course project grade based on the results of the public defence before an evaluation committee. During the defence, the team presents the findings and outcomes of the implemented business plan in the form of a PowerPoint presentation taking no more than 10 minutes of time (for all speakers in total).

The project team members are free to choose the structure of their presentation and sequence of their individual appearances. However, it is crucial that every team member participates in team presentation and is actively engaged in answering the committee questions.

Following the presentation, the team members answer the evaluation committee questions that could be addressed to the team as a whole or to specific members, regardless of which part of the project the member was responsible for. Doing a team project does not imply that the work is split into parts to be done autonomously, with the outcomes pasted together at the end. Therefore, even though the workload was divided between the team members, each of them should be fully aware of all the elements of the research and analysis conducted and be able to answer questions related to any part of the project.

In their assessment, the examiners take into consideration the quality of the performed analysis, the soundness of recommendations proposed, the team members' ability to present the project outcomes clearly, with sound arguments, within the allotted time, providing adequate answers to the evaluation committee questions.

If any member of a project team does not take part in the defence session for any reason, the rest of the team presents and defends the whole project. The absent team member is not awarded a grade for the course project. Should a student misses the project defence session for a valid reason certified by appropriate medical documents, the Registrar Office will schedule an individual defence session for this student. In this case, the student will have to defend the entire project to be awarded a grade, and his/her grade may differ from the grades awarded to the other team members.

3.5. Business Plan Course Project evaluation criteria

The course project grade is awarded based on the criteria specified in Table 31. Each evaluation committee member gives a score of 1 to 10 for each criterion. The committee member's score is calculated by the committee secretary as the weighted average taking into account the weight of each criterion specified in Table 31.

The final grade for the course project is generated as a simple average of the scores given by each evaluation committee member. Grades are rounded off and approximated. The team's academic advisor's feedback is not taken into equation directly but is considered by the committee members in scoring. A specific team member may receive a lower grade if the course project coordinator or the team's academic advisor informs the committee of the student's failure to meaningfully participate in course project work or if the student performs poorly during the defence session. In this case, the team's total grade is considered as the baseline and the number of points taken off from the underperforming member is decided by the members and the chairman of the evaluation committee.

If requested by the teams, the chairman of the evaluation committee may provide feedback on

Table 31. ANNUAL PROJECT ASSESSMENT CRITERIA AND WEIGHT IN FINAL GRADE

Assessment criteria	Weight in final grade
1. Course project report	0.7
1.1. Compliance of the content and logic of the text with the business plan implementation algorithm (consistency between marketing, organizational, operational and financial parts)	0.2
1.2. Competent use of statistical and factual data	0.2
1.3. Lack of analytical errors	0.1
1.4. Practical relevance of project outcomes	0.1
1.5. Course project formatting confirms to the requirements specified in the guidelines	0.05
1.6. Academic advisor's feedback on the course project	0.05
2. Presentation of project outcomes	0.15
2.1. Team interaction and timing during the presentation, overall organisation	0.03
2.2. Project outcomes presented logically and consistently	0.1
2.3. Competent use of PowerPoint tools	0.02
3. Public defence	0.15
3.1. Reasoned, consistent, concise answers to questions	0.08
3.2. Understanding of the subject (business plan development algorithm and its use in making investment decisions)	0.07

the reports and presentations when announcing the grades. Once the defence session is over, the chairman and the members of the evaluation committee are under no obligation to give detailed comments on course projects of any of the teams.

In accordance with the Provisional Regulations for Interim and Ongoing Assessments of Students at National Research University Higher School of Economics, a student's or a team's dissatisfaction with the awarded grade cannot be the cause for appealing the course project defence results.

4

REFERENCES AND INFORMATION SOURCES IN A BUSINESS PLAN COURSE PROJECT

It is recommended to use both primary and secondary data and a wide range of information sources while working on the Business Plan Course Project.

4.1. Primary data sources

One of the important stages in the present course project is getting the necessary information from the company representative through an interview. Since business people have very tight schedules, the team must come to the interview well-prepared in order to take full advantage of this opportunity.

In preparing for and conducting interviews

- think through in advance what information the team needs for the project and how you may obtain it;
- do a preliminary search for the required information in open sources. If the team comes across some inconsistent information, it can be clarified during the interview by adding a relevant question into the guide;
- the interview guide should include only those questions answers to which cannot be found in open sources;
- when compiling the guide, use open-ended questions in rather than 'yes/no' questions, in order to be collect more information;
- arrange the interview guide questions by topic;
- prepare the interview guide ahead of time and have it approved by the team's academic advisor;
- choose and test the devices to be used to record the interview in advance. As a rule, it is difficult and time-consuming to write down what is being said, while a voice recording will help to record

the interview and then listen and analyse it as many times as needed. Do not forget to get the interviewee's consent to being recorded before starting the interview and, if a smartphone is being used for this purpose, switch the phone to airplane mode.

4.2. Secondary data sources: databases, analytical reports, publications

It is recommended to use a variety of information sources (databases, analytical reports, publications) to find information about the company and its environment.

Databases

- Passport (former Global Market Information Database, GMID) database of statistics, marketing reports, and analytical market reviews . The resource features: country statistics (demography, economy); analytical markets reports (over 4,500 reports on consumer, industrial, and services markets); profiles of 3,000 leading companies operating in FMCG market; global consumer life style performance and analysis, etc.;
- SPARK (System of professional analysis of enterprises and markets) contains data provided by the Federal State Statistics Service (Rosstat), the Federal Tax Service (FTS), and other state agencies. The system's information pool for Russia is based on data obtained from the Rosstat Unified State Register of Enterprises and Organizations (USREO), the FTS Unified State Register of Legal Entities (USRLE), and FTS Unified State Register of Sole Proprietorships (USRSP);
- Ruslana database by Bureau Van Dijk contains comprehensive information on companies operating in Russia, Ukraine, and Kazakhstan. It can be used to research a specific company or companies with specific profile or features.

Business publications

- RBC Daily www.rbc.ru
- Secret Firmy secretmag.ru
- Expert expert.ru
- Vedomosti www.vedomosti.ru
- Businessweek http://www.bloomberg.com/businessweek
- The Financial Times www.ft.com
- Den'gi www.kommersant.ru/money
- Kommersant www.kommersant.ru

Research journals

- Management in Russia and Abroad www.mevriz.ru
- Management Theory and Practice ptpmag.ru
- Russian Management Journal rjm.spbu.ru
- McKinsey Bulletin vestnikmckinsey.ru
- Harvard Business Review www.hbr.org
- Harvard Business Review — Russia hbr-russia.ru
- California Management Review cmr.berkeley.edu

5

DESIGN & FORMAT REQUIREMENTS FOR THE BUSINESS PLAN COURSE PROJECT

5.1. Basic design & format requirements for the course project report

The report on Business Plan Course Project is prepared in an text processor, preferably Microsoft Word, and submitted before the public defence in electronic format by uploading the file to LMS system by the set deadlines. The evaluation committee may request to submit the report in printed form, single-sided, one copy on white A4 size paper (210x297 mm).

The format requirements include:

- The document margins should be set at: top — 2 cm, bottom — 2 cm, left — 3 cm, right — 1.5 cm.
- The approximate number of characters per page is 2,000.
- Font family is Times New Roman. The use of different font styles (bold, italic, underline) to emphasize certain terms, concepts or statements is allowed but to a reasonable extent.
- The requirements for the main text and bibliography (and reference list) are: font size is 12 pt, line spacing is 1.15, paragraph indentation is 1.25 cm, alignment is justified, paragraph spacing is 0 cm.
- Section titles are printed in capital letters with no full stop, font size is 12 pt, line spacing is 1.15, paragraph indentation is 0 cm, alignment is centre. There should be one additional line between the section heading and the section text.
- Each new chapter should begin on a new page; the same rule applies to other main structural parts of the report (Executive Summary, conclusion, list of references, appendices, etc.).
- Pages of the report (including appendices) should have continuous numbering. The first page is the title page and should not be numbered. Numbering is in Arabic numerals placed at the bottom of the page, in the centre, with no full stop.

Sample of a title page can be found in Appendix 1.

Rules for writing abbreviations

Along with common acronyms, the authors may use their own abbreviations for various terms. At the first mention, such abbreviation should be given in parentheses after the term provided in full and further in the text the abbreviation is to be used without explanation.

Requirements for design of tables, figures, graphs

Tables and figures should have a title and a number; the title should start with the word 'Figure' or 'Table', followed by an Arabic numeral and the title of the figure/table. The font size for table/figure headings is 12 pt. The numbering should be continuous either throughout the document (Table 1, Table 2, ...) or throughout the chapter. In the latter case, the number consists of the chapter number and the number of the corresponding visual separated by a point (Figure 1.1, Figure 2.3, etc.). Figure titles are placed at the centre of the page under the visual, while the table headings are right-aligned and place above the respective table. All figures/tables should be referred to in the text the report. The visuals (figures/tables) should be placed right after the text where they are first mentioned or on the next page. If a figure or table is borrowed from some source, the appropriate reference should be provided under the title of the visual. If any figure or table is designed by the project team, the line under the heading should state 'designed by the authors' as a reference to the source.

Rules for writing formulas and equations

Formulas are inserted on separate lines in the centre of the page or within the text. It is recommended to keep short and simple formulas in the text, without assigning them a number or any substantive meaning. The formulas that are of special importance, complicated or elaborate, should be given on a separate line and numbered continuously throughout the work using Arabic numerals in parentheses placed at the far right of the line. The numbering of formulas could be consecutive within each respective chapter; in this case, the formula number should start with a chapter number followed by the formula number after a point.

A formula or equation listed on a separate line should be separated from the main text with one additional line above and below. Formula parameters are explained right below the formula in order of appearance. References to formulas and equations in the text are given in parentheses.

5.2. Requirements for References

Bibliography/References format

The list of references could include academic literature (monographs and course books), publications in periodicals (articles from journals and newspapers), legal and normative documents, statistics digests, as well as other reports and data, including online and digital sources used in working on the course project. The reference list is compiled in the same language as the report, and if the authors used some sources in foreign languages, these are listed in their original language.

The details of the sources used should be provided in accordance with GOST 7.82-2001 and GOST 7.1-2003 (Russian state standards for citations and references).

The list of references should include details of the source: names of the author or authors (the author's initials are abbreviated, and the name is given in italics, for example, *Ivanov V.V.*); source title (the title of the book, monograph, manual, article); the number of edition (1st, 2nd, etc.); publisher's data, including place (city), publisher's name, and year of publication; the number of pages; and information on illustrations.

For publications from journals and other periodicals, the reference should include the periodical titel, issue/volume number, year, and pages cited. A reference to an electronic publication, should include the date the source was accessed along with the website URL.

A list of references can be arranged in the following manners: alphabetically, chronologically, by type of publication, by topic, or in order of appearance in the text. The team and its academic advisor chose the order of references they deem appropriate; the same order should be used throughout.

However, it is recommended to list the sources alphabetically, listing the names of authors or titles of publications (if no author is indicated) in alphabetical order. Different alphabets cannot be mixed within one list; the list of foreign sources usually follows the list of main language sources.

The list of references is included after the text of the project report and before the appendices. The sources are numbered using Arabic numerals with no point, each item in the list is indented.

5.3. Requirements for footnotes and endnotes

Citing sources in the text

In citing sources in the text, the authors should follow the requirements of GOCT7.0.5-2008, making a reference to the source in parentheses with the author's surname and the year of publication, for example, (Ivanov, 1999), (Smith, 2002a, 2002b).

Requirements for appendices

Any appendix is an optional part of a paper which is of complementary, usually providing additional information that could be of secondary importance but might be necessary for a more comprehensive understanding of a given topic. Appendices can vary in terms of content, from copies of original documents, to excerpts from reports, to various provisions from rules and regulations, etc. They may be provided in form of text, tables, graphs, charts, etc.

Appendices are added at the end of the report as its last pages.

Each appendix must begin on a new page with the word 'Appendix' in the upper right corner and a heading. If there is more than one appendix, they should be numbered. Pages of appendices should be numbered consecutively continuing the page numbering of the main document.

The appendices could be linked to the main text through inserted references which are typically abbreviated and given in parentheses with the word 'See' or 'Cf.'. The appendices are listed in the table of contents as separate sections with full title/heading.

Annex 1

Federal State Autonomos Ecucational Institution for Higher Education

NATIONAL RESEARCH UNIVERSITY HIGHER SCHOOL OF ECONOMICS
Graduate School of Business

Course project
Business plan
(*indicate the full name of the company, including its legal form)*

Indicate the code and the name of the field of studies

(for example, 38.03.02 «Management» or 38.03.05 «Business Informatics»)
Indicate the name of the educational programme (*for example,* «Business Administration»)

The project was implemented by:
____
____
____
____
____

Course Project supervisor:

____
Name, degree, position

Course project meets / doesn't meet the requirements *(underline the correct option)*

Moscow 2022

Annex 2

CONFIRMATION
of the originality of the course project text

We, ____ Name, group
____ Name, group
____ Name, group
____ Name, group
____ Name, group

students ____ year of Bachelor educational Programme ____________________
____

(Programme name) HSE Graduate School of Business confirm, that Course project
____
____

(name of the project)

made by ourselves and:

1. does not reproduce our own previous work without acknowledging it as a source;
2. does not reproduce the work done by other authors, without indicating a link to the source of educational or scientific literature, articles, websites, completed assignments or notes of other students;
3. has not previously been granted for a higher level of education;
4. contains correctly used quotations and references;
5. includes a complete bibliographic list of references and sources that have been used in writing the text of the report on the course project.

We are aware that violation of the citation and linking rules is considered as deception or an attempt to mislead, and also qualifies as a violation of the HSE Internal Regulations.

Name / Surname

Name / Surname

CONFIRMATION
of the equivalence of the contribution to the course project

We, ______________________________ Name, group
______________________________ Name, group
______________________________ Name, group
______________________________ Name, group
______________________________ Name, group

students ____ year of Bachelor Programme ______________________________

____

(*Programme name*) HSE Graduate School of Business confirm, that our contribution to the course project is eqivalent ______________________________

____

____

(name of the Project)

Name / Surname

Name / Surname

Annex 4

FEEDBACK
of the Course Project manager to the work of the project team consisting of

______________________________ Name, group
______________________________ Name, group
______________________________ Name, group
______________________________ Name, group
______________________________ Name, group

Independence and initiative of the project team when working on the project	□ The team showed independence in setting goals, project tasks, choosing tools □ The project was carried out by students as a whole independently in active consultation with the head of the course project □ The team did not take initiative when working on the project
Intensity of interaction with the head of the course project	□ Regular interaction □ Irregular interaction □ Lack of interaction
Compliance with the schedule of the course project	□ Fully complies □ Partly complies □ Does not comply
Timeliness of submission of the final version of the report on the course project	□ The day before the defense of the course project □ The day before the deadline for uploading the report on the course project □ Three days before the deadline □ In advance of the deadline for uploading the report on the course project
Compliance of the structure and content of the report with the requirements	□ Fully complies □ Partly complies □ Does not comply
Compliance of the report on the course project with the design requirements	□ Fully complies □ Partly complies □ Does not comply

Plagiarism or incorrect borrowing in the report on the course project	□ No plagiarism or incorrect borrowing (originality 95% or more) □ Borrowings are present in an acceptable volume (originality is more than 80%) □ The allowable amount of borrowings has been exceeded or plagiarism is present (originality is less than 80%)

Comments (must be filled in if there are special situations, for example, one of the team members did not take part in the work of the project team):

____
____
____
____
____

Conclusion: the course project of the project team fully / partially / does not meet the requirements for course projects of students of the Programme.

Course prject supervisor: ____________________ (name, degree, position)
Date: ____________

Methodological guidelines
of the HSE Graduate School of Business

Dmitry Volkov, Margarita Gladkova,
Dmitry Knatko, Alexander Rozhkov,
Pavel Voloschuk

BUSINESS PLAN: METHODOLOGICAL GUIDELINES FOR PROJECT IMPLEMENTATION

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