Let’s Get Started!
A Project Management Guide for New Business Ventures

Portland State University
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Spring 2006
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ETM 545: Project Management
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Project Definition

- Create a handbook for someone starting a new business in Portland, OR
- Project organization driven by Microsoft Project timeline
- Milestones shown with available information and resources.
- Estimated time required to complete each task is customized.
High Level View

- Gant Chart is simply a template
- Intention is to include all steps required
- Depending on industry times and required steps will be modified.

<table>
<thead>
<tr>
<th>Task Name</th>
<th>Duration</th>
<th>Start</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ideas</td>
<td>30 days</td>
<td>Fri 5/26/06</td>
</tr>
<tr>
<td>Self Analysis</td>
<td>15 days</td>
<td>Fri 7/7/06</td>
</tr>
<tr>
<td>Market Analysis</td>
<td>15 days</td>
<td>Fri 7/7/06</td>
</tr>
<tr>
<td>Regulations</td>
<td>15 days</td>
<td>Fri 7/7/06</td>
</tr>
<tr>
<td>Preliminary Business Plan</td>
<td>11 days</td>
<td>Fri 7/28/06</td>
</tr>
<tr>
<td>Financing</td>
<td>19 days</td>
<td>Fri 5/26/06</td>
</tr>
<tr>
<td>Final/Detailed Business Plan</td>
<td>30 days</td>
<td>Mon 8/14/06</td>
</tr>
<tr>
<td>Marketing</td>
<td>30 days</td>
<td>Mon 9/25/06</td>
</tr>
<tr>
<td>Hiring Employees</td>
<td>29.5 days</td>
<td>Mon 9/25/06</td>
</tr>
</tbody>
</table>
Ideas

Looking for ideas:

- Look for market trends
- Improvement on existing products
- Market needs
- Personal expertise/skills (even hobbies!)
- Invention
- Think about business type (franchising, partnering, etc)
Ideas

- Already have ideas for business:
  - Do feasibility/profitability check
  - Market size
  - Trends in that area
  - Players/competitors
  - Capability
  - Ask people with experience in the field
Self Analysis

- Ask questions about yourself.
- Have somebody to ask questions about you.
- Important because you are the one who has to deal with all the tasks.
Self Analysis

Sample questions:
- Are you organized?
- What is your motivation?
- Do you have experience?
- How do you feel about risks?
- How do you feel about competition?
- Are you a hard worker?
- Etc.
Market Analysis

You are a small piece of the puzzle

Figure from Dr. Kocaoglu, EMTG 545 Lecture Spring 2006
Regulations

- Includes law, permits, tax, insurance
- Depends on:
  - Type of business
  - Type of business organization
  - Location (state)
- Seek professional help (attorney, agents, consultant)
  - Lots of paperwork
  - Sometimes highly detailed/technical
  - Process takes time
Preliminary Business Plan

• Proposal
  – Concise and Persuasive
  – Why this is a good investment
  – What you expect

• Significant Preparation Effort
  – Market Environment
  – Finance
  – Business Status
## Final Business Plan

**Ideas**

- Cover Sheet, Table of Contents, Executive Summary
- Your business concept.
- Strategy and specific actions.
- Products/services and competitive advantage.
- Markets you’ll pursue.
- Background of your management and key employees
- Financial plans and needs.

**Self Analysis**

**Market Analysis**

**Regulations**

**Prelim. Bus. Plan**

**Financing**

**Final Bus. Plan**

**Marketing**

**Hiring Employees**

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Financing

Three dimensions for project evaluation

Value Drivers
- Cost and Schedule time
- On-the-Project Training
- Projects strayed from the “Norm”
Financing - 3 YR Budget (example)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$1,730,665,936</td>
<td>$51,913,159</td>
<td>$51,913,159</td>
<td>$51,913,159</td>
<td>$51,913,159</td>
<td>$51,913,159</td>
<td>$51,913,159</td>
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<tr>
<td>Warranty</td>
<td>$173,063,594</td>
<td>$5,153,156</td>
<td>$5,153,156</td>
<td>$5,153,156</td>
<td>$5,153,156</td>
<td>$5,153,156</td>
<td>$5,153,156</td>
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<tr>
<td>Total Sales</td>
<td>$1,903,729,530</td>
<td>$57,064,715</td>
<td>$57,064,715</td>
<td>$57,064,715</td>
<td>$57,064,715</td>
<td>$57,064,715</td>
<td>$57,064,715</td>
</tr>
<tr>
<td>Gross Income</td>
<td>$689,146,586</td>
<td>$20,141,106</td>
<td>$20,141,106</td>
<td>$20,141,106</td>
<td>$20,141,106</td>
<td>$20,141,106</td>
<td>$20,141,106</td>
</tr>
</tbody>
</table>

Operating Expenses

| RAD         | $124,515,697  | $2,202,156  | $2,202,156  | $2,202,156  | $2,202,156  | $2,202,156  | $2,202,156  |
| SGA         | $224,586,635  | $4,262,982  | $4,262,982  | $4,262,982  | $4,262,982  | $4,262,982  | $4,262,982  |

Income Before Taxes | $349,874,256 | $36,464,237 | $10,769,398 | $10,769,398 | $10,769,398 | $10,769,398 | $10,769,398 |


BREAK EVEN ANALYSIS

<table>
<thead>
<tr>
<th></th>
<th>$7,101,863,73</th>
<th>$14,203,715,18</th>
<th>$21,395,581,18</th>
<th>$28,407,450,90</th>
<th>$35,596,313,63</th>
<th>$42,611,176,35</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>$7,101,863</td>
<td>$27,242,969</td>
<td>$47,384,075</td>
<td>$57,525,180</td>
<td>$87,666,288</td>
<td>$107,907,392</td>
</tr>
</tbody>
</table>
Financing – Important Points

- The process takes awhile.
- Startup strategy is to start early at each stage as identified within the handbook and raise enough money at the beginning of each stage so you hit milestones and monitor the expense burn rate of capital while being creative.
- Equity funding is the last thing you want to do as it takes money away from you. You must figure out how much money you need and when you will need it.
- You clearly need to plan ahead. Example of a Three Year Budget below shows an example of a 3 YR budget P/L Statement.
## Financing – Important Points (2)

<table>
<thead>
<tr>
<th>Ideas</th>
<th>Clearly know your existing strategy. People that buy stock want to know how they get it back.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self Analysis</td>
<td>Equity dollars is a process. Approach Investors carefully. Venture and capital funding is a process, you should not start unless you are at the stage you want to be to hit the right milestones. Gain momentum and sustain it.</td>
</tr>
<tr>
<td>Market Analysis</td>
<td>Investors and yourself is a due diligence so be careful in looking at potential investors. The transfer is not complete until the money is exchanged. Referred to as “Closing.”</td>
</tr>
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<td></td>
</tr>
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<td>Prelim. Bus. Plan</td>
<td></td>
</tr>
<tr>
<td>Financing</td>
<td>Never overlook prior investors because you are always looking for new money but do not forget about old investors as a way to “renew.”</td>
</tr>
<tr>
<td>Final Bus. Plan</td>
<td></td>
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<td></td>
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</tbody>
</table>
# Marketing - MASU Promotion campaign Plan

![MASU EAST PROMOTION CAMPAIGN PLAN](image)

**Ideas**

**Self Analysis**

**Market Analysis**

**Regulations**

**Prelim. Bus. Plan**

**Financing**

**Final Bus. Plan**

**Marketing**

**Hiring Employees**

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Marketing

- The Marketing process develops with the idea of the new business venture in terms of identifying the market, customer profiling, conducting a SWAT analysis and overall developing a strong Customer Value Driver to incorporate within the business plan. The companies that were interviewed all described specific marketing events that they used to launch their business.
  - Masu invited 400 people to a pre-opening event.
  - Just Be Toys has the uniqueness of utilizing the concept of “bundled services” and participate in first Thursday by showcasing new artists to the community.
### Hiring Employees

#### Ideas

- Create job analysis and description
  - Job Analysis
  - Job Description & Specification
- If You Don't Need a Full-Time Employee . . .
  - Hire an intern.
  - Hire students for part-time or short-term work.
  - Hire telecommuters.
  - Outsource some work.

#### Finding Candidates

- 9 places to look for employees: Tap into your personal and professional network, Distribute fliers, Contact school placement offices, Post notices at senior citizen centers, Use an employment agency, Establish an employee referral program, List your opening with an appropriate job bank, Use industry publications, Go online...
Hiring Employees

- Write a job ad
- Screening Candidates
  - Two important tools: resume and the employment application
- Interviewing Candidates
  - Suggested questions to ask during an interview
  - Remember that asking questions about an applicant's race, age or disability is illegal.
  - Checking references after the interview
- After the Hire
- Legal Aspects of Being an Employer
  - workers' compensation act
  - Fair Labor Standards Act (FLSA)
  - Anti-harassment policy
Conclusions

Our assumed sequence of events from research was incongruent from the interviews based around acquiring capital before writing the business plan.

- Look for “Angels” as oppose to VC’s.
- Marketing can create Visibility and establish you within the community.
- Interview did underestimate in terms of complexity and/or amount of time required for several reasons.