

The 7Ps Assessment Tool

Elena Andonova, Isis Enterprise

Agenda

Introduction To The 7Ps Assessment Tool

The 7Ps and Suggested Assessment Criteria

Plan

Product

Profit

Production

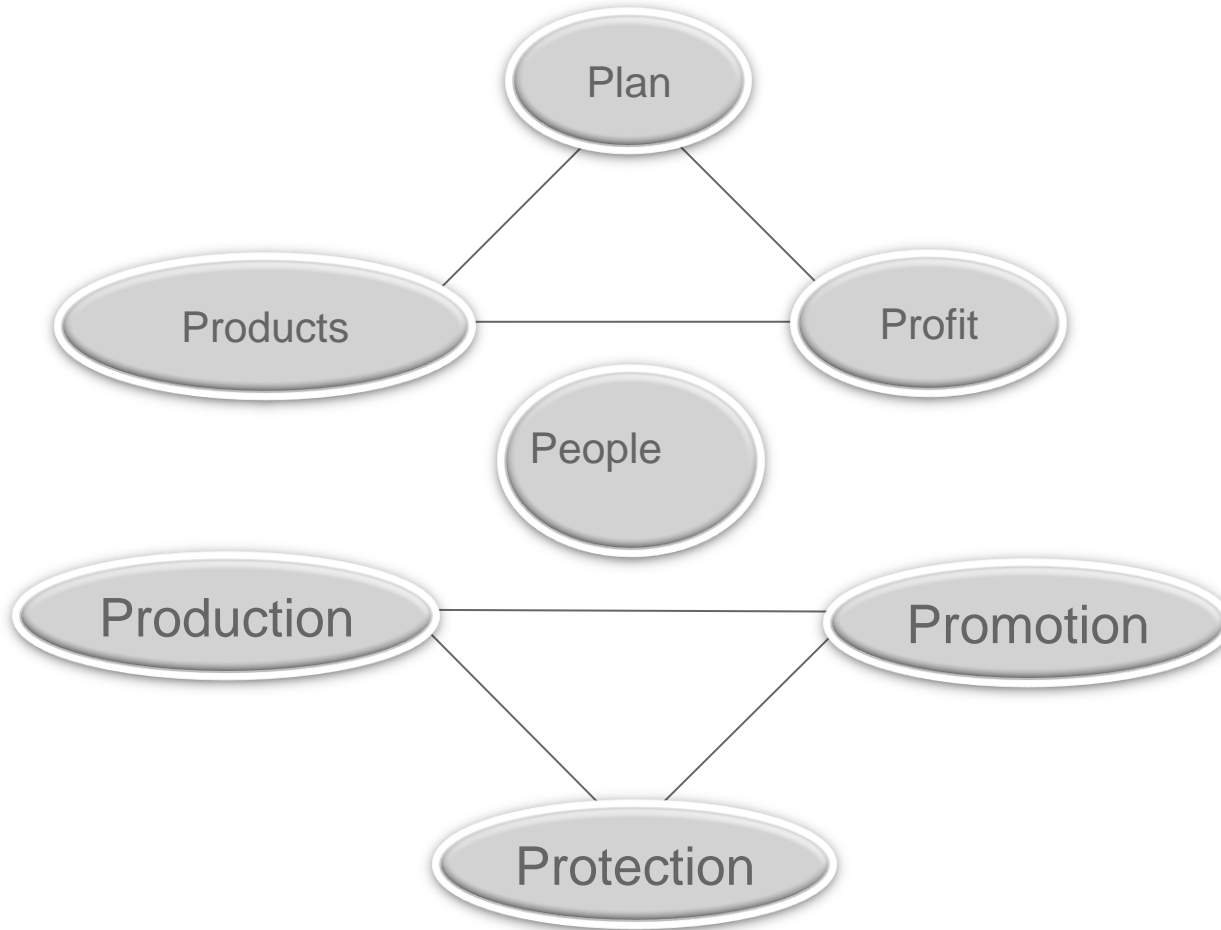
Promotion

Protection

People

Summary

7P's Assessment Tool – a model for evaluating businesses



Plan

The business plan helps:

- To find funding - reduce the unknowns and reduce risk for investor
- To set up goals
- To foresee problems
- To see the company as a whole

Suggested Criteria: The Plan

- The long term vision of the business is well communicated
- The concept appears to be viable
- The technology/product has a defined and sizable market
- The plan alludes to the uniqueness of the business and discusses the competing technologies

Product/s

- Products
 - Inventions
 - Technologies
- What is the (USP)?
- The product development plan

Suggested Criteria: Product/s

- The product/s has a clear unique selling point
- The company demonstrates that it understands the benefits its products/services offer to customers, not just the technical features
- The company has a range of products
- The company has a credible product development plan

The Financial Plan:

- Break-even Analysis
- Profit and Loss Statements
- Cash Flow Statement and
- Balance Sheet

Suggested Criteria: Profit

- The turnover growth appears to be realistic
- The assumptions used are explained
- The profitability estimates are in the range of achievable figures (say 0-25%)
- The figures reconcile (pick on some figures you understand)

Production

- A company should be able to show how it intends to produce its products
 - In-house or outsourced production
 - Mass or boutique production
 - The value chain

Suggested Criteria: Production

- The plan sets out how the company intends to produce its products
- The company appears to understand its value chain
- The company is aware of the risks of outsourcing
- The company's costs of production are not probative

7P's - Promotion

Product Promotion

- Endorsements
- Mass Media
- Trade Shows
- Search Engines

Route to Market

- Distribution
- Links to Market
- Routes to Market
- Initial Sales



Suggested Criteria: Promotion

- The company has a some evidence of promotional material or is engaged in promotional activities
- The company makes appropriate use of distributors in order to access remote markets and there are clear plans for how these products/service sales will be supported
- The company has identified where initial sales will come from
- The company has close links to their target market

Protection

- IPR: Patents, Trademarks, Design Rights, Copyrights, Plant breeders rights
- IPR gives investors the confidence to invest by protecting inventions from copying and giving a means to exploit through licensing

Suggested Criteria: Protection

- The company has some form of protection in the form of supplier/customer contracts or IP rights
- The company has a portfolio of IP
- The plan describes the benefits of the IP to the end user
- The plan covers competing IP

People

Internal People

- Founders
- The management team
- Chief Executive Officer
- Chief Financial Officer
- Scientific Advisory Board
- Board of Directors

External People

- Patent Attorney
- Certified Public Accountant
- Attorney at Law
- Technology Licensing Officer
(Technology Manager)

Suggested Criteria: People

- The management has run successful businesses before
- The team has experience in a relevant industry
- The team is well rounded (finance, marketing, operations, investment etc)
- The team has a strong support network

Summary

- Evaluating companies is more than collecting numbers
- Hard numbers teach you about history – they do not tell you about the future
- Good companies display the behaviours of good companies
- Bad companies display the behaviours of bad companies
- People run businesses; people change business; people are the most important P