



PRODUCT DESIGN
SCOTLAND

A NETWORK OF



PRODUCT DESIGN SCOTLAND TOOLKIT



02

BUILDING A BUSINESS CASE

WITH HUNTER
CENTRE FOR
ENTREPRENEURSHIP



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ABOUT US

With a long tradition of innovation, entrepreneurship and commercialisation, the product design sector is one of Scotland's key industries. Through advances in technology, designers are providing innovative products across a number of global markets, including healthcare, energy, communications and mobility. Integration of these technologies into viable, efficient and commercially attractive products is key, and the partnership between technology and product design is becoming ever more important.

Product Design Scotland, managed by Technology Scotland, the representative body for Scotland's Enabling Technologies Sector, has been established to support the product and industrial design sector in Scotland. The network aims to be the focal point for the community, raising awareness of the critical importance of design to future growth and competitiveness and creating a thriving, collaborative network to drive innovation.

By working with companies and organisations across Scotland, we support the sector through:

- Promoting the value of strategic design to government and industry
- Raising the profile of Scotland's product/ industrial design sector
- Increasing visibility of those operating within relevant supply chains
- Improving competitiveness through collaboration and knowledge exchange
- Creating new networks to shape the future of design in Scotland.

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KEY STEPS IN BUILDING A BUSINESS CASE

INTRODUCTION

A business plan is a means for other stakeholders (banks, potential customers, suppliers, employees) to judge your venture concept. As each concept will be different, business plans will require varying degrees of emphasis on different aspects. However, there are some general 'boxes' which will need to be 'ticked'.

For guidance, a basic structure for the key elements of a conventional business plan has been provided below. For your business venture you will need to decide how each of these identified sections are to be addressed by your plan.

As a guideline, you will find the key aspects to cover in your business plan detailed throughout this toolkit. The number of words provided in brackets against each aspect gives a guide as to the approximate length of each section within your business plan.

1. VENTURE CONCEPT

(1500 words)

Potential Content

- Overview of your product/service concept (e.g. 'how it works', a 'use case', a service delivery map).
- Overview of the customer 'problem'.
- Explanation of key features, functionality, or aspects of user experience.
- Explanation of the value proposition for target customers.
- A values/mission statement that embodies the goals of the business venture.
- An overview of the team and the relevance of their backgrounds to the venture.

What stakeholders are seeking

- The clarity of the product/service explanation, i.e. the extent to which the plan brings the product 'to life' through written and visual explanations.
- Choice of key features and match with identified value proposition.
- The extent to which the venture has a clear sense of its mission and the match between this and the product/service offering.
- The extent to which this is supported by primary or secondary research.

2. COMPETITIVE POSITIONING

(1500 words)

Potential Content

- Overview the ways that your target customers currently solve this problem
- Overview the companies that are currently competing in this space (is the industry growing? How saturated is it, etc?)
- Overview the factors that other players compete on and how your offering is positioned against competitors

What stakeholders are seeking

- How critical and credible the appraisal of the landscape is, including quality of research evidence used
- Relevance of the factors used to map the competitive landscape
- Clarity and consistency of the market positioning taken by your offering (including the extent of the offerings USP/originality)
- The extent to which this is supported by primary and secondary research

3. TARGET MARKET, CUSTOMER ACQUISITION & LAUNCH STRATEGY

(1500 words)

Potential Content

- Overview any macro market trends that are relevant to your offering.
- Overview the composition of the market i.e. are there different market segments, geographical segments, etc that are worthy of discussion?
- Identify a 'beachhead market' that you will target as a means for penetrating the market. Justify why you are targeting this segment initially i.e. can you credibly reach this segment? Does the segment provide enough demand (Total Addressable Market)?
- Explain the channels that you will use to engage with your target market participants.
- Outline the type of messaging, media, and/or content that you will use to engage with your target market participants (i.e. what would your product brochure, landing page, social media content, and/or branding look like? Why does this fit with your target market persona?)
- How have you/will you test the use of and demand for your offering with real customers (market tests, prototypes, pilot projects)? How will/did this feed in to the development of your offering?
- Outline how initial market testing will give way to a launch and growth strategy (Do you plan to service the same market in a different way? If so, what strategy will you employ to extract further value from the segment? Or, do you plan to expand to different segments? If so, what segments? What are the implications of this?).

What stakeholders are seeking

- The credibility of the research and analysis underpinning strategic choices i.e. market penetration strategy has been considered critically, makes sense, and is supported by evidence.
- The practical feasibility of the market penetration strategy (can you make a strong argument that this is possible in the real world and not just on paper?)
- Evidence of real-world engagement with target users/partners/customers. Evidence of product/service testing to a) refine the offering, and/or b) gauge demand. Going beyond 'hands off' secondary market research only.
- The extent to which the team knows its customers and the appropriateness/consistency of the marketing messages used to engage with them.

4. OPERATIONS & BUSINESS MODEL

(2500 words)

Potential Content

- Outline the resources, partnerships, and/or processes required to deliver your product or service. If you are, for example, looking to develop a product, be clear on the supply chain e.g. where are the component parts coming from? Are you designing and manufacturing in-house or are you outsourcing? How would logistics work? What are the lead times on product delivery likely to be? Do you need to keep inventory? If you are developing a service, be clear on the nature of the relationships between service delivery partners.
- Outline your estimated set up costs, making it clear what your assumptions are based on. Note set up costs for initial market entry and those for a subsequent growth milestone (e.g. a full operation) are likely to be drastically different. To give a good sense of a staged launch strategy, you might consider estimating costs for different stages of roll out.
- Outline your revenue model (how customers will pay). If you have multiple revenue streams (e.g. one-off sale and associated maintenance; subscription and advertising), be clear on the implications of this (e.g. for cash flow, etc).
- Outline your infrastructure (before and after you started trading!), including agile thinking, building an ecosystem around your business, or preparing for growth vs scale and the associated legal and human resource implications, among others.
- There is an explicit requirement for every group to write the job description of at least their first employee, including a proper role description (what does the person add to the team, how can he/she be best integrated) and when you will start the recruiting and how.
- Develop estimates for cost of sales / operational costs. For products, this would typically mean estimating the unit cost associated with different sizes of production run. For event-based services, you might develop exemplar case studies detailing typical event costs. For services that are reliant on user numbers (e.g. certain app and web-based platforms), you may wish to estimate costs and revenues associated with certain user number levels.

What stakeholders are seeking

- How credible and logical the operational model is. The extent to which assumptions about delivery of the offering are justified.
- Suitability of the revenue model e.g. does it fit credibly with the offering and its proposed market?
- The extent to which financial estimates are based on reasonable assumptions and backed by credible evidence.
- The financial feasibility of the venture (balancing practicality of set up against the potential scalability of the business model).

DOCUMENT PRESENTATION

How you present your plan is critical since 'first impressions count'

Written presentation

- Use of English, grammar, appropriate referencing.
- Relevance/value of written material.
- Structure, flow and balance of information.
- Appropriate use of sub-headings.

Visual presentation

- General tidiness of document (e.g. appropriate paragraph spacing, signposting of key information).
- Consistency of design/presentation style.
- Creative use of visual aids e.g. product/service features; research infographics, data visualisation etc. Where possible, visualisations should be used to explain key information in an easily digestible format.
- The extent to which the offering is 'brought to life' by visual presentation.



HUNTER CENTRE FOR ENTREPRENEURSHIP PROFILE

The Hunter Centre for Entrepreneurship is a department in Strathclyde Business School in the University of Strathclyde.

Endowed by alumnus, entrepreneur and philanthropist Sir Tom Hunter, we are one of the first and most significant social investments made by the Hunter Foundation. Sir Tom's support of the Hunter Centre is based on the simple premise that education changes lives in many ways, including: aspirations, sense of purpose, employability and what they can ultimately achieve.

The Hunter Centre represents over two decades of sustained investment which has resulted in one of Europe's leading academic centres for research, teaching and engagement in the areas of entrepreneurship, innovation and strategy within the context of SMEs and entrepreneurial ventures. The Hunter Centre is home to our staff of 25 scholars and professional team together with extensive

networks of entrepreneurs, practitioners and policymakers supporting our external engagement as a place of useful learning.

Our excellence recognised by the Small Business Charter Award, from the Chartered Association of Business Schools (2015; 2019), and Entrepreneurial University of the Year, from the Times Higher Education Awards (2013).



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