Construction Business Plan Development

This document provides guidance for the development of a construction business plan during the laboratory sessions of the course.

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Construction Business Planning Guide

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1. Introduction

The purpose of this document is to provide guidance to the process of developing a construction business. It lays out the process of the development of the business plan. The duration of this process extends along the semester (i.e. 14 laboratory sessions). The grade assigned for your work in the lab as outlined in the course outline (to follow) is 30% = 3 points out of 100 points of the final course grade. This grade will be divided as follows:

1. **Laboratory performance** which includes preparation for each session, attendance, and interaction during the lab session meeting with the instructor is 10 points out of 30 points of the final laboratory grade.

2. **Presentation 1**: the grade will be 5 points out of 30 points of the final laboratory grade that covers the written document and the oral presentation. This document should provide conclusion of possible feasibilities of the construction business.

3. **Presentation 2**: the grade will be 15 points out of 30 points of the final laboratory grade for the final presentation which covers the written document professionally developed that includes all the necessary back up references used and the oral presentation. This grade is split equally between the written and oral presentations, i.e. 7.5 points out of 30 points of the laboratory grade for each presentation, oral and written.

4. **Each student will be graded differently depending on his/her contribution.**

5. **The grading process** of each student will be divided into three parts:

6. **Participation** in every laboratory session

7. Written presentations in preparation for the laboratory session

8. Knowledge of the total group presentation, which reflects on the collaboration between the group members.

9. Oral presentations I & II are graded differently for each student

10. Written presentations I & II are graded for the group.

The course syllabus provides faculty contact information; goals and objectives; and grading in order to enable you to follow the course in the lectures and laboratory sessions as well as the breakdown of the lectures and laboratory deliverables. The details are outlined in Appendix (3).
2. Goals and Objectives

Goal: Develop a business plan to finance a construction business and projects.

Objectives: The project objectives are outlined below:

1. Learn the different aspects of construction business operations.
2. Understand strategic planning as it applies to construction.
3. Apply the principles of planning to the construction business.
4. Gain experience in team building and team dynamics.
5. Learn the financing process for a construction business and projects.
6. Develop decision and critical analysis skills.
7. Be familiarized with the entrepreneurial skills.
8. Learn the elements of business development.
9. Utilize the financial tools to establish the project cash flow requirements.
10. Study in depth the needs of the selected project in order to be able to request funding.
11. Learn how to submit an executive summary.
12. Develop a strategy for submission of the request for finance.
3. Team Building

The concept of a team is well defined by the Construction Industry Institute (CII), “A group of people, by working together, accomplish more than if they worked separately… A team is more than a group, because individuals are cooperating in order to accomplish a goal… Team members should trust and respect other team members, but friendship is not necessary for effective teamwork ….. Teams function effectively on the basis of professional relationships.”(1)


➢ Teamwork and Personal Attributes:

The whole construction process is centered on teams, team building cross-functional teams and virtual teams. The American Heritage dictionary defines a team,”Is a group of two or more players.”

Teams are formed of people who have complementary skills and who have a commitment towards a specific goal or goals with a common purpose holding each member of the team accountable.

Without the power of teams, as participants in the construction management process, we will have difficulty achieving our goals with a record of success. Teams are not just individuals. Those individuals, who form teams, need to know each other and what kind of skills they will bring to make the team a Winning Team. "A team’s source of motivation is one shared dream When share a dream together you become a team."

As Dr. Losoncy says 1+1+1+1+1= 5 represents a bunch of individuals, whereas 1x2x3x4x5=120 represents an encouraging winning team. So, the sense of mutual encouragement to turn individuals into an encouraging winning team identified in the following principles:

The Synergy Principle — "All of us together Can Do More Than Each of Us Can Do Alone”.

The Cooperation Principle — “Competing Divides Us; Cooperating Multiplies Us”.

The Focus Principle — "Determining our Destination Determines our Destiny”.

The Respect Principle — “Centering on Each Other’s Strengths Builds Our Force”.

The Reality Principle — “Accepting ‘What is Our Only Real Starting Point”.

The Optimism Principle — "Believing Problems Have Solutions Gives Us The Advantage”.

The Progress Principle — "Encouraging Progress Precedes Praising Success”.

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The above seven principles will assist you in forming your team. It is usually appropriate to invite your friends first. But before extending the invitation, reflect for a moment on the composition of the team and then evaluate the individuals' contributions that will assist the team in becoming a working and successful one. You will be reviewing your individual skills through the FIFTY KEY SKILLS FOR UNLIMITED ACHIEVEMENT listed in the following pages, that Dr. Losoncy introduced in his book on Best Team Skills. In this process consider the following as a guide:

- Goals and vision
- Project needs
- Leadership
- Required skills to form a successful team
- How to select the team members
- Problem-solving

*"Best Team Skills", Losoncy, Lewis E.; St. Lucie Press, 1997. See appendix 2 for further details
4. Written Presentations

Written presentations are documents that reflect the requirements for the development of the project and the progress made in the development of the project. This is a very important document. Therefore, it should be very accurate and concise. You should avoid unnecessary verbiage in your report. Support your statements with logical sequence and provide technical knowledge wherever necessary.

Each report that is submitted for this project should have the following as a generic content:

1. Cover Letter
2. Cover page
3. Table of Content
4. Executive Summary
5. The business plan subject matter
6. Concluding remarks
7. References
8. Appendices

In writing technical reports, **do not expect that the first draft is going to be the final draft**. There should be continuous review and adjustment of your thoughts. You may review your report four or five times until you submit the final document. **SUBMIT THE REPORT AFTER YOU HAD PUT IT AWAY FOR ANOTHER DAY AND REVIEWED IT AGAIN.** Put the subject out of your mind for two to three days then get back to it. This approach is important in practice especially when you are dealing with legal documents. Handle all documents with careful attention to detail. Organize your letter and **prepare an outline before writing the report. This outline is reflective of the table of content.**

In letter writing, establish a clear purpose for it. Consider the following in writing the letter:

- **Who** — who is this letter directed to?
- **What** — what is to be accomplished in writing this letter?
- **When** — when to communicate any the issues listed in the letter?
- **Where** — where is the intended place to meet if applicable?
- **Why** — why is this letter necessary?

**Technological tools** are highly recommended to utilize such tools will deliver a very attractive document, easy to follow and review. **Creativity plays a major role in acquiring business finance.**

**A team leader**, who will take the team to reach the business plan goals, organizes cooperatively the members to plan and execute the work. The team leader, generally, establishes requirements, makes assignments, monitors results, assures achievement of the project goals and objectives, resolves the team’s conflicts, addresses issues of concern with the superiors, as they arise throughout the development period, and provides feedback to the instructor.

**A successful team** major element of its success is cooperation. It is important that you agree on the milestones of the project and submit the plan to the instructor at the end of the second week of the semester.
Meeting management is a vital component to efficiency and progress of your work. So use your time efficiently, communicate when necessary through the Internet in order to meet deadlines and anticipate the hurdles that you will face and address them in time. For further details, see appendix (3).

There should be no more than FIVE members in each group.
5. Business Plan Requirements:

The business plan requirements are as follows:

a. The business must be selected in the field of construction.

b. Follow the requirements in developing the business plan.

c. The business plan requesting funding must be in an executive format i.e. it should not exceed seven or eight pages plus appendices that support the plan.

d. Use 11 point fonts Ariel type or New Times Roman type for the text and 12 points bolded and underlined fonts for titles. Use single space between lines in the text sections.

e. All appendices must be referenced inside the report.

f. Two presentations must be professionally delivered orally and in writing. The written component must be professionally bound.

g. Graphical representations are essential and important to identify relationships within the graphs. Example: Show the construction spending for national, regional and local area in one graph rather than presenting it separately.

h. Commitment to work on the business plan, by every group member, is important and will lead to a successful outcome. Every member will be assessed separately during every lab meeting and of the presentations and will be responsible for the whole content of the business plan when presented.

This business plan should be developed to indicate the feasibility of the business and provide a reasonable chance to attract financing and convince the lenders or investors to fund this business. The appearance of the final business plan report will create a long-lasting impression on the lender or investor. So it is necessary that the presentation of the report be in a very professional manner, even if you are requesting seed money from family members. Thoroughly prepared plans will enable both the lender and the borrower to interact and discuss the subject matter with ease.
6. Business Plan Development by week

a. **Week 1 (Week of January 3, 2017):** The first meeting will cover an overview of the lab policies and procedure and the goals and objectives of the lab covering an overview of the business planning process. During this lab the teams will be formed and a general overview of effective and successful teams. Preparation for the second lab includes:
   
   i. Initial development of the business concept.
   ii. Read the business plan guiding principles as outlined in this guide to provide a general perspective of the lab requirements.

b. **Week 2 (Week of January 9, 2017):** The lab will meet in the library for one hour of instructions on the use of the library material and references, databases... Etc. in developing a business plan. A website for the course is developed to assist you in developing the business plan. The second hour of the lab period will be spent in searching on the concept your team has selected for the business plan.

Preparation for the third week lab includes:

i. Develop a written draft for the different possible business fields.
ii. Each student should provide in a three ring binder their research supporting the concept of the business.
iii. Bring deliverables in the ring binder together with supporting research each student has developed for review by the instructor for all previous weeks and throughout the semester.

c. **Week 3 (Week of January 16, 2017):** The lab instructor will meet with every team and review their submittal (deliverable) for the week and provide guidance and instructions during that meeting. Each student will be graded for that meeting based on the student’s performance. At the beginning and end of the lab the instructor will respond to the class general questions and provide instructions for the preparation of the deliverables for the following week. This week’s deliverable is a draft of the different construction business concepts to be reviewed by the instructor which includes the research background supporting these concepts.

Preparation for the fourth week lab includes:

i. Finalize a written document of the field of the selected construction business and the basic argument for its feasibility.
ii. Prepare the oral presentation and if you have a power point presentation bring with you to the lab.

d. **Week 4 (Week of January 23, 2017):** Submit the final draft of the proposed construction business for review by the instructor together with the plan for the oral presentation. Make sure you bring the previous week edited document. Presentation I guiding statement is outlined hereunder:
The first presentation is written covers the following:
The written presentation should encapsulate the idea of the business (in about three pages) and present the procedures you will follow to study the feasibility aspect. It is important that you clearly provide the reasoning and be able to communicate it both orally and in writing.

The following selected questions may be useful for you to consider in formulating the report:
1. Why do you want to get into this business?
2. How did you get this idea?
3. Why do you think that this is a good idea?
4. What makes your business different?
5. What problems do you anticipate to face?
6. Do you think that this will be a long-term successful business? Why?
7. How do you see the business growing in the coming years - short and long term? How do you justify that?
8. How do you plan to organize your firm? Why?
9. What are the responsibilities of the principles of your firm?
10. How are you going to look for financing? How do you think you will pay for the loan?
11. Where do plan to focus your area in which you conduct business?
12. How do you plan to proceed with your search and feasibility study?

Preparation for the fifth week lab includes:

i. A professionally bound written report that provides all the necessary supporting documents of the proposed plan
ii. A copy of the power point presentation
iii. Prepare as a team for the defense of your plan. Several rehearsals as a team would serve you well in the oral presentation. Anticipate in your preparations the questions an investor will ask you at the presentation.

Week 5 (Week of 30, 2017): This is the first presentation that you will present in front of the class. Students will participate in the Q&A session.
Preparation for the fifth week lab includes:

i. Prepare the Cover sheet, Table of contents, vision statement, the statement of needs and the description of the business.
ii. Details of the requirements for these sections are outlined in the following section of the 6th week.
Week 6 (Week of February 6, 2017): Deliver the following sections of the business plan for this week:

i. **Cover Sheet:**
This sheet should include your company’s name and location, title, date and place. At the bottom right corner place your group number and group members’ names. Try to choose an attractive graphic design; especially that this is the first page the investor or lender will see. It is recommended that you use a graphics program such as Microsoft Publisher.

ii. **Table of Contents:**
Follow the standard writing procedures in developing the table of contents (consult the reference librarians when needed). The table of content should generally include the numbered sections, followed by Tables, Figures and Appendices all of which should be numbered and paginated.

iii. **Executive Summary:**
An executive summary encapsulates the full report in no more than one page and presents the whole plan to an executive for review. It should be concise, complete and correct.

iv. **Vision Statement:** A vision statement should outline what the organization is now, and focuses on the goals and aspirations of the firm while identifying the level of performance to clients. This is usually one sentence.

Example of a vision statement:
- A hunger-free America
- Equality for everyone
- A world leader at connecting people

v. **Mission Statement**: The mission statement is a formal document that states the purpose and reason for the existence of a business and what makes this business unique in its products and services and operations, while the vision statement portrays what must be pursued. The mission statement portrays what needs to be accomplished.

It will not be necessary to provide a mission statement in the business plan, but statement of purpose that will follow a vision statement.

**Sample Mission Statement:**
(Source: International Association of Professional Contractors, LLC)

[Your Company]’s mission is to provide the highest-quality workmanship possible. We succeed at this because of the integrity of our subcontractors and staff, our commitment to a solid work ethic, and our passion for staying current with the newest innovations of our industry, with consideration for the environment.

[Your Company] is a general contracting business incorporated in [state or province] in [year] by [principals]. Our staff and crew bring years of experience to bear in residential and light commercial building and high-end renovations and additions. Currently, the company is involved in custom whole-house renovation and remodels, in addition to new-home construction and commercial projects.
Typical projects are structured with one of the principals as the primary project manager. A working supervisor or foreman is on the job from start to finish and is responsible for the implementation of the design.

We’ve worked with our subcontractors for years because our relationships are built on trust and performance. Our employees have been chosen based on their ability and level of craftsmanship, as well as their personal qualities and values. We believe that having our own employees provides us with more immediate control over the direction and nature of the construction process.

Our pride and personal involvement in the work we perform result in superior quality and service. This attitude is also directly reflected in our employees’ level of responsibility, professionalism and competency.

Basically, a mission statement should state:

1. what you do;
2. how you do it;
3. why you do it;
4. who you do it for; and
5. how you succeed at it each day.

Don’t let a blank screen or piece of paper intimidate you; it doesn’t have to be Shakespeare, but writing down the answers for these points is a great exercise for crystallizing why you’re doing what you’re doing and how you’re doing it. It also may help you decide whether you need to change any of it. Your mission statement should guide your company’s actions and move you forward every day.

Once you’ve got these points written down on paper, consider hanging it on your wall so that you can see it every day. If you’re not happy with it, hang it up anyway and tweak it as you go.

A good mission statement isn’t just an excellent marketing component; it helps clarify for you (and your employees, if you have any) exactly what your goals are each and every day. It’s easy to lose sight of why you became a contractor when you’re booked solid and rushing from one appointment to the next. Sometimes, providing excellent customer service may be done more from memory than passion.

vi. Statement of Purpose:
This statement should respond to the purpose of writing this business plan, which is financing. Typically a response to the following questions will provide the framework for the statement.

- What is the purpose of the plan?
- What is the organization type? (Proprietorship, corporation,…)
- How much money is needed?
- What is the money needed for?
- How will the funds benefit the business?
- Why does the loan or investment make sense?
- How will the funds be repaid?

This section should be one paragraph and no more than four or five lines (1/4 page).
vii. **The Business:**
Provide a description of the business identifying the following:
- What is the type of business?
- Is your business a start-up or expansion?
- Why is your business going to be profitable?
- When will your business open?
- What is your experience in this type of business?
- Why will you be successful in this business?
- Have you spoken with other people in this kind of Business?
- What will be special about your business?
- What are the anticipated types of contractual agreements do you plan to use?

*This section should not exceed ¾ of a page.*

Preparation for the seventh week is as follows:

1. Identify the key management personnel and provide a brief outline of each person’s title, experience, roles and educational background. Provide a resume in the appendix for each key person.
2. Provide a list of supporting staff for the first year, second year and third year identifying their roles and the required experience. Also anticipate the time they will be hired.
3. Provide the company organizational chart indicating the key personnel and the staffing for the first, second and third year.
4. Deliver the edited material of the previous weeks for review by the instructor.

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Week 7 (Week of February 13, 2017): **Consider the following information for this week’s deliverables:**

i. **The Business Model:** A firm’s business model is its plan or diagram for how it competes, uses its resources, structures its relationships, interfaces with customers, and creates value to sustain itself on the basis of the profits it generates.

The term “business model” is used to include all the activities that define how a firm competes in the marketplace.

The development of a firm’s business model follows the feasibility analysis stage of launching a new venture but comes before writing a business plan. If a firm has conducted a successful feasibility analysis and knows that it has a product or service with potential, the business model stage addresses how to surround it with a core strategy, a partnership network, a customer interface, distinctive resources, and an approach to creating value that represents a viable business. Having a clearly articulated business model is important because it does the following:

- Serves as an ongoing extension of feasibility analysis. A business model continually asks the question, “Does this business make sense?”
- Focuses attention on how all the elements of a business fit together and constitute a working whole.
• Describes why the network of participants needed to make a business idea viable are willing to work together.

• Articulates a company’s core logic to all stakeholders, including the firm’s employees.

Business Models emerge as a result of studying the value chain. The value chain is the string of activities that moves a product from the raw material stage, through manufacturing and distribution, and ultimately to the end user. By studying a product or service’s value chain, an organization can identify ways to create additional value and assess whether it has the means to do so. Value chain analysis is also helpful in identifying opportunities for new businesses and in understanding how business models emerge. Entrepreneurs look at the value chain of a product or a service to pinpoint where the value chain can be made more effective or to spot where additional “value” can be added. This type of analysis may focus on (1) a single primary activity of the value chain (such as marketing and sales), (2) the interface between one stage of the value chain and another (such as the interface between operations and outgoing logistics), or (3) one of the support activities (such as human resource management).

The value chain may be depicted through the diagram below:

The four components of the business model are:

<table>
<thead>
<tr>
<th>Core Strategy</th>
<th>Strategic Resources</th>
<th>Partnership Network</th>
<th>Customer Interface</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Business mission</td>
<td>• Core competencies</td>
<td>• Suppliers</td>
<td>• Target customer</td>
</tr>
<tr>
<td>• Product/market scope</td>
<td>• Strategic assets</td>
<td>• Partners</td>
<td>• Fulfillment and support</td>
</tr>
<tr>
<td>• Basis for differentiation</td>
<td></td>
<td>• Other key relationships</td>
<td>• Pricing structure</td>
</tr>
</tbody>
</table>
Primary Elements of Core Strategy

**Business Mission:** A firm’s mission, or mission statement, describes why it exists and what its business model is supposed to accomplish. A mission statement helps define what a company is and what it offers, and it clarifies the company’s goals to keep it on the path of service and success.

**Product/Market Scope:** A company’s product/market scope defines the products and markets on which it will concentrate. The choice of products has an important impact on a firm’s business model.

**Basis of Differentiation:** It is important that a new venture differentiate itself from its competitors in some way that is important to its customers. If a new firm’s products or services aren’t different from those of its competitors, why should anyone try them? Firms often differentiate themselves on the basis of a cost leadership strategy or a differentiation strategy.

**Strategic resources:** A firm is not able to implement a strategy without resources, so the resources a firm has affect its business model substantially. For a new venture, its strategic resources may initially be limited to the competencies of its founders, the opportunity they have identified, and the unique way they plan to serve their market. The two most important strategic resources are: A firm’s core competencies and Strategic assets.

**Core Competencies:** A core competency is a resource or capability that serves as a source of a firm’s competitive advantage over its rivals. Example of core competencies of a construction company are: Budgets/Cost Control, Decision Making/Judgment, Initiative, Interpersonal Skills, Organizational Savvy, Managing Performance, and Work Environment/Safety.

**Strategic Assets:** Strategic assets are anything rare and valuable that a firm owns. They include plant and equipment, location, brands, patents, customer data, a highly qualified staff, and distinctive partnerships.

**Importance of Strategic Resources**
- New ventures ultimately try to combine their core competencies and strategic assets to create a sustainable competitive advantage.
- This factor is one that investors pay close attention to when evaluating a business.
- A sustainable competitive advantage is achieved by implementing a value-creating strategy that is unique and not easy to imitate.
- This type of advantage is achievable when a firm has strategic resources and the ability to use them.

**Partnership Network:** A firm’s partnership network is the third component of a business model. New ventures, in particular, typically do not have the resources to perform key roles. In most cases, a business does not want to do everything itself because the majority of tasks needed to build a product or deliver a service are not core to a company’s competitive advantage. A firm’s partnership network includes: Suppliers and other partners.

**Suppliers:** A supplier is a company that provides parts or services to another company. For example: Webtrol pumps provides pumps to well drilling companies. Firms are developing more collaborative relationships with their suppliers, and finding ways to motivate them to perform at higher levels.
**Other Key Relationships:** Along with suppliers, firms partner with other companies to make their business models work. An entrepreneur’s ability to launch a firm that achieves a sustainable competitive advantage may hinge as much on the skills of the partners that are involved as the skills within the firm itself. The most common types of partnerships is Joint Ventures and strategic alliance (An arrangement between two or more firms that establishes an exchange relationship but has no joint ownership involved.)

**Customer Interface:** The way a firm interacts with its customers hinges on how it chooses to compete.
For example, Amazon.com sells books over the Internet while Barnes & Noble sells through its traditional bookstores and online. The three elements of a company’s customer interface are: Target customer, Fulfillment and support and Pricing model.

**Target Customer:** A firm’s target market is the limited group of individuals or businesses that it goes after or tries to appeal to. The target market a firm selects affects everything it does, from the strategic assets it acquires to the partnerships it forges to its promotional campaigns.

**Fulfillment & Support:** Fulfillment and support describes the way a firm’s product or service “goes to market” or how it reaches its customers. It also refers to the channels a company uses and what level of customer support it provides. All these issues impact the shape and nature of a company’s business model.

**Pricing Structure:** The third element of a company’s customer interface is its pricing structure. Pricing models vary, depending on a firm’s target market and its pricing philosophy.

Business Models: It is very useful for a new venture to look at itself in a holistic manner and understand that it must construct an effective “business model” to be successful. Everyone that does business with a firm, from its customers to its partners, does so on a voluntary basis. As a result, a firm must motivate its customers and its partners to play along. Close attention to each of the primary elements of a firm’s business model is essential for a new venture’s success.
ii. **Management:**
In this section you will need to identify the firm’s management. You will need to respond to the following questions:
- What is the management’s business background and experience?
- What education have you had (including both formal and informal learning experiences) which have bearing on you managerial abilities? Provide personal data: Where you live and have lived, special abilities and interests, reasons for your going into business.
- Are you physically fit for the job?
- Why are you going to be successful at this venture?
- Do you have direct operational experience in this type of business?
- Do you have direct managerial experience in this type of business?
- Who does what?
- Who reports to whom?
- Where do final decisions get made? (An organizational structure of the firm is important to be included in the plan).
- What will management be paid?
- What other resources will be available (accountant, attorney, advisory board…)?

*This section should be no more than two pages.*

iii. **Personnel:**

Personnel besides management will be needed to accomplish certain tasks. It is therefore, important to identify the personnel needs and respond to the following questions:
- What are your personnel needs now? In the near future? In five years from now?
- What skills must they have?
- Are the people you need available?
- Full time or part-time?
- What will be their salaries and hourly wages? Fringe benefits? Overtime? Will you have to train them? If so, at what cost to the business?
- What is your three years plan for hiring staff?

*This section should not exceed ½ page.*

**Preparation for the eighth week is as follows:**

1. Develop the marketing plan for the business as outlined for the eighth week below.
2. Identify the trends a minimum of 15 to 30 years to indicate the construction spending cycles for the industry at the national, regional and local areas.
3. Identify the trends a minimum of 15 to 30 years to indicate the construction spending cycles for your specific field of business at the national, regional and local areas.
4. Plot the national, regional, and local cycles in one graph in items 1&2 above.
5. Provide information on the national economy and its trend and how it will affect your business plan.
6. Deliver the edited material of the previous weeks for review by the instructor.
h. **Week 8 (Week of February 20, 2017):** Consider the following information for this week’s deliverables:

**The Market:** This section is very important in the business plan, since it will define the market share that will be the foundation for the pro-forma financial statements. You will need to respond to the following:

- What exactly is your market? Describe.
- Is the industry accessible—in other words, is it a realistic place for a new venture to enter?
- Does the industry contain markets that are ripe for innovation or are underserved?
- What is the present size of the market? What percent of the market will you have? Why?
- What are the market’s growth potentials? (Trends and projections)
- As the market grows, does your share increase or decrease? Why?
- How are you going to satisfy your market?
- How are you going to price your service to make fair profit and at the same time remain competitive?
- What special advantage do you offer that may justify your higher price?
- How will you attract your market? How can you expand your market?
- The forces—the threat of substitutes, the threat of new entrants, rivalry among existing firms, the bargaining power of suppliers, and the bargaining power of buyers—help determine the average rate of return for the firms in an industry. Each of the five forces impacts the average rate of return for the firms in an industry by applying pressure on industry profitability. Well-managed firms try to position their firms in a way that avoids or diminishes these forces—in an attempt to beat the average rate of return of the industry.

1. **Threat of Substitutes:** The price that consumers are willing to pay for a product depends in part on the availability of substitute products.
   - For example, there are few if any substitutes for prescription medicines, which is one of the reasons the pharmaceutical industry is so profitable.
   - In contrast, when close substitutes for a product exist, industry profitability is suppressed, because consumers will opt out if the price gets too high.
   - The extent to which substitutes suppress the profitability of an industry depends on the propensity for buyers to substitute between alternatives.
   - This is why firms in an industry often offer their customers amenities to reduce the likelihood that they will switch to a substitute product, even in light of a price increase.
2. **Threat of Entrants**: If the firms in an industry are highly profitable, the industry becomes a magnet to new entrants. Unless something is done to stop this, the competition in the industry will increase, and average industry profitability will decline. Firms in an industry try to keep the number of new entrants low by erecting barriers to entry.

A barrier to entry is a condition that creates a disincentive for a new firm to enter an industry. Barriers to entry:

- **Economies of Scale**: Industries that are characterized by large economies of scale are difficult for new firms to enter, unless they are willing to accept a cost disadvantage.
- **Product Differentiation**: Industries such as the soft drink industry that are characterized by firms with strong brands are difficult to break into without spending heavily on advertising.
- **Capital requirements**: The need to invest large amounts of money to gain entrance to an industry is another barrier to entry. For example, it now takes about two years and $4 million to develop an electronic game. Many new firms do not have the capital to compete at this level.
- **Cost Advantages Independent of Size**: Entrenched competitors may have cost advantages not related to size. For example, the existing competitors in an industry may have purchased property when it was much less expensive than a new entrant would have to pay.
- **Access to Distribution Channels**: Distribution channels are often hard to crack. This is particularly true in crowded markets, such as the convenience store market. For a new sports drink to be placed on the shelf, it has to displace a product that is already there.
- **Government & Legal Regulations**: In knowledge intensive industries, such as biotechnology and software, patents, trademarks, and copyrights form major barriers to entry. Other industries, such as broadcasting, require the granting of a license by a public authority.

It is difficult for start-ups to execute barriers to entry that are expensive, such as economies of scale, because money is usually tight. Start-ups have to rely on nontraditional barriers to entry to discourage new entrants, such as assembling a world-class management team that would be difficult for another company to replicate. **Non-traditional barriers** are such as:

- **Strength of Management Team**: If a start-up puts together a world-class management team, it may give potential rivals pause in taking on the start-up in its chosen industry.
- **First-mover Advantage**: If a start-up pioneers an industry or a new concept within an existing industry, the name recognition that the start-up establishes may create a formidable barrier to entry.
- **Passion of the Management Team & Employees:** If the employees of a start-up are highly motivated by the unique culture of a start-up, and anticipate large financial rewards through stock options, this is a combination that cannot be replicated by larger firms. Think of the employees of a biotech firms trying to find a cure for a disease.

- **Unique Business Model:** If a start-up is able to construct a unique business model and establish a network of relationships that makes the business model work, this set of advantages creates a barrier to entry.

- **Inventing a new approach to an industry and executing the idea in an exemplary fashion:** If a start-up invents a new approach to an industry and executes it in an exemplary fashion, these factors create a barrier to entry for potential imitators.

3. **Rivalry Among Existing Firms:** In most industries, the major determinant of industry profitability is the level of competition among existing firms. Some industries are fiercely competitive, to the point where prices are pushed below the level of costs, and industry-wide losses occur. In other industries, competition is much less intense and price competition is subdued. Factors that determine the nature and intensity of the rivalry among existing firms in an industry such as:
   a. **Number and balance of competitors:** The more competitors there are, the more likely it is that one or more will try to gain customers by cutting its price. Price-cutting occurs more often when all the competitors in an industry are about the same size and when there is no clear market leader.
   b. **Degree of difference between products:** The degree to which products differ from one product to another affects industry rivalry. For example, the firms in commodity industries (such as paper products) tend to compete on price because there is little difference between one manufacturer’s products and another’s.
   c. **Growth rate of an industry:** The competition among firms in a slow-growth industry is stronger than among those in fast-growth industries. Slow-growth industry firms must fight for market share, which may tempt them to lower prices to gain market share. In fast-growth industries, there are enough customers to go around, making price-cutting less likely.
   d. **Level of fixed costs:** Firms that have high fixed costs must sell a higher volume of their product to reach the break-even point than firms with low fixed costs. As a result, firms with high fixed costs are anxious to fill their capacity, and this anxiety may lead to price-cutting.
4. **Bargaining Power of Suppliers:** Suppliers can suppress the profitability of the industries to which they sell by raising prices or reducing the quality of the components they provide. If a supplier reduces the quality of the components it supplies, the quality of the finished product will suffer, and the manufacturer will eventually have to lower its price. If the suppliers are powerful relative to the firms in the industry to which they sell, industry profitability can suffer. Factors that have an impact on the ability of suppliers to exert pressure on buyers

   a. **Supplier Concentration:** When there are only a few suppliers that supply a critical product to a large number of buyers, the supplier has an advantage.

   b. **Switching Costs:** Switching costs are the fixed costs that buyers encounter when switching or changing from one supplier to another. If switching costs are high, a buyer will be less likely to switch suppliers.

   c. **Attractiveness of substitutes:** The power of a supplier is enhanced if there is a credible possibility that the supplier might enter the buyer’s industry.

   d. **Threat of forward integration:** The power of a supplier is enhanced if there is a credible possibility that the supplier might enter the buyer’s industry.

5. **Bargaining Power of Buyers:** Buyers can suppress the profitability of the industries from which they purchase by demanding price concessions or increases in quality. For example, the automobile industry is dominated by a handful of large companies that buy products from thousands of suppliers in different industries. This allows the automakers to suppress the profitability of the industries from which they buy by demanding price reductions. Factors that have an impact on the ability of suppliers to exert pressure on buyers

   a. **Buyer group concentration:** If the buyers are concentrated, meaning that there are only a few large buyers, and they buy from a large number of suppliers, they can pressure the suppliers to lower costs and thus affect the profitability of the industries from which they buy.

   b. **Buyer’s costs:** The greater the importance of an item is to a buyer, the more sensitive the buyer will be to the price they pay. For example, if the component sold by the supplier represents 50% of the cost of the buyer’s product, the buyer will bargain hard to get the best price for that component.

   c. **Degree of standardization of supplier’s products:** The degree to which a supplier’s product differs from its competitors affects the buyer’s bargaining power. For example, a buyer who is purchasing a standard product, like the corn syrup that goes into soft drinks, can play one supplier against another until it gets the best combination of price and service.
d. **Threat of backward integration:** The power of buyers is enhanced if there is a credible threat that the buyer might enter the supplier’s industry.

**First Application of the Model**
The five forces model can be used to assess the attractiveness of an industry by determining the level of threat to industry profitability for each of the forces, as shown on the next slide. If a firm filled out the form shown on the next slide and several of the threats to industry profitability were high, the firm may want to reconsider entering the industry or think carefully about the position it would occupy.

<table>
<thead>
<tr>
<th>Competitive Force</th>
<th>Threat to Industry Profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
</tr>
<tr>
<td>Threat of substitutes</td>
<td></td>
</tr>
<tr>
<td>Threat of new entrants</td>
<td></td>
</tr>
<tr>
<td>Rivalry among existing firms</td>
<td></td>
</tr>
<tr>
<td>Bargaining power of suppliers</td>
<td></td>
</tr>
<tr>
<td>Bargaining power of buyers</td>
<td></td>
</tr>
</tbody>
</table>

**Instructions:**

- **Step 1** Select an industry
- **Step 2** Determine the level of threat to industry profitability for each of the forces (low, medium, or high)
- **Step 3** Use the table to get an overall feel for the attractiveness of the industry
- **Step 4** Use the table to identify the threats that are most often relevant to industry profitability
Second Application of the Model
The second way a new firm can apply the five forces model to help determine whether it should enter an industry is by using the model to answer several key questions. The questions are shown in the figure on the next slide, and help a firm project the potential success of a new venture in a particular industry. Using the Five Forces Model to Pose Questions to Determine the Potential Success of a New Venture in a Particular Industry

Competitor Analysis
A competitor analysis is a detailed analysis of a firm’s competition. It helps a firm understand the positions of its major competitors and the opportunities that are available. A competitive analysis grid is a tool for organizing the information a firm collects about its competitors. Types of Competitors New Ventures Face:

Collecting Competitive Intelligence
To complete a competitive analysis grid, a firm must first understand the strategies and behaviors of its competitors. The information that is gathered by a firm to learn about its competitors is referred to as competitive intelligence. A new venture should take care that it collects competitive intelligence in a professional and ethical manner. Ways that a firm can ethically obtain information about its competitors.
• Attend conference and trade shows.
• Read industry-related books, magazines, and Web sites.
• Talk to customers about what motivated them to buy your product as opposed to your competitors.
• Purchase competitor’s products to understand their features, benefits, and shortcomings.
• Study competitor’s Web sites.
• Study Web sites that provide information about companies.

Competitive Analysis Grid:
A tool for organizing the information a firm collects about its competitors. A competitive analysis grid can help a firm see how it stacks up against its competitors, provide ideas for markets to pursue, and identify its primary sources of competitive advantage.

Example:

<table>
<thead>
<tr>
<th>Competitor</th>
<th>Strength</th>
<th>Weakness</th>
<th>Differentiation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitor #1</td>
<td>Key high profile clients and promote themselves well</td>
<td>Limited service offering</td>
<td>Niche focus with specialty and best in class</td>
</tr>
<tr>
<td>Competitor #2</td>
<td>Financial strength with significant venture capital backing</td>
<td>No local office, hard to find on the web</td>
<td>Most innovative in the industry due to financial backing- fastest to market</td>
</tr>
</tbody>
</table>

It is advisable that you do SWOT (Strengths, weaknesses, opportunities & Threats to assert your knowledge of your team and how you can succeed in launching your venture. This section should be no more than two pages.

Preparation for the ninth week is as follows:

i. Identify the major competitors in the region you conduct business.
ii. Select the top five competitors and identify why they are and how you will compete with them. Consider the uniqueness and your market niche that you offer.
iii. Identify the location of the business and why you select that location.
iv. Deliver the edited material of the previous weeks for review by the instructor.
9. **Week 9 (Week of March 13, 2017):** Consider the following information for this week’s deliverables:

i. **The Competition:**
   In this section, you will need to research the market for the competitors to your new or expanding business. The following questions may assist you in developing this section.
   - Who are your nearest five competitors?
   - How will your operation be better than theirs?
   - How are their operations similar or dissimilar to yours?
   - What are their strengths and/or weaknesses?
   - What have you learned from watching their operations?
   
   **This section should not exceed 1 page.**

ii. **Location of the Business:**
   Identify the business location considering the following:
   - What is your business address and why do you think that this is suited for your business?
   - How did you arrive at choosing this location?
   - Have you considered other areas?
   - How does this location affect your operating costs?
   
   **This section should not exceed ¼ page.**

   Preparation for the tenth week is as follows:
   1. Deliver the complete marketing plan for editing by the instructor.
   2. Deliver the proforma income statement
   3. Deliver all the business plan edited material to date.

10. **Week 10 (Week of March 20, 2017):** Consider the following information for this week’s deliverables:

Develop the income statement with consideration of the following:
- Identify the projected income from project for three years.
- Develop the income statement on month basis for the first year and then develop the income statement on a quarterly basis.
- Identify the salaries of the management team and the staff on a monthly basis for the first year and then on a quarterly basis for the second and third years.
- Salaries used as part of the hard cost have to be part of the cost of goods sold.
- Indirect costs are placed under expenses such as marketing staff salaries, in house estimating, in house scheduling….etc. What is the price, including taxes, installation and freight?
Preparation for the tenth week is as follows:
1. Deliver the Proforma income statement as edited in the previous week.
2. Deliver the proforma cash flow statement
3. Deliver all the business plan edited material to date.

11. **Week 11 (Week of March 27, 2017):**
Application and Expected Effect of Loan or Investment and cash flow projections:
- At this point in your plan, identify the impact of borrowed funds on your business.
- How will the loan make your business more profitable?
- How will you pay back the loan?
- Provide in detail the pro-forma financial statements (in an appendix), where the first year is detailed on a monthly basis and the second and third years provided on a quarterly basis. This section should provide a summary of these statements justifying the borrowing or the investment.
- Provide information on your capital investment, sales and any other revenue including the loan.
- Identify all your disbursement on a monthly basis for the first year and on a quarterly basis for the second and third years.
- Provide information on startup costs for the business and place in the first month of the business.

Preparation for the eleventh week is as follows:
1. Deliver the Proforma financial statements as edited in this week.
2. Deliver the executive summary (See Appendix 2 for sample guidance of the executive summary for the business plan).
3. Deliver the cover letter
4. Deliver all the business plan edited material draft for final review
5. Deliver the power point presentation that will be used for the final presentation next week.
6. Deliver on a confidential basis the team members evaluation by completing the form in the appendix.

12. **Week 12 (Week of April 3, 2017):**

This is the week of final presentations. The presentations should be delivered in a professional manner simulating the real world delivery of presentations.

**Final Presentation Guide:**
1. The ten most important questions a business plan should answer:
   1. Is the business just an idea, or is it an opportunity with real potential?
   2. Does the firm have an exciting and sensible business model? Will other firms be able to easily copy it?
   3. Is the product or service viable? Does it add significant value to the customer? Was a feasibility analysis completed?
   4. Is the industry in which the product or service will be competing growing, stable, or declining?
   5. Does the firm have a well-defined target market?
6. Is the management team experienced, skilled, and up to the task of launching the new firm?
7. Is the firm organized in an appropriate manner? Are its strategy and business practices legal and ethical?
8. Are the financial projections realistic, and do they project a bright future for the firm? What rate of return can investors expect?
9. How will the firm’s competitors react to its entrance into their markets?
10. What are the critical risks surrounding the business, and does the management team have contingency plans in place if risks become actual problems?

II. Making a Presentation to Investors
If the business plan successfully elicits the interest of potential investors, the next step is to meet with the investors and present the plan in person.
The first meeting with an investor is generally very short, about one hour. The investor will typically ask the firm to make a 20- to 30-minute presentation using PowerPoint slides and use the rest of the time to respond to questions.
If the investor is impressed and wants to learn more about the venture, the firm will be asked back for a second meeting. If the business plan successfully elicits the interest of potential investors, the next step is to meet with the investors and present the plan in person.

III. Tips on Making an Oral Presentation to Investors
• When asked to meet with an investor, the founders of a new venture should prepare a set of PowerPoint slides that will fill the time slot permitted.
• Should be a professionally prepared oral presentation.
• Each member of the group should participate in the oral presentation displaying his/her roles
• The presentation should take 20 minutes
• All forms of media may be used for the presentation. It can take any form that is professionally acceptable
• The first rule in making an oral presentation is to follow instructions. If an investor tells an entrepreneur that he or she has one hour and that the hour will consist of a 20-minute presentation and a 20-minute question-and-answer period, the presentation shouldn’t last more than 20 minutes.
• It is important that this presentation covers all aspects of the business plan, with focus on financing in the construction industry.
• You are advised to follow the business plan guidelines as developed by the Small Business Administration. It will be beneficial, in your research, to visit the websites covering business plans in order to get different perspectives on how the business plan is prepared and delivered.
• Your presentation (oral and written) should be formal and professional. Each group member should be familiar with the work done by the other team members.
• You will be delivering the plan in its entirety. You will expect questions from your peers in your class.
• Review presentation techniques you have learned and practiced and consult with your instructor.
• Presentations will be delivered during the lab session and all the laboratory section students should attend.

• Ten PowerPoint Slides to Include in an Investor Presentation
  1. Title slide
  2. Problem
  3. Solution
  4. Business model
  5. Management team
  6. Industry and target market
  7. Competition
  8. Intellectual property
  9. Financial projections
  10. Current status, amount of money requested, and projected use of funds
Business Plan Search

Organizing your Work: In order to have a well-organized work for the lab and for the course; you are required to place all your guide, handouts and research in one binder with dividers that separate the sections by title, such as lecture notes and handouts, lab guide, lab research, presentation I and presentation II.

Business search is a time consuming task when developing a new venture. A research plan is necessary to optimize your efforts in developing the appropriate information that will assist you in establishing the viability of your project. With the explosion of data in this information age, it is becoming more difficult to conduct a search efficiently. Establishing the focus of your project is essential to the information search process. There are different sources of information that you may pursue. Among the sources that will guide you in your research is the library guide that has been prepared for you. The link to this library guide is: http://libguides.wit.edu/comn4100
Landscape for Financing Construction Projects:

The focus of the project type to be selected should be in the Construction and Construction Management related fields. It is recommended that you select a project in the following specialties in construction:

1. Construction Management business
2. General contracting business
3. Specialty contracting business
4. Design/Build Business
5. Residential developments
6. Office buildings developments
7. Malls Development
8. Industrial and Commercial construction
9. Construction products (Materials, equipment, pre-cast concrete, pre-stressed concrete, pre-fabricated steel, ready mix concrete.....etc.)

Note: All proposed fields of business require the instructor’s approval. You are not limited to the above list. A business in this context encompasses the involvement of construction projects. These businesses may be new or existing. Financing will include the corporate finance and the projects financing at the same time.

Today’s market is looking for efficiency and so modular construction is becoming one of the tools to improve construction efficiency. I urge you to consider this field of business. In addition we have green building and energy based projects are demanding more businesses in these fields.
Appendix (1)

GROUP SKILLS
<table>
<thead>
<tr>
<th>Principle</th>
<th>Skill</th>
<th>Reflections on the Skills</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Synergy</strong></td>
<td>Invitation Skill</td>
<td>&quot;I feel welcomed to the team.&quot;</td>
</tr>
<tr>
<td></td>
<td>Warmth Skills</td>
<td>&quot;I feel comfortable on this team.&quot;</td>
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<tr>
<td></td>
<td>Sensitive-listening Skills</td>
<td>&quot;I feel accepted.&quot;</td>
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<tr>
<td></td>
<td>Empathic-responding Skills</td>
<td>&quot;I feel understood.&quot;</td>
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<tr>
<td></td>
<td>Questioning Skills</td>
<td>&quot;I feel important.&quot;</td>
</tr>
<tr>
<td></td>
<td>Personalizing Skills</td>
<td>&quot;I feel special.&quot;</td>
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<tr>
<td></td>
<td>Enthusiasm Skills</td>
<td>&quot;I feel energized.&quot;</td>
</tr>
<tr>
<td></td>
<td>Agreement Skills</td>
<td>&quot;I feel united.&quot;</td>
</tr>
<tr>
<td></td>
<td>Mutuality Skills</td>
<td>&quot;I feel connected.&quot;</td>
</tr>
<tr>
<td></td>
<td>Positioning Skills</td>
<td>&quot;I feel secure.&quot;</td>
</tr>
<tr>
<td></td>
<td>Accessibility Skills</td>
<td>&quot;I feel reassured.&quot;</td>
</tr>
<tr>
<td></td>
<td>Sensory-representational Skills</td>
<td>&quot;I feel in harmony with the team.&quot;</td>
</tr>
<tr>
<td><strong>Cooperation</strong></td>
<td>Social-interest Skills</td>
<td>&quot;I feel a sense of belonging.&quot;</td>
</tr>
<tr>
<td></td>
<td>Cooperative-listening Skills</td>
<td>&quot;I feel like contributing.&quot;</td>
</tr>
<tr>
<td></td>
<td>Credibility Skills</td>
<td>&quot;I feel trusting.&quot;</td>
</tr>
<tr>
<td></td>
<td>Universalizing Skills</td>
<td>&quot;I feel linked to the team.&quot;</td>
</tr>
<tr>
<td></td>
<td>Genuineness Skills</td>
<td>&quot;I feel I can be real.&quot;</td>
</tr>
<tr>
<td></td>
<td>Mutual-reliance Skills</td>
<td>&quot;I feel supported and also supporting of the team.&quot;</td>
</tr>
<tr>
<td></td>
<td>Conflict-resolution Skills</td>
<td>&quot;I feel relief that our differences can be communicated and understood.&quot;</td>
</tr>
<tr>
<td><strong>Focus</strong></td>
<td>Shared-vision Skills</td>
<td>&quot;Our team has a common purpose.&quot;</td>
</tr>
<tr>
<td></td>
<td>Mutual determinism Skills</td>
<td>&quot;It's up to us. We have all we need. We have the full commitment from each other.&quot;</td>
</tr>
<tr>
<td></td>
<td>Anticipation Skills</td>
<td>&quot;We are aware of the barriers on our road to success. We will develop a plan to solve the problems up front.&quot;</td>
</tr>
<tr>
<td></td>
<td>Choosing Skills</td>
<td>&quot;Because we are success-focused, we simply make the choices along the way that will lead us closer to our goal.&quot;</td>
</tr>
<tr>
<td></td>
<td>Self-starting Skills</td>
<td>&quot;It's up to each one of us to take responsibility to keep ourselves going.&quot;</td>
</tr>
<tr>
<td></td>
<td>Goal Centering Skills</td>
<td>&quot;We stay focused on the situation and on the solution that will lead to our goal, not to our own individual egos.&quot;</td>
</tr>
<tr>
<td>Principle</td>
<td>Skill</td>
<td>Reflections On the Skills</td>
</tr>
<tr>
<td>-----------</td>
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</tr>
<tr>
<td><strong>Respect</strong></td>
<td>Self-encouragement Skills</td>
<td>&quot;Each of us will take responsibility to keep our own self in an encouraged state.&quot;</td>
</tr>
<tr>
<td>Asset-focusing Skills</td>
<td>&quot;Our team focus is constantly reinforcing each other’s assets, strengths and resources.&quot;</td>
<td></td>
</tr>
<tr>
<td>Liability-into-asset Skills</td>
<td>&quot;Individual qualities which at first glance might appear to be negative could actually be positive qualities in disguise that can be useful for the team. Let’s look for ways we can each contribute by turning negatives into positives. We know what our team goal is. We know the assets of each teammate. We need constantly to remind each other how vital these skills, assets and strengths are to the team’s success.&quot;</td>
<td></td>
</tr>
<tr>
<td>Relating-individual-to-team-asset Skills</td>
<td>Communicating to each other our confidence and faith in simple words: &quot;I believe in you. You can do it.&quot; Or &quot;We can do it.&quot; &quot;We expect to succeed. We have no doubt that we will continue onward, no matter what, and we will reach our goal.&quot;</td>
<td></td>
</tr>
<tr>
<td>Respecting Skills</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expectation Skills</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reality</td>
<td>Objectivity Skills</td>
<td>&quot;Here is where we are. These are the facts we face.&quot;</td>
</tr>
<tr>
<td>Acceptance Skills</td>
<td>&quot;We can’t change the fact. And it may not be worth our energy to change other facts. So let’s move on and focus on what we can and will change.&quot;</td>
<td></td>
</tr>
<tr>
<td>Humor Skills</td>
<td>&quot;We had five setbacks in a row. The universe is zeroing in on our team, trying to hold us back. We must be important.&quot;</td>
<td></td>
</tr>
<tr>
<td>Re-labeling Skills</td>
<td>&quot;It’s not a tragedy. It’s a minor inconvenience.&quot; &quot;It’s not what happens to all of us on the team that affects us. What affects us is the way we think about what happened.&quot;</td>
<td></td>
</tr>
<tr>
<td>Rational-Thinking Skills</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assertiveness Skills</td>
<td>&quot;Everyone on the team has the right to offer his or her opinion if it is intended to improve the team.&quot; &quot;We can grow from any information, whether positive or negative, as long as it is useful.&quot;</td>
<td></td>
</tr>
<tr>
<td>Welcoming-Criticism Skills</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principle</td>
<td>Skill</td>
<td>Reflections On the Skill</td>
</tr>
<tr>
<td><strong>Optimism</strong></td>
<td>Overcoming-Discouraging-Belief Skills</td>
<td>&quot;Let’s rise above our limited thinking. Let’s think big. Let’s think with courage.&quot; &quot;No problem. We can deal with whatever comes our way. Certainty gives us the competitive way. Let’s not limit the vision of our future by the narrow, limited experiences of our past. Let’s proceed as if every problem has a solution and use unlimited, creative minds to find a way.&quot;</td>
</tr>
<tr>
<td>Certainty Skills</td>
<td>&quot;Let’s look at the situation in an entirely new way.&quot;</td>
<td></td>
</tr>
<tr>
<td>Find-a-way Skills</td>
<td>&quot;This setback is related to the unique situation which occurred during this incident and does not affect our future actions.&quot;</td>
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<tr>
<td>Perceptual-Alternative Skills</td>
<td></td>
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<tr>
<td>Optimistic-Explanatory Skills</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Progress</td>
<td>Becoming Skills</td>
<td>&quot;Team experiences itself is the process of becoming successful.&quot;</td>
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<td>------------------------------------------------------------------</td>
</tr>
<tr>
<td>Effort-focusing Skills</td>
<td>&quot;Team notices individual efforts.&quot;</td>
<td></td>
</tr>
<tr>
<td>Spotting-improvement Skills</td>
<td>&quot;Team acts with the goal of improvement.&quot;</td>
<td>&quot;Team acts by recognizing each person's contributions.&quot;</td>
</tr>
<tr>
<td>Contribution-Recognition Skills</td>
<td></td>
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</tr>
<tr>
<td>Evaluating-action Skills</td>
<td>&quot;Team acts quickly to access action.&quot;</td>
<td></td>
</tr>
<tr>
<td>Credit-sharing Skills</td>
<td>&quot;Teammates actively give credit, rather than taking credit.&quot;</td>
<td>&quot;Teammates actively celebrate success together, including everyone.&quot;</td>
</tr>
<tr>
<td>Celebration Skills</td>
<td></td>
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</tr>
</tbody>
</table>
GROUPS SKILLS

Leadership Matrix: Identify in the table below the team leader for every week during the course while listing the roles and responsibilities of the leader for that session.

<table>
<thead>
<tr>
<th>Meeting Date</th>
<th>Leader's Name</th>
<th>Roles &amp; Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
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<td>2.</td>
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<td>3.</td>
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<tr>
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</table>

1. Provide the group’s business plan tasks and assign roles and responsibilities for each group member by the fourth week.
2. Submittals each week are cumulative and must be typed and kept in a binder for the record.
3. Each student is responsible for every part of the project report.

Comments:
GROUP SKILLS: Team Assessment:

As a team member you are required to assess the team performance twice throughout the course, once at the mid-time and once at the end.

Team Assessment Matrix:

Group # ( )                   Business Plan Name:_____________________________

Group Member Name:_____________________________

Rating:  
From 1 to 10 where 10 is the best

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Name of Group Member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust</td>
<td></td>
</tr>
<tr>
<td>Meetings</td>
<td></td>
</tr>
<tr>
<td>Shared Responsibility</td>
<td></td>
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<tr>
<td>Conflict Management</td>
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<tr>
<td>Roles and Responsibilities</td>
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<tr>
<td>Participation</td>
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<tr>
<td>Communication</td>
<td></td>
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<tr>
<td>Commitment</td>
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</tbody>
</table>

Provide comments and in confidence.
GROUP SKILLS: Creativity:

Every construction project is unique and is customized to meet the project owner’s requirements. Creativity is the ability to generate original and practical ideas and solutions to everyday problems and challenges facing you as a construction professional. In order to be successful and profitable on every project, it is important that the design and construction team be creative i.e. original in their thought and innovative in approach. For example you can be creative in defining costs, technology utilization and construction methods.

You are required to show creative methods during the project development process

5. Oral Presentations:

In preparation for your oral presentation, you will need to rehearse and practice until you are comfortable. Make sure that you have a successful start by preparing your statement. It is recommended that you video tape your presentation and deliver it to family members or friends. Review and repeat your presentation as many times as necessary. Write down the things you need to improve on and work on them. Think of the presentation as a talk with your friends.

"Appearance is important. Be well groomed and appropriately dressed for your presentation. When you look right you will feel good about yourself. You will then forget about your appearance and concentrate on your talk. You will have increased confidence because you know you have made a good first impression on your audience."

Among the important factors that lead you to a successful presentation:

- Begin by facing your audience and say, "Ladies and gentlemen ... " then pause for a second to let things settle down.
- Make eye contacts with your audience while delivering the presentation.
- Glance periodically for time limit and observe the time limits when you speak.
- Leave hands on your sides to indicate that you are relaxed.
- Perform, do not present.
- Be yourself
- Keep it simple.
- Practice, practice, practice and build self-confidence.
- A good speaking voice should be balanced between volume, pitch and rates while having a pleasing quality
- Never forget that you are giving a speech.
- Take presentations seriously.
- Speak with confidence and conviction.
- Your speech should have a road map and logical flow, making points along the way that will accomplish a purpose, till you reach the conclusion.
- Be aware of the importance of words you use. Avoid using slang jargons.
Besides the basic structure in constructing your presentation, opening-body-conclusion, AIDA outline may be a variation that will be helpful to incorporate:

1. Win their Attention- **A**
2. Arouse their Interest- **I**
3. Create a Desire- **D**
4. Stimulate Action- **A**

- Avoid apologetic statements.
- Speak with knowledge and slowly. Know your material.
- Use available technology as a tool to get your ideas across. You can also use other means such as large boards with drawings or graphics. Manage your visual aids; do not let them manage you.
- Know the room and be familiar with the place and rearrange your setup that will make your team comfortable and effective. Realize that the audience wants you to succeed, so relax.
- Use body language when appropriate such as:

  1. Size, weight, shape, direction, location. These characteristics call for hand gestures such as shaping the hands or pointing. "He went that way!" You may exclaim, as you dramatically point out the direction.
  2. Importance or urgency. Show your audience how vital your point is. Hit your fist into your open palm (with caution) on the lectern to punctuate your point.
  3. Comparison and contrast: Move both of your hands in unison to show similarities; move them in opposition to show differences.

- **EVALUATE YOUR PROGRESS:** The following table provides you with a guide to check your progress in every presentation. This guide is drawn from Toastmasters International Evaluation Program for Toastmasters.
GROUP SKILLS:

**Team member’s presentation evaluation form: (An individual’s assessment of personal skills – Not to be submitted to the instructor)**

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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</thead>
<tbody>
<tr>
<td>I feel comfortable giving speeches</td>
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<tr>
<td>I enjoy speaking before an audience</td>
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<tr>
<td>I prepare thoroughly for every speech I present</td>
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<tr>
<td>I always plan my speeches with a clear purpose or goal in mind</td>
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<tr>
<td>I am able to organize my ideas into a clear, logical outline</td>
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<tr>
<td>I speak with sincerity, earnestness and enthusiasm</td>
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<tr>
<td><em>My speech openings capture audience attention and lead into my topic.</em></td>
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<tr>
<td>I end my speeches in a definitive and conclusive manner</td>
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<tr>
<td>I support the main points of my speeches with relevant data or examples</td>
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<tr>
<td>I am able to speak effectively without depending heavily on notes</td>
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<tr>
<td>I am able to speak effectively without depending heavily on notes</td>
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<tr>
<td><em>My speech delivery is free of verbal crutches such as &quot;ah&quot; or &quot;urn&quot;</em></td>
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<tr>
<td>My voice is easily heard without being too loud</td>
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<tr>
<td>I use vocal variety as a means of adding emphasis and feeling to my words.</td>
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<tr>
<td>My delivery is free of distracting movements or maneuverisms</td>
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<tr>
<td>I utilize eye contact as a means of establishing bonds with listeners</td>
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<tr>
<td>I am careful to use words that precisely and vividly carry my message to the audience.</td>
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<tr>
<td>I gracefully accept other’s evaluations of my speeches and attempt to profit from them.</td>
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<tr>
<td>I am able to listen carefully to the questions asked and clearly respond.</td>
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</table>

After you have completed reviewing the statements above, rate yourself as follows:

1 = Excellent; a personal/ strength
2 = Very Good; Little room for improvement
3 = Satisfactory; could be better
4 = Should improve; worthy of special effort
5 = A serious weakness requiring immediate attention

Determine your strengths and weaknesses and then establish your goals of improving your communication skills. Repeat the above as many times as possible to strengthen your public speaking skills.

Repeat your personal evaluations and place comments below to check on your progress.
# Student Oral Presentation Evaluation Form

<table>
<thead>
<tr>
<th>Subject of Business</th>
<th>Group #</th>
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</thead>
<tbody>
<tr>
<td>Start time</td>
<td>Finish Time</td>
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<table>
<thead>
<tr>
<th>Company Name:</th>
<th>Duration of</th>
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<tbody>
<tr>
<td>Presentation</td>
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</table>

<table>
<thead>
<tr>
<th>Oral Presentation Evaluation</th>
<th>Numerical Grade 100%</th>
<th>Question &amp; Answer</th>
<th>Numerical Grade 100%</th>
<th>Numerical Avg. Grade</th>
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</thead>
<tbody>
<tr>
<td>1. Depth of Information,</td>
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<tr>
<td>2. Organization and</td>
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<td>Presentation</td>
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<tr>
<td>3. Project Specific</td>
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<tr>
<td>Information</td>
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<tr>
<td>4. Sequence of Information</td>
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<tr>
<td>5. Accuracy of Information</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Comments - Oral Presentation</th>
<th>Comments - Questions &amp; Answers</th>
</tr>
</thead>
<tbody>
<tr>
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Comments
Appendix (2)

Executive Summary Guide
Generic Executive Summary Format (1 page)

1. Introduction (High-level summary of points below)

2. Business Overview
   - Company description and business model
   - Value proposition - financial
   - Current status
   - Current or committed funding and all funding sources

3. The Market Opportunity (the problem, the customer’s pain)
   - Why is this such a great idea? Define the problem, describe the customer pain
   - Competitive analysis (how the problem is not being solved by competitors)

4. Market Solution
   - Product or service
   - How you will remove the pain, solve the problem
   - Description of a working model or prototype, if appropriate
   - Ability to create barriers to entry

5. The Market
   - Identification of customer(s)
   - Market size, analysis and forecast
   - Industry analysis and forecast

6. Management Team
   - Founders and key management
   - Industry experience, education

7. Financial Analysis
   - Outline overall financial model with projections through Year 3
   - Including pro forma cash flow and budget analysis
   - Other analysis, as appropriate (i.e. break even analysis)
   - Discuss assumptions and capital requirements

8. Funding request
APPENDIX 3

AEC Marketing Study
Market:
The term “Market” is primarily defined in terms of people, money and the desire to exchange. 
* People as customers have specific needs and wants who might be willing and able to engage in exchange to satisfy that need and want.

Marketing:
Marketing is interplay among organizations, consumers and society as a whole. **
Marketing is an exchange process between producers and consumers, in which the producer matches a marketing offering (the product or service, plus its promotion, distribution, and price) to the wants and needs of the customer.

Producer refers to any person or organization that produces something of value to other people.
Consumer may be an individual, household unit, a government agency that uses goods and services.

The Marketing Environment: **
The marketing environment is the total context within which marketing takes place.

---

**Mandell, Maurice; Rosenberg, Larry J.; “Marketing”, Prentice Hall 1981, p.5
Developing The Market Study for a Business Plan:

Phase I: Generating the Concept:
Interests of suppliers of products and services in their specific fields direct them to establish a broad concept as a starting point for generating ideas. This is the first phase of business idea development.

Phase II: Idea Refinement:
The second phase of idea development will lead to its refinement. As brainstorming continues in determining the feasibility of the concept, it will become more evident that the business needs to be more focused.

Phase III: Preliminary Market Study:
A preliminary investigation regarding the feasibility of the idea must be initiated at this point. The purpose of this study is to determine the initial feasibility prospects of the concept. A general overview of the prospects of success in the field must be determined through a general investigation of the National, Regional and Local information supporting the concept.

Phase IV: Detailed Market Research:
Detailed study must be conducted to establish and collect data regarding national, regional and local information and should consider, but not limited to the following:
1. Demographics
2. Personal income
3. Demand
4. Supply
5. Market size
6. Market segmentation
7. Trends
8. Competition
9. Market projections
10. Economic and business conditions

Phase V: Organizing Data:
Upon collection of information, it is important to organize the data collected from various sources. Data may be textual, graphical or pictorial. Relevant information must be categorized and classified in a hierarchical scheme to reflect the sequence of thoughts and data that can be easily analyzed.

Phase VI: Analyzing Data:
The organized collected data must be correlated and coordinated to develop a logical reason that leads to a specific goal. The analysis should reflect the possible success of an idea or the lack of it. Forecasts as a result of the collected data must be developed to ensure continuity of the concept over at least a short-term basis.

Phase VII: Results & Concluding Remarks:
The last phase in developing the concluding statement is to generate concise information on market size current and projected, profitability, competition and final the market share. The statement should develop a short and long range perspectives.
Profile of Market Research in Commercial Building Construction:

The following is a brief approach providing a profile for consideration in the development of a market study. Each market segment requires individual attention in the market research phase. Special consideration must be given serious attention to arrive of at feasible marketing strategy and develop the market share.

1. **General Concept** is Commercial Building Construction which includes the following segments:
   a. Urban or suburban environment
   b. Low rise buildings
      i. Office Buildings
      ii. Class A office buildings
      iii. Class B Office Buildings
      iv. Class C office Buildings
   c. High rise buildings
      i. Office Buildings
      ii. Class A office buildings
      iii. Class B Office Buildings
      iv. Class C office Buildings
   d. Strip Malls
   e. Retail Buildings

2. **Refined Concept** is to select from the above what seems to be attractive to the entrepreneur. Let us assume that the refinement will be, “Suburban, low rise, class B buildings”.

3. **Preliminary Research**: Review literature and data that cover the following in a general manner in order to give a sense of direction towards feasibility.
   a. Gather data on the construction industry in general on a national or even global basis, e.g. total construction put in place in the past year, building construction in the last year, commercial construction in the last year... etc.
   b. Gather information at the regional level, similar to the national approach.
   c. Gather information at the local level, similar to the regional level.

4. **Detailed Research**: An in depth search for data searched in item 3, e.g. develop trends over the past 15 years.

5. **Organize the Data**: Among all the voluminous collection of data, select the relevant information then organize, classify and categorize them to enable the development of a reasonably feasible conclusion.

6. **Results and Concluding Remarks**
   From the above information, develop the following in conclusion:
   a. Market size and projections in the long and short terms
   b. Competitive analysis
7. **Market Share:**
The market share determines your expectations to develop business in the short and long terms in a specific geographic target. This value is crucial in the development of your financial statements.

8. **Types of Information**
The type of information that needs to be gathered should include:

- **Market Demand** for a product or service is the total volume that will be bought by a defined customer group in a defined geographical area in a defined time period in a defined marketing environment under a defined marketing program. **

- **Supply:** *** Supply side considerations are the most uncertain of all. Developers can gather aggregate data on the existing national supply of types of space distinguished by use, size, location, function, style, and overall quality, and they can note the vacancy rates in the existing stock. ... Data on the amount of space currently under construction and the expected completion date are also critical in analyzing the supply in the market.

- **Market size**

- **Competition** (e.g. number of firms in the field, the range of size of these firms. Determine which other firms do work in this market segment and how your firm compares in terms of experience, project delivery methods, pricing, project size, etc.

- **Customers profile:** Conduct client analysis through the identification of needs and wants and what is driving the project.