APPROVED BY

Academic Supervisor

Educational Program

"International programme in business and economics"

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GUIDELINES FOR PREPARING THE TERM PROJECT "BUSINESS PLAN"

International programme in business and economics

CONTENT

1. GENERAL REQUIREMENTS FOR THE BUSINESS PLAN PROJECT

The “Business plan” project is an obligatory part of the academic curriculum of second-year students enrolled in the “International Programme in Business and Economics”. All students of this program have to participate in the project, working in teams of five people (four to six if approved by academic supervisors), collaborating with Russian companies, primarily from St. Petersburg, across various sectors of the economy. Each company partners with several teams. The representatives of companies play a special role in fostering a more conscious and meaningful engagement of students in their work. Real life business problems are being addressed in Business plan projects which rely on first-hand data collected directly from business representatives as well as open access data sources. During the 3rd and 4th modules, project supervisors assist their teams in practicing the tools and frameworks learned on the Business plan project seminars. which are specifically designed to build the knowledge and competencies required for the successful implementation of the project.

1.1. Project teams and project supervisors

The project should be done in a group format in teams of 5 students. The number of students in a team may be changed only due to students’ expulsion or due to the inability to form teams in other ways.

The implementation of the project requires high involvement and activity of all team members. The result of the project is collective, but it is allowed to give individual marks based on the results of the work of individual team members.

Students form teams on their own and send information about the composition of the team to the academic coordinator of the project "Business Plan" through specially created and online forms (tables), information about the registration form is sent by the program manager. Team formation is recommended to be done within existing study groups. Students have not sent information about the composition of the team within the established time frame are assigned to teams by the decision of the academic coordinator of the project "Business Plan". Within the team, students make the choice of a **project leader** from the students, who coordinates the work of the team.

Registration of the composition of project team members is carried out by filling out the electronic form "Group for the implementation of the project: Business plan" within the established time limits, a link to which is sent to students via corporate e-mail or other suitable channels of communication. The form indicates the full surname, name and patronymic (if any) of each team member, number of the study group, e-mail. Fill out one form per team.

The project team is managed by a **Research Supervisor** appointed by the Academic Coordinator of the Business Plan project from among the faculty members of the St. Petersburg School of Economics and Management of the Higher School of Economics. The final list of supervisors and the final composition of project teams is formed by the Academic Coordinator of the project, approved by the Academic Supervisor of the corresponding program, sent to students via corporate e-mail.

The responsibilities of the Research Supervisor of the project include:

- support of the project team in cooperation with the company’s / project representative (organization of an interview with a company’s / project representative, assistance in creating a list of questions for an interview, if necessary, moderating subsequent contacts with a company’s / project representative, monitoring the company's feedback on the project results);
- holding regular (5 contact academic hours during the term project) consultations of project teams on the issues of the project and the requirements for the implementation of the project and the preparation of the report;
- consulting project teams on available sources, the procedure for collecting and processing the necessary information;
- discussion of the intermediate results of the project, preparation and presentation of the necessary recommendations;
- preparation of feedback on the work of the team on the project in accordance with the criteria established in these Guidelines (including the regularity of consultations with the supervisor, the timeliness of the provision of intermediate results of the project, the independence of the project, etc.).

Projects can represent a variety of business ideas, including planned for implementation and projects under development from new or existing companies from various industries and forms of ownership.

Based on the results of the students' implementation of the project and the preparation of the report, the supervisor decides on the compliance of the submitted report with the established requirements. In case of a negative decision of the supervisor, the project team is allowed to defend the results of the project before the commission, but the project protection committee takes into account the decision of the supervisor on the compliance of the report with the requirements and the supervisor's review when grading the project team members for the project.

Consultations with supervisors can take place both face-to-face and online using the Zoom platforms and others. It is necessary to plan consultations with supervisors in advance, since one supervisor can lead several project teams. Consultations can be individual for each team or common to several teams. It is the responsibility of the project teams to initiate consultations with the supervisor.

In case of difficulties in communication with the supervisor, the project team should immediately inform the academic coordinator of the Business Plan project.

1.2. The procedure for attaching students to projects

The Business Plan project is carried out by project teams based on the materials of companies that have a cooperation agreement with the Higher School of Economics and from the list of thematic areas of projects that were selected by the academic coordinator of the Business Plan project. Companies involved in this project may represent different industries, forms of ownership, have different sizes and different business models.

The choice of the thematic direction of the project for the project "Business Plan" is carried out by students by filling out the electronic form "Project: Business Plan" within the established time limits, a link to which is sent to students via corporate e-mail or other suitable channels of communication. In the form, the project team notes the priority of the five most preferred thematic areas of projects from those proposed, where the first priority is the most desirable thematic area of the project, and each subsequent, respectively, are least priority options. The distribution of projects between project teams, taking into account the priority of the thematic areas indicated by the project teams, is carried out by the academic project coordinator, while one project may have several project teams. The academic coordinator of the project distributes project teams to projects within the timeframe announced at the first project seminar "Business Plan". Students are assigned to a project based on the priority given by the project team. In case of the project team does not receive information about priorities within the established time frame, the academic coordinator of the project assigns students to the project at its discretion.

Based on the results of the distribution of teams by projects, along with information on the project, the team receives contact information of the company's / project representative (the organization that provided the project). Teams should take a responsible approach to interaction with the company. Before contacting company’s / project representatives, project teams are required to study the general information about the project available in the general description of the project, databases and the media, contact the supervisor to coordinate the meeting time. Company’s / project representatives are sent an invitation to defend projects, where they can give their assessment of the results of the project, and the protection commission can take this assessment into account when setting the final assessment for the project.

As part of interaction with companies, project teams represent HSE, therefore they are responsible for compliance with the norms of professional business communication and ethics, and also undertake obligations to comply with accepted norms and academic standards of HSE.

1.3. Individual assessment of the student's work on the project

Despite the group format of the Business Plan project, each student receives an individual assessment of the project. The assessment of students doing a project in the same project team is usually the same, but may differ for individual team members in the following situations:

1. Not later than the date of the defense of the project, the members of the project team sent a letter to the corporate mail of the academic coordinator of the project with information that an individual member of the team did not participate / incompletely participate in the implementation of the project. In this case, the academic coordinator of the project sends the letter to the project defense committee, and the committee makes a decision on the student's individual assessment, taking into account the appeal of the team members and the student's speech at the defense of the project.
2. On the title page of the report there is a note from the supervisor or the supervisor sent information to the coordinator of the project that one of the team members ignored meetings with him/ or with representatives of the company / project. In this case, the commission during the defense asks additional questions to a particular student in order to assess his knowledge of the details of the project and the ability to present and justify individual results.
3. Public defense of the project involves a group presentation of the results of the project with the participation of all members of the project team. The overall level of the presented project is assessed, as well as the ability of the project team to work as a team: the distribution of individual presentation blocks among team members, mutual assistance in answering questions about individual stages of the project and the overall results of the analysis.

4. In case of a fundamental disagreement in the project team on the distribution of individual points, the final decision on the distribution of points rests with the project supervisor. In case of one of the team members misses the defense for a respectful reason, confirmed by the relevant document (e.g., medical certificate), the student is assigned another day of defense during the approved retake period. If one of the team members misses the defense without a valid reason, the student is given an "unsatisfactory" grade, even if the project team, of which he is a member, receives a positive mark based on the results of the defense.

2. BUSINESS PLAN AS A TOOL FOR BUSINESS PLANNING

The purpose of creating any business plan is to achieve the success of a new business or business project. Creating a business plan allows developers to test hypotheses about all external and internal needs, and create clear strategies and action plans that are based on facts and relevant and verifiable trend assessments that can help the company improve its performance and achieve performance targets.

According to a study by the authors of the Harvard Business Review, entrepreneurs who create structured, formalized business plans for their projects are 16% more likely to survive compared to entrepreneurs who do not use business plans (Greene, Hopp, 2017). However, it is important to consider that a business plan is necessary not only when developing a new entrepreneurial business idea. The business plan today is the basic tool used for strategic business planning in the implementation of projects and determining the prospects for business development in the current management (short and medium-term prospects for 1-5 years). The created business plan can be used by the company's employees in the current work as a working document, and many of its components can be periodically updated (on average once a year), so when preparing it, it is important to focus on realistic assumptions and formulate clear objectives.

Another important role of the business plan is to simplify the interaction of entrepreneurs and managers with capital owners (creditors, investors, shareholders, investment committees within firms) to obtain funding for the creation and development of new business projects (including within the firm), attracting additional capital to develop existing products and services. Without a clear, well thought out, and compelling plan, many investors refuse to engage with entrepreneurs. In some large enterprises, departments are required to annually provide and protect detailed business plans, without which the department will not be able to access corporate resources. In addition, in the case of mergers, acquisitions and sales of a business, a business plan allows owners and managers to calculate and model the consequences of changes, answer the question of how the new business that will be created as a result of the transaction will function.

The consumers of business plans include entrepreneurs launching new projects, entrepreneurial business leaders, managers in new or changed divisions or branches of an existing business, as well as project managers for launching projects, incl. launching new services or products.

In preparation a business plan, it is important to disclose in detail the current state of the project or company, the existing needs in the market, and the identified trends in the industry and external macro environment. It is also necessary to logically and convincingly present and justify what current and future resource needs will arise during the implementation of the project, what marketing solutions are planned to be implemented, present operational forecasts for production and sales, financial forecasts, take into account the requirements of the company's main business processes, including h. production, as well as the need for personnel.

Creating a business plan requires the developer to consider all possible factors that affect the project, important from the point of view of key stakeholders. As a rule, we are talking about users of a product or service planned for implementation (both existing and potential), owners of capital supplying financial or other resources, and the initiator himself implementing the project (entrepreneur, project manager, manager, team). Thus, the developer of a business plan must prove that the end client is really interested in a new product or service, the project has financial potential that is valuable to the investor (and not just characterized by some distinctive features of the technology or product), and that the practical implementation of this business plan is clear, calculated and implementable. Such a presentation of the project allows investors to comprehensively compare the expected benefits from the implementation of the project with the risks that accompany the project.

2.1. The content of the project "Business plan"

The main text of the project "Business Plan" consists of sections that fully disclose the content of the project in accordance with the UNIDO (United Nations Industrial Development Organization) standard.

Business plan according to UNIDO standards includes the following sections:

1. Executive summary.
2. Description of the industry and company.
3. Description of services or goods.
4. Sales and marketing.
5. Plan of operations.
6. Organizational plan.
7. Financial plan.
8. Project efficiency assessment.
9. Guarantees and risks of the company.
10. Applications.

Only projects containing all the specified sections are accepted for evaluation. The logic of building a business plan consists in a consistent analysis and justification of conclusions about the effectiveness of building a selected business and includes the following steps:

- analysis of the market, allowing to assess its volume, potential, description of the target audience of consumers, planning sales volumes with their subsequent justification and description of the necessary marketing tools (sales and marketing plan), the stage includes the mandatory compilation of demand analysis tools (for example, developing a questionnaire and testing it);
- the project business description that characterizes the business model of a company or project and contains answers to questions about what products or services (selection of a product portfolio, a unique offer), for which target audience (segmentation and positioning) and in what volume (choice of business scale) planned to produce and sell;
- description of the production technology and production cycle for each product or service and the required assets, competencies and resources involved in the production process, planning the production volumes of each product or service, as well as the corresponding operating and investment costs (production plan and investment plan);
- description of the required staffing, organizational structure and legal form of the enterprise (organizational plan);
- description of the financial result of the business in each period included in the planning period - revenue, operating costs and profits, as well as operating and free cash flow (financial plan);
- assessment of the effectiveness of the planned business according to NPV and IRR criteria; project risk analysis by analyzing the sensitivity of the NPV indicator to the main parameters of the project's operating activities (sales and costs).

In the case of developing a new product or service, it is recommended to conduct at least one iteration of design thinking, the results of the work are added as an appendix to the project. This block includes:

- empathic customer experience research (at least 8 user interviews, observation sessions if applicable and/or living experiences);
- analysis and synthesis;
- idea generation;
- prototyping;
- testing.

Further, in paragraphs 2.2–2.10, additional information is provided on the content of the main sections of the business plan.

2.2. Executive summary

This section is not an introduction but essentially reflects a summary of the entire business plan or a short summary of the business plan. This document is extremely important because in practice, potential investors can decide on the selection of projects with which they plan to work on the basis of the project executive summary and a cover letter. The content of this section may vary depending on the specific project and the goals of the business plan. Despite this, the approach regularly used in preparing a project brief is to summarize the relevant sections of the business plan in the order in which they are presented in the plan. In accordance with this approach, the structure of the brief description can be represented as follows:

- a few short introductory sentences (or paragraphs) that give a general brief description of the project (company) and the current stage of its development; a summary of all elements of the business plan (several sentences or paragraphs), including the marketing plan, operational, financial and investment sections;
- the consolidated vision of the project prospects by the team based on the analysis made, as well as bring in a tabular format the main quantitative indicators of the project.

As part of a short description of the project, it is necessary to provide those key data that may be of interest to the investor in terms of project implementation, including the measurable goals of the business plan, key project performance indicators (including payback periods, NPV, ROI, ROA and other KPIs).

The total volume of this section should not exceed one and a half pages. It is important to ensure that the various sections of the information provided do not contradict each other.

2.3. Description of the industry and company

After the section with a short description of the project, the main part of the business plan begins with a general description, which provides basic data about the company, its activities and the purposes of the project.

Market analysis

A critical stage in the development of a business project is to determine the nature and size of the market for a product or service implemented within the framework of the project being created.

As a rule, when assessing the attractiveness and risks of a project, capital providers (investors) tend to select those projects that are primarily focused on consumers, specific features and market trends, and not on the features of the goods and services themselves. The key task of this section of the business plan is to convincingly demonstrate that the idea being developed in the project has its target consumer, that this market has sufficient capacity and growth potential, that competition in this market will not level the feasibility of developing a business project. The developer of a business plan must determine both the market for the product and service as a whole, and the existing opportunities for this market, incl. its overall capacity, target market segments, significance and level of sustainability of market segments.

The quality of market analysis depends not only on the efforts of the authors of the business plan to process the available information, but on what information was used in the basis of the business plan.

The efforts of the business plan development team to find and obtain high-quality information, as a rule, pay off with a high degree of investor confidence in well-founded conclusions (it reduces the risks of investors). Providers of such information can be professional industry associations, special reports and publications of consulting and research companies, private and public industry studies, reports and interviews with experts, as well as their own research conducted by the authors based on the collected primary data. Such market research may be included as a subsection of the marketing plan or as a separate section of the business plan.

In preparation the Market Analysis section, team members should rely on those market conditions that are most critical for the success of the future business. If a key element of the business plan is to succeed in competing for market share with limited capacity and growth, the investor will require more detailed information about the resources and competencies that guarantee the entrepreneur the opportunity to achieve positive results in such competitive conditions. At the same time, if the market grows significantly, then even with a small market share, some details of the competition can be omitted if it is obvious that under the described conditions, the project will be able to achieve the required sales volume indicators.

Industry definition. In preparation developing a business plan, it is necessary to determine the industry to which your project (your enterprise) is more related. The analysis should start with a description of the general situation in the industry, an assessment of the growth or stagnation of the industry. The choice of industry will determine the next steps in the analysis of the target market and segmentation, as well as help to identify the pace of general economic dynamics to determine the trends affecting your project, identify opportunities and threats associated with large technological, economic or social factors, the possibility of identifying examples of companies operating in similar to the conditions of your project. To determine the industry, one can refer to various standard classifiers of economic sectors and groups of industries (for example, SIC or the Rosstat classifier, etc.).

If your business belongs to two or more industries, it is necessary to study each industry, while noting the questions that relate primarily to your project. Studying the growth rate of the industry (industries) important for your project will allow you to assess the overall economic opportunities of the project as a whole.

Using the annual reports of the largest companies operating in their respective industries, in the studies of stock analysts and analytical companies and their electronic databases, articles about industry leaders in specialized publications, you can determine the approximate size and dynamics of the industry.

Determination of the target market. Then, it is necessary to clarify the actual target market, determine the solvent need for a product / service, describe the various sources and ways to meet the demand realized in the project, in the selected target market within a particular industry (industries). The results of such an analysis with estimated characteristics of the target market can be reflected in tables reflecting the geographical characteristics of the market, market capacity.

In order to assess the size of the market, one can refer to available sources of industry and geographic information, in particular, to obtain the required data from databases in the HSE electronic subscription.

Industry attractiveness. The analysis of the five competitive forces by M. Porter is used to analyze the external environment of the company. The 5 Forces Model is a widely used tool used by consultants when analyzing the external environment, which allows them to assess the attractiveness of the industry in terms of competition, the current position of the company in the industry and outline an action plan (strategy, programs, initiatives, etc.) to maximize the use of competitive advantage.

The analysis evaluates five competitive forces:

- intra-industry competition;
- the threat of new players entering the market;
- bargaining power of buyers;
- bargaining power of suppliers;
- the threat of the emergence of substitute products (substitutes).

It is these five forces that determine the degree of attractiveness of an industry, and their analysis allows you to more clearly understand the industry context in which the company operates, assess the competitive space in all perspectives. In addition, this tool allows you to study the attractiveness of new industries, as well as assess the company's strategic position in the market.

The model consists of 5 interconnected blocks:

Intra-industry competition - the central section, it analyzes the intensity of competition in the industry in which the analyzed company operates. To conduct this analysis, it is important to take into account the characteristics of the company. If you have, for example, a small lemonade company, then the presence of Coca-Cola, PepsiCo and the like on the market puts the company in a situation of always catching up, as the main rules and trends in this market are set by leaders. Not being a leader, the company is limited in pricing policy, in the choice of marketing and distribution channels, and in many other aspects.

The bargaining power of suppliers shows which of the market participants and to what extent is able to exert bargaining power on the counterparty. For example, a huge retail chain has a large number of small suppliers to whom, due to its size, it simply imposes its conditions (price and delivery schedule). If, on the contrary, a small store buys bakery products from a huge bakery nearby, then most likely the factory will determine what, when and at what price to deliver - the store simply will not have any other reasonable choice.

The bargaining power of buyers shows how much market pressure a buyer is able to exert on a company. When analyzing customers, it is very important to correctly identify them. For example, if you are a free-to-air television company, the definition of your buyer/customer is not so obvious. It would seem that your client is a viewer, because he consumes the content that you produce, but this is not true. The viewer watches, but as a rule he does not pay the TV company; TV company's client in this business model is an advertiser. It is he who buys advertising time from the television company, and thereby gains access to the attention of the viewer, promoting his product or service. And the viewer in this case is the “supplier of his attention”, which is attracted to the interesting content of TV programs and then resold to the advertiser. Accordingly, in this case, it is necessary to determine to what extent the advertiser is able to dictate his conditions to the broadcaster.

The threat of substitute products (substitutes) describes competitors of a different type. These are not companies that produce the same products and services as the analyzed company, but manufacturers of other products and services that represent an alternative way to meet the same customer need, and therefore compete. An analysis of the state regulatory environment is often added to the "Alternatives" block, since the balance of competitive forces between various alternative products / services is often influenced by state regulation in a particular industry.

The threat of new players entering the market shows how easy it is for a new player to enter the industry and become a strong competitor.

In the process of evaluating each of the five forces, it is recommended to use the following scale:

1 — the company does not depend on this force;

2 — low (insignificant) degree of dependence of the company on this force;

3 — the degree of dependence of the company is below average;

4 — the degree of dependence of the company is above average;

5 — high degree of dependence;

6 — the company is almost completely dependent on this force.

To evaluate and assign a score for each of the five forces, you can rely on a list of indicator questions. After analyzing the answers to the indicator questions, a table is compiled with a description of each competitive force and the degree of its influence on the company (score from 1 to 6). In addition to the tabular form of presenting the results, it is also recommended to use the graphical method and build a radar diagram that clearly shows the alignment of forces.

In addition to the analysis of the 5 competitive forces, the following issues should be considered in the business plan regarding competition and the overall attractiveness of the market:

- Which of the players in the market do you consider your main competitors?
- What is the difference between your offer and competitors?
- What basis are you competing on?
- Who can act as your competitor in the near future?
- What barriers prevent new competitors from entering the market?

A general description should help answer the following basic questions:

- What field of activity does the company belong to (for example, a manufacturer of goods, services, a trading company, etc.)?
- Who can be attributed to the group of potential customers of the company?
- Through what distribution and communication channels does the company form its customer base?

- Where is the company located?
- What is the planned scale of the company's activities (global, international, national, regional, local, etc.)?
- What stage of development is this company in (for example, an established company planning its further development, a new venture with developed products, a start-up planning to launch products/services)?
- What is the goal pursued by the business plan (for example, achieving a certain level of commercial or financial KPIs, bringing a product / service / company to a new product or geographic market, etc.)
- Who represents the project team from the company side (what experience does the team have to implement the proposed business plan).

Market segmentation. After determining the target market, as well as assessing its competitive attractiveness, it is necessary to clearly identify the consumer audience in the market (segments), identify the target segments with which the company will work, and also determine how the service or product will be positioned. STP (Segmentation, Targeting, and Positioning) is a marketing strategy based on the selection of the target audience (segments), as well as the formation of a specific positioning for each of the audiences (the image of a company or product). In order to develop this strategy, first of all, it is necessary to clearly understand each of its components, so the basic definitions and concepts of the STP strategy will be discussed in this section.

A segment is a large group of consumers (buyers of a product) within a market that is clearly identified by some attribute.

Market segmentation is the division of the market into groups of consumers with similar needs.

Segmentation purposes:

- identify consumer groups with different needs;
- structure, concentrate company resources to create a product that meets the needs of the segment;
- analyze the capabilities of competitors in the selected set of segments;
- create and maintain competitive product advantages;
- increase the internal efficiency of the company, aimed at maintaining and developing competitiveness.

There are the following criteria for segmentation of consumer markets:

- demographic characteristics - gender, age, family size and stage of the life cycle, income level, profession and occupation, education, religion, nationality;
- psychographic features - personality type, lifestyle;
- geographic features - region, cities, rural areas, population density, population size, climate;
- behavioral traits—required benefits, brand loyalty and degree of loyalty, intensity of consumption, reason for making a purchase, degree of readiness to purchase.

The desired benefits and customer needs are the primary features for segmentation, they should be guided by when dividing consumers into segments. The rest of the signs are secondary (descriptive). Demographic and psychographic features help to create a more complete profile of the segment, but have an auxiliary function.

In order to check whether segmentation has been carried out effectively, it is necessary to check it against efficiency criteria:

Segment homogeneity. Each segment must be internally homogeneous, consumers should be similar to each other and respond equally to marketing incentives.

Segment size. Segments must be significant enough in size to justify the additional cost of "customizing" the product or service to the requirements of that segment.

Segment availability. Ability to effectively use distribution channels and marketing communications to successfully work with the target segment.

Segment measurability and durability. Segments must be quantifiable and exist for a sufficiently long time.

Compliance with the MECE principle: mutually exclusive / collectively exhaustive. This principle assumes that 1) each consumer can be included in only one segment, there are no intersections between the segments, and 2) in the aggregate, all segments cover all consumers in the market.

After segmenting the market, it is necessary to describe each of the segments and, as a result, obtain a segment profile. The segment profile reflects the properties of the "average" consumer (consumer portrait) from the analyzed segment and also allows you to give a numerical assessment of the variables, according to which the consumer can be attributed to a particular segment.

This analysis must be applied to all market segments that are considered in the business project, while it is necessary to supplement the assessment of each segment with answers to the following questions:

- Why is this segment relatively attractive?
- What market (segment) do we consider the most important for ourselves and why?
- How might the answers to the questions above change over the medium to long term?

To visualize the results of the work done on market segmentation, you should use a table comparison, as well as pie charts to assess the share of each segment in the market. In addition, it is necessary to assess the quality of each segment, as well as identify and explain the choice of primary and secondary segments as targets.

After segmentation, you should proceed to the targeting stage (selection of the target audience). Targeting is the process of identifying the potential of a group of consumers and selecting one or more segments for development. It is for this segment (one or more) that the company will create its product. Targeting allows you to increase the effectiveness of marketing campaigns, reduce advertising costs, and also reduce the negative reaction from consumers who are offered an irrelevant product or service.

Creating a consumer portrait. In preparation of segmentation, the main sign of segmentation is the needs of customers. Needs are the primary sign on the basis of which the company creates a product focused on a particular segment. At the same time, needs are extremely difficult to use when promoting a product, for example, for advertising on social networks or on television. Secondary characteristics of segments, such as socio-demographic, geographical and behavioral characteristics, are much more suitable for communication and promotion. To connect primary signs (needs) with secondary ones (for example, socio-demographic), to complete a realistic image of consumers, the "consumer portrait" tool is used. This image will reflect how the consumer thinks, how he lives, what pains and problems, as well as objective needs he has, what drives him. A detailed portrait of the consumer allows for more accurate positioning and a more complete analysis of the nature of demand (which, from the investor's point of view, reduces the risks of project failures). If your project has more than one market segment (secondary segments), more than one and several portraits of consumers are possible.

To create a portrait of a consumer, it is necessary to collect primary data, as a rule, involving face-to-face meetings and communications with customers, conversations with sellers, diagnostics of the point of sale, in addition, the digital footprint of the consumer provides rich opportunities - for this, it is necessary to study news feeds and interest groups in social networks that you think your target customers are following. What interests them? What do other companies advertise to them? What is the published content about? When building a portrait of a typical customer, you can assign a name to the consumer, set his complex short history (including setting his most likely demographic characteristics of the person.

2.4. Description of services or products

In this section, you should talk about the products and services that the company offers or will offer. If the company produces different products, then each type of product or service should be described. For clarity, it is worth showing product photos.

Value Provided

This block describes the value that the company provides to the client, what customer problems it solves, how it satisfies the needs of customers. The source of the value of the project for the client can be both qualitative characteristics (design, positive emotions of the client), and quantitative (price, speed of service).

The block answers the questions - "What is the distinctive value of the product / service for the consumer?", "What customer problems do we solve?", "What groups of products / services do we offer to each of the customer segments?", "What customer needs do we cover?"

Important characteristics that are used in the formation of a value proposition: innovation (what is the difference between the product and existing ones on the market?), functionality (what is the main function of the product?), customization (is it possible to customize the product depending on the preferences of the client?), design, product brand/status, price, availability, usability. A highly detailed prototype can be a good value proposition.

2.5. Marketing and sales plan

This section defines the marketing and sales plan for the project. The marketing plan is developed on the basis of the relevant company strategies and, above all, the marketing strategy.

The first step is to determine the strategic position of the project, which combines the strengths of the company, the direction of the industry, market opportunities and competitive prospects. The description of the strategy should cover the distribution, promotion and pricing mechanisms of your products.

The mandatory elements of the analysis at this stage are the solution of the following tasks:

- determination of competitive advantages in the target market;
- defining a unique selling proposition for your product or service;

- determination of the X-Y-Z positioning macro model to formulate its position in the market;
- formulation of the goals and objectives of marketing and a strategy that will allow them to be implemented, for example, to take, strengthen or maintain the desired position in the market.

First, it is necessary to identify and formulate the existing or potential competitive advantages of the project in the target market (see below the analysis of key success factors), and on the basis of them to form a message that characterizes the desired position in the target market (positioning strategy).

Key success factors

To understand the strengths and weaknesses of the company, one should first identify what determines the success of the company in the competition, what are the key success factors (KSF) in the industry.

The definition of KSF, the assessment of the analyzed company in terms of KSF in comparison with competitors allows us to determine its competitive position and highlight areas in which the company is superior or inferior to competitors.

In the process of selection KSFs, one should take the position of the buyer and formulate the criteria that the company / product must meet in order for the buyer to consider it as attractive.

To determine KSF, it is important to answer two questions:

- What do the company's customers want to receive (what are their needs, according to what criteria do they choose between the products / services of various companies in the industry (for example, high quality products, low price, level of service, etc.)?
- What allows the company to survive in the competition (what kind of resources and organizational skills are needed for this, for example, low production costs, quick response to changing customer preferences, etc.)?

The following is a step-by-step algorithm for identifying and evaluating KSFs:

Step 1. Identification of key success factors (no more than 5-6 factors). It is recommended to use the KSF presentation form.

Step 2. Assessment of the current position of the company in comparison with the main competitors (no more than 5-6 competitors).

It is possible to evaluate competitors on the basis of expert opinions using the following notation:

■ +++ the factor is present to a high degree

■ ++ the factor is present to a moderate degree

■ - the factor is absent.

The factors can be assessed by members of the project team on their own based on the study of information in open sources or with the involvement of an expert.

Positioning

Previously, two important elements of a marketing strategy have already been considered: segmentation and targeting (selection of the target audience). The final step in strategy development is positioning. Positioning is the action to develop a company's product offer and its image, aimed at taking a separate competitive place in its product category and creating a favorable image in the minds of the target group of consumers, as well as formulating the key advantages of the product and its differences from competitors' offers.

Product promotion with an emphasis on non-price advantages and product features that distinguish it from competitors (differentiation) allows you to avoid a price war and strengthen the company's competitive position.

There are two positioning strategies:

- positioning based on a unique selling proposition (Unique Selling Proposition, USP). In the case of a USP, the offer must indicate the competitive advantage of the product, must be unique, not similar to those used by a competitive firm, must ensure the sale of the product;
- positioning based on an emotional selling proposition (Emotional Selling Proposition, ESP). ESP is a non-functional characteristic of a product or service that evokes unique associations in the mind of the consumer.

Depending on the number of resources, the specifics of the market and the product, the company may work differently with customers in the market.

There are the following approaches (also called market coverage strategies) to working with segments:

1. Undifferentiated (the same marketing mix for all segments, the company does not choose the target segment, but sells the same product to everyone).
2. Differentiated (the company selects several target segments and develops a marketing mix for each segment separately).
3. Focused (the company chooses one most attractive segment and develops a product according to its needs).

4. Customization (individual work with buyers/consumers).

Marketing mix development (4P/Marketing mix)

As part of this paragraph of the marketing plan, it is necessary to develop a marketing mix (4P) for the target audience of the organization. If several target segments are selected, the marketing mix must be developed for each of them. The marketing mix (4P) is developed for a specific target audience, taking into account the previously developed positioning.

The elements of the 4P model are: product, price, place, and promotion. Elements are built and interact with each other, while they are influenced by both internal and external factors of the organization and the constantly changing market.

The main purpose of 4P marketing is to keep the product or service functioning effectively in the market, taking into account potential threats through continuous development.

All components of the 4P are built around attracting the attention of the organization, so the choice of the target segment and development strictly precede the development of 4P marketing.

The 4P model can be used both when launching a new product / service, and for developing an organization's existing offer, regardless of this, the sequence of actions for developing the organization's product / service marketing includes 4 main stages:

1. Determination of the goods/services that are included in the organization's offer.
2. Development of the 4Ps for the organization's proposal (there is no order in which the 4Ps should be defined, as each of the 4Ps must be considered in relation to the others during the development process).
3. Relate the 4Ps to the needs of the target audience (it is necessary to answer the questions "why" and "what if" to determine the correspondence of the application of the organization to the real needs of the target audience.

Testing the 4Ps of marketing from a consumer perspective. The following questions need to be answered:

- Does the organization's offer meet customer needs? (product)
- Will consumers find the organization's offer where they shop? (place)
- Are consumers willing to buy at the offered price? (price)
- Will the communication reach the customer organization? (promotion).

2.6. Plan of operations

This section of the business plan contains a description of the technical side of the organization of the project, as well as the study of the key tasks of organizing the production of products and services.

In this section, you need to answer the following questions:

- How is the production of products or services organized (approach to production, processes)?
- What resources are required for production and how to provide production with these resources (sources)?
- Who are the suppliers (and other counterparties of the company, such as distributors)?
- How will interaction with suppliers (and contractors, such as distributors) be organized?
- How is product or service development organized?
- How is the legal protection of production carried out?
- What external factors affect production (the impact of the exchange rate on imported raw materials, the impact of the cost of oil on the cost of transportation, etc.)

The detailing of the production plan depends on the nature of the business project, and certain issues of the production plan will require more detailed study as a higher priority depending on its specifics (for example, detailing the issue of production technology for production structures, detailing service processes for commercial structures, etc.).

As part of the operational production plan, it is necessary to disclose and justify:

- list and types of acquired resources and services;
- selection of one or more suppliers;
- frequency, volumes and conditions of purchase from suppliers; the need to store stocks of resources, taking into account the cost of storage;
- options for the location of industrial, retail and office space.

Variable and fixed costs. One of the important elements of the production plan is a detailed calculation of project costs with the distribution of costs by relevant items (variable / fixed, selling, general and administrative), as well as a forecast of their possible changes.

Variable Costs (VCt) are the costs of the firm, the size of which depends on the production or/and sales volume of products or services, including direct costs associated with production (costs of raw materials, consumables, wages of key production workers, the cost of transportation services). Variable costs are direct - those that are directly related to the cost of products or services, in financial planning, they are multiplied by production or/and sales and the total for the financial reporting period is obtained. And indirect -those that are also strictly associated with production, but the company bears it during the financial period, and only then can these costs be divided by production or/and sales to understand the efficiency of spending in the current period and from period to period.

In financial reporting, direct costs of both types are included in the Cost of goods sold (COGS) category. Deducting COGS from Revenue gives the analyst Gross profit.

Selling, General and Administrative expenses (SG&A) are firm costs, the size of which does not depend directly on the volume of production (for example, property taxes, management salaries, rent payments, etc.). These costs can include both a number of indirect production costs, such as the depreciation of production equipment, and non-manufacturing costs, general costs, such as the cost of renting premises, including production and storage, as well as administrative costs, such as wages of managerial and administrative staff. This also includes the costs of promoting and selling the product. The company decides how and how much to spend, and then measures the effectiveness of these expenditures.

Based on the description of the direct costs of business processes and the indirect costs of the business project over time, an operational plan of the project is formed, including:

The forecast of the project's operating costs for production includes variable production costs, namely, the cost of labor of production personnel with accruals and the cost of production resources, taken into account in accordance with production volumes.

The forecast of the volume of stocks of production resources includes the cost of production resources at each point in time including costs of production resources, namely, the cost of all materials that were used in production in the period and the purchase of production resources.

Forecast work in progress (if the business involves the formation of work in progress).

Plan assumptions. It is important to note that, when planning an operating plan, plan developers may make a number of assumptions. For example, in order to simplify planning, assumptions should be introduced that the payment period for purchased production resources will coincide with the period of their delivery to the warehouse, as a result of which there will be no accounts payable. By analogy with this, it is proposed to assume that all other current costs of the company (salary, taxes, rent payments, etc.) are paid in the same period when accrued. If the end-product, according to the assumption, is not stored in a warehouse, but is immediately delivered to customers, the production volumes in each period will coincide with the sales volumes.

Accounting for changes in resource prices. Due to the fact that the external environment of the project is changeable, and the operating plan forms the basis for making major investment decisions, in order to increase the controllability of the project and reduce the risks of the investor, it is necessary to set changes in resource prices by analogy with how the prices of end-products can change. For simplification (or in the absence of resource price projections), the forecast inflation rate can be used to reflect resource price developments.

2.7. Organizational plan

In this section of the business plan, it is necessary to determine the legal form for the created enterprise or, if the project is created within an existing enterprise, indicate the form of organization of the project within the parent company. In addition, it is necessary to determine the project management scheme, specify the requirements for key personnel, make an estimate of labor costs, including clarifying the remuneration scheme, select a remuneration system).

Choice of legal form of the enterprise. If the implementation of the project involves the creation of a new enterprise, a significant issue is the choice of the legal form of the enterprise. The choice must be justified.

Business entities include individual entrepreneurs and legal entities.

The most common organizational and legal forms for registration of business entities are:

- Individual entrepreneur;
- Limited liability company (LLC);
- Joint stock company;
- Production co-operatives, partnerships and others.

Most often, at the initial stage, the forms of an individual entrepreneur and a limited liability company are selected. To select the appropriate organizational and legal form, it is necessary to study the current legislation and take into account the features of the planned activity, the presence of business partners, the amount of expected income and expenses, the counterparties with which the company plans to work, development plans. When choosing, it is necessary to note the set of comparative advantages that plays the most important role for a particular project (for example, the need to attract investments for operations, the need for a flexible mode of operation while minimizing the costs of accounting and contributions to funds, personal risks of liability with the entrepreneur's own property, convenience of working with banks, etc).

Choosing a taxation system. In the process of registration of a new company as an individual entrepreneur or LLC in the tax authorities, it will be necessary to make a decision on which taxation system taxes will be paid. Firms and individual entrepreneurs are legally responsible for the activities of the firm, which include the obligation to pay taxes, comply with rules regarding employees, insurance, and obtaining licenses and permits.

The choice of the taxation system is connected with the organizational and legal form of the company and includes the general taxation regime and the list special tax regimes in Russia:

General system of taxation. This system is suitable for medium and large businesses and those companies that, according to the conditions of their activity, need to calculate value added tax (VAT) in mutual settlements with counterparties. At the start of a business, the general taxation system is not always beneficial, since the system involves the submission of reports and the payment of several taxes, including VAT (20%), corporate property tax (2,2%), corporate profits tax (20%).

Simplified system of taxation. This system is beneficial for small and start-up businesses, since it involves the payment of only one tax..

The tax object can be:

- Income - at a tax rate of 1 to 6% depending on the region, type of activity and the amount of income received;
- Income minus expenses - at a rate of 5 to 15% depending on the region, type of activity and the amount of income received.

Patent taxation system for individual entrepreneurs, limited by type of activity (household services, transportation, retail trade, public catering), rate of 6% of potential income.

Recommendations for the selection of the tax regime (select another region instead of St. Petersburg, if needed): https://www.nalog.gov.ru/rn78/service/mp/

Personnel and payroll data. To form an appropriate personnel plan, it is necessary to formulate the basic requirements for the personnel that will be required to ensure the operation of the project. The following questions should be answered:

- What groups of employees are needed to implement the project (project management, employees, etc.)?

- What knowledge, skills and competencies of different groups of employees will be required to implement the project? How can these knowledge, skills and competencies be confirmed?
- What additional requirements can be (must be) presented to the relevant groups of employees?
- How many employees will be required to ensure the normal operation of the project?
- What average salary, form of compensation, form of employment can be offered for each group of employees?

It is also necessary to note those key people who play the most important role in the creation and development of a new project. This list may include the entrepreneur/founder, members of the board of directors, key specialists, investors.

The next step is to form the requirements for the organizational structure of the project. Taking into account the main groups of employees and key managers of the enterprise noted above, it is necessary to describe the relationship and distribution of responsibilities in the company using a diagram of the organizational structure of the company, accompanied by a verbal description.

The forms of the organizational structure of the organization depend on the nature of a particular project (linear, functional, linear-functional, matrix, divisional, and others), however, in many cases, operations are structured by product (work in departments by product 1, 2, 3) or by functional principle (work in the sales department, financial department, production department, etc.

After the basic requirements for personnel have been formed and the organizational structure has been formed, it is necessary to prepare a staffing table indicating the remuneration system. The staffing table contains a list of structural units, the names of positions, specialties, professions indicating qualifications, information on the number of staff units.

The organization's personnel costs. Staff costs include all costs associated with hiring employees, remuneration and incentives, solving social problems, organizing work and improving working conditions for staff and are usually divided into three groups:

- labor costs;
- social payments;
- expenses not related to wages and social benefits.

The structure of the company's mandatory personnel costs includes the employer's social insurance contributions in excess of the wages paid, incl. for pension insurance (22%), temporary disability insurance (2.9%), health insurance (5.1%).

2.8. Financial plan

This section of the business plan should outline the need for investment, sources of funding, and ways to harmonize external sources of capital with project finance. In this section, you need to clearly define which of your expenses will require investments (for example, for the acquisition of tangible assets such as equipment, inventory and real estate, for planning purposes you will need a complete list of such objects, taking into account the requirements of tax and accounting legislation), allocate such investments by periods of project activity, as well as note the expected sources of capital to finance these costs.

Investments are understood as investments in real, intellectual and financial (including portfolio) objects that meet a number of requirements for content and evaluation characteristics:

- ***Real investments*** - long-term investment of funds (as a rule) in the means of production of any product or in the possibility of obtaining income from the rental of such property, due to which the subject increases the fixed production assets (its production capital).
- ***Intellectual investments*** are investments in intangible assets, in the form of scientific developments, know-how, brand development, etc.
- ***Financial investments*** - investments in financial instruments (for example, stocks, bonds and other securities and bank deposits, as well as assets of other enterprises), which allows you to increase the financial capital of the company, and receive additional financial income.

Other types of costs (for example, for conducting the main activity, ensuring the functioning of the organization, etc.) are the costs of the company and are not related to investments.

In the process of calculating investment costs, it is also necessary to calculate the depreciation of investment objects (unless the object is an exception, for example, a natural resource), as this has a direct impact on project costs and cash flow.

On the issue of spreading investment costs over time, it must be borne in mind that investments can be made in different ways over time.

The success of a business project, as a rule, requires not only careful calculation and planning of investments. In this section, it is also important to correctly predict the amount of working capital and the reserve for contingencies, which will be sufficient to cover possible shortages of funds at the initial stage of the company's operations (start-up costs), and also an additional reserve that will balance possible deviations in financial indicators from the planned level (or when an unforeseen problem arises, for example, due to an error in planning the date of the first sales, or the discovery of new unforeseen opportunities that will require extraordinary investments).

The presence of such expenses requires decisions on how to finance the business (two main types of sources of financing: equity and borrowed funds). When developing an investment plan, it must be taken into account that, as a rule, financing of operations is planned through a combination of several types of sources. If operations are financed at the expense of the owner's (owners') funds, one should choose a model of return on own funds - a non-fixed income model, or a model with a pledged required return (for example, at the IRR rate). In the case of borrowed funds, it is necessary to determine the interest rate, which determines the cost of using the loan. In the case of entrepreneurial projects, leading banks and organizations that finance small businesses can serve as a source of information on the conditions, rates and amounts of loans (for example, Sberbank). Based on the collected data on the conditions of debt financing, it is necessary to draw up a scheme for the repayment of borrowed funds and include them in the list of operations of the firm. It is also necessary to pay attention to the fact that in the practice of lending there are objective situations that affect the conditions for using borrowed funds and the cash flow for the project: for example, a novice entrepreneur has negligible chances of obtaining loans at a reduced rate and pledge of property, and if the project requires unearmarked financing to cover cash gaps and current operations, the interest rate may be increased.

The task of the financial section of the business plan is to prepare a forecast of the financial results of the project. For any new (entrepreneurial) project, this section must be given special attention, because, unlike already existing enterprises, the new project does not have an accumulated financial history, which is used in determining investment risks and forecasting. If the values of the financial plan indicators differ from the average indicators in the industry, a rationale for such a discrepancy should be given, since it will attract the attention of the investor and increase the volatility of investments or project financing. When developing a financial plan, this section should be based on and not contradict other sections of the business plan. Any discrepancies will indicate to the investor a poor study of the project, or the negligence of the developers of the business plan.

Financial Statements

A financial model is a tool built in a spreadsheet that's used to forecast a business's financial performance into the future and make business decisions. There are two very important aspects of financial models: financial models are important tools in assisting us with complex decisions and financial models must be clear and easy for others to understand. «3 Financial Statement» refers to Income Statement, Cash Flow Statement and Balance Sheet. However, in order to simplify interaction with complex tables, separate sections "Assumptions and Drivers" and all kinds of Supporting Schedules are also usually provided.

It is necessary to define the planning horizon, which covers the period of time from the beginning of the project realization to its completion. The final moment of time can be the duration of creation and operation of the developed products; achievement of the specified characteristics of the project (revenue, profit, payback), etc. Then it is necessary to approve the planning interval (calculation step), which usually corresponds to a calendar period (month, quarter, year). The initial period of project implementation (0.5-1 year) is usually considered in a monthly breakdown, and further intervals can be enlarged.

Assumptions and Drivers

This section contains historical data of the company under study, or historical data of the company's competitors, or, if no real data are available, the author's assumptions supported by references.

Next, the drivers are calculated. For example, knowing the company's revenue for the previous years, it is possible to calculate at what rate the revenue grew. And knowing at what rate the revenue grew, you can assume what the revenue growth will be in the future. The same applies to direct and indirect costs, working capital, asset structure and capital structure.

For long-term projects it may be necessary to take inflation into account, for this purpose price growth indices are used for components of income and expenditures (product prices, prices for raw materials and other types of resources, the value of wages, etc.) by planning intervals.

Profit and Loss Forecast

Income Statement summarizes the company's profit and loss and provides a meaningful measure of profitability. The income statement shows accrued costs and expenses in the correct period for an accurate picture of profitability.

Any Income Statement starts with Revenue, which you will have already planned by this stage. After that you need to subtract Cost of Goods Sold to get Gross Profit. Then you subtract Selling, general and administrative expenses. You get Earnings before interest, taxes, depreciation and amortization (EBITDA). Then as expenses take into account the money directed to the depreciation fund, interest payments, you get the taxable base (EBT), from this amount write off taxes, you get Net income. An example of a completed Income Statement:

Income Statement			
All figures in USD thousands	**2023F**	**2024F**	**2025F**
Revenue	58 000	62 000	65 000
COGS	(30 000)	(31 000)	(32 000)
Gross Profit	**28 000**	**31 000**	**33 000**
SG&A	(6 000)	(7 000)	(8 000)
Other	(2 000)	(2 000)	(2 000)
EBITDA	**20 000**	**22 000**	**23 000**
Depreciation	(4 000)	(4 000)	(4 000)
EBIT	**16 000**	**18 000**	**19 000**
Interest Expense	(6 000)	(6 000)	(6 000)
EBT	**10 000**	**12 000**	**13 000**
Current Tax	(1 000)	(1 000)	(1 000)
Deferred Tax	(2 000)	(2 000)	(2 000)
Total Tax	(3 000)	(3 000)	(3 000)
Net Income	**7 000**	**9 000**	**10 000**

Please, note that here the taxes are accounted for in the order according to IFRS. For example, under the Russian simplified tax system "Income", the tax would be written off immediately after Revenue, and the abbreviations would be referred to differently thereafter.

Cash Flow Forecast

Cash Flow Statement reports the cash generated and spent by a company. The main goal here is to assess the management of cash flow. The Cash Flow Statement tracks the physical flow of cash both in and out of the corporation.

Any Cash Flow Statement consists of three sections: in the first one, Cash From Operations, we adjust the Net Income obtained in the Income Statement to the actual cache movements. For example, we previously recorded depreciation as an expense, but it remains in the company's accounts, so it is added back to get the real cash balance in the account.

In the second part - Cash From Investing - we count expenses for the acquisition of Property, Plant and Equipment (PP&E), for the acquisition of Intangible Assets, as well as cash receipts from the sale of PP&E and Intangible Assets.

In the third part, which is called Cash From Financing, all cache receipts and deductions related to the decisions of stakeholders on financing the company's activities are taken into account. If it was decided to take a loan - it will come with a "+" sign. If it was decided to repay early - the money will come with a "-" sign. If the cache is contributed by the investor - in the line "Equity Issue" will be a positive number. If the company redeems the investor's share or pays dividends - the money will leave the company.

In the end, it is calculated how much Cash Balance was at the beginning of the period, how it changed during the period, how much it was at the end of the period. An example of a completed Cash Flow Statement:

Cash Flow Statement

All figures in USD thousands	2023F	2024F	2025F
CASH FROM OPERATIONS			
Net Income	7 000	9 000	10 000
Depreciation	4 000	4 000	4 000
Deferred Tax	2 000	2 000	2 000
Cash from Accounts Receivable	1 000	1 000	1 000
Cash from Inventory	(1 000)	(1 000)	(1 000)
Cash from Accounts Payable	1 000	1 000	1 000
Subtotal	14 000	16 000	17 000
CASH FROM INVESTING			
Capital Expenditure	(4 000)	(4 000)	(4 000)
Subtotal	(4 000)	(4 000)	(4 000)
CASH FROM FINANCING			
Line of Credit Issue / (Repay)	(1 000)	(2 000)	(1 000)
Term Loan Issue / (Repay)	(3 000)	(3 000)	(3 000)
Equity Issue / (Buyback)	1 000	–	–
Payment of Dividends	(1 000)	(1 000)	(1 000)
Subtotal	(4 000)	(6 000)	(5 000)
CASH BALANCE			
Beginning	5 000	11 000	17 000
Change in Cash	6 000	6 000	8 000
Ending	**11 000**	**17 000**	**25 000**

Balance Forecast

Balance Sheet displays the company's assets (what the company owns), liabilities, and shareholders' equity (how it is financed and in what proportions).

The Balance Sheet contains two halves: Assets and Liabilities & Equity. Assets are always listed in monetary terms in descending order of liquidity - that is, always Cash first, then Securities & Deposits, then Accounts Receivable (customers owe the company money), then Inventory, then PP&E.

The second half, Liabilities & Equity, explains what money was used to buy the assets listed. Liabilities, according to the name, are responsible for debts owed to third parties, and they are also listed in monetary terms in descending order of speed of repayment - usually first Accounts Payable (the company owes money to suppliers), then Line of Credit, then Ordinary Loans. Equity is responsible for the business co-owners' own money. The line "Equity Capital" shows the contributions made. The line "Retained Earnings" shows separately the value created by the company's operations over and above the original contributions, which is also to be distributed for the benefit of the shareholders. An example of a completed Balance Sheet:

Balance Sheet

All figures in USD thousands	2022A	2023F	2024F	2025F
ASSETS				
Cash	5 000	11 000	17 000	25 000
Accounts Receivable	6 000	5 000	4 000	3 000
Inventory	2 000	3 000	4 000	5 000
Property Plant & Equipment	65 000	65 000	65 000	65 000
Total Assets	**78 000**	**84 000**	**90 000**	**98 000**
LIABILITIES				
Accounts Payable	3 000	4 000	5 000	6 000
Line of Credit	5 000	4 000	2 000	1 000
Term Loan	20 000	17 000	14 000	11 000
Deferred Taxes	1 000	3 000	5 000	7 000
Total Liabilities	**29 000**	**28 000**	**26 000**	**25 000**
EQUITY				
Equity Capital	44 000	45 000	45 000	45 000
Retained Earnings	5 000	11 000	19 000	28 000
Shareholders' Equity	**49 000**	**56 000**	**64 000**	**73 000**
Total Liabilities & Equity	**78 000**	**84 000**	**90 000**	**98 000**

FCF Calculation Methods

In the center of the financial plan is the calculation of financial flows, and in particular, free cash flows (FCF), which in the next section of the business plan will become the basis for assessing its financial effectiveness.

1) Direct Method for Calculating FCF:

$$FCF_t = (Revenue_t - OperatingCost_t) * (1 - Tax_t) + Depreciation - CAPEX - NetWorkingCapital\ change,$$

$(1 - Tax_t)$ is a tax shield, while in calculating the tax shield it is necessary to take into account the various systems of tax regimes in which the company is located (taking into account the simplified taxation system, etc.), and not just the amount of income tax;

2) FCF Calculation Based on EBIT:

$$FCF_t = EBIT_t * (1 - Tax_t) + Depreciation - CAPEX - NetWorkingCapital\ change,$$

EBITt - profit before interest and taxes.

3) Calculation of FCF based on net profit:

$$FCF_t = NetIncome_t + Depreciation + InterestPayable * (1 - Tax_t) - CAPEX - NetWorkingCapital\ change,$$

4) Calculation based on operating cash flow:

$$FCF_t = OperatingCashFlow_t - InvestmentCashFlow_t$$

This flow reflects the amount of cash that the company directs for investments in long-term assets or capital expenditures, less funds received from the sale of previously acquired assets, as well as investments in financial instruments or other companies.

At the same time, in the calculation process, it is important to take into account the fact that information on the components of net working capital (NWC) must be consistent with other sections of the business plan on sales, production and costs, as well as the fact that some activities are characterized by the presence of inventories and work in progress.

2.9. Project efficiency assessment

After the investment plans of the company and the investment needs of the project have been determined as part of the development of a business project, the repayment schedule for borrowed funds has been determined, and the free cash flow FCF has been calculated, you can proceed to assessing the effectiveness of the project using key assessment methods. For the purposes of this project, it is recommended to use the following approaches to assess the economic efficiency of the project:

1) ***The payback period of the project*** (PP, PBP) is the estimated period (measured in years), which corresponds to the period of time for which the amount of positive cash flows will be equal to or exceed the amount of initial investment PP, the period for which $\sum CashFlow_t$+ fully pays for I:

- I - the amount of initial investment (has a negative value, since it is a cash outflow);
- $\sum CashFlow_t$ — amount of nominal cash inflows.

  $\sum DiscountedCashFlow_t$ — amount of discounted cash inflows.

2) ***Net present value*** (NPV) is a calculated indicator that reflects how much the discounted cash inflows from operations will exceed the initial investment (measured in money)

$$NPV = \sum \frac{CashInFlows_t}{(1+r)^t} - \sum \frac{CashOutFlows_t}{(1+r)^t}$$

r - discount rate.

3) ***The discounted payback period*** (DPP) is the estimated time period (in years) for which the sum of discounted positive cash inflows equals or exceeds the initial investment.

4) ***The Internal Rate of Return*** (IRR) is the discount rate (measured as a percentage) at which the project is at the "0" profit or loss point, i.e. this is the rate at which the net present value of the project is 0. IRR is the threshold discount rate for the project at given cash flows. IRR is r such that NPV = 0,

r - discount rate.

Discount rate. The use of discounted project evaluation methods requires time to form the discount rate itself, which can be determined in various ways. (The discount rate is, in fact, a measure of the time value of money, which reflects, in fact, the rate of their depreciation).

1) Additive method: the rate is formed by adding such indicators, such as:
   - inflation;
   - required return;
   - project risk bonus, etc.
2) Expert method: the rate is assigned a value according to the specific opinion of the expert (for example, expert recommendations from trusted sources).
3) WACC (weighted average cost of capital of the firm), etc.

2.10. Company risks

The purpose of this section is to identify possible types of risks associated with the implementation of the project, their assessment and development of measures to prevent or mitigate possible losses. Under the risk in finance, it is accepted to understand the possibility (probability) of losses or failure to obtain the expected results of activity. The quantitative measure of risk is the probability of occurrence of a risk event.

When preparing this section, it is recommended to answer a number of questions that may help in identifying and identifying the main risk factors:

- What can cause financial losses?

- What are the main types of risk associated with the type of activity or realization of a particular project?
- What is the degree of impact of each type of risk?
- How big can losses be (recoverable, irrecoverable, catastrophic)?
- What are the ways and means of preventing and minimizing losses?

As a result of the analysis and answers to these questions, it will be possible to assess risks and develop measures to prevent, minimize, insure risks, etc. Risk analysis can be carried out by quantitative and qualitative methods.

Project risk matrix

The main types of risk, which can be faced by students in the performance of business project or research are the following:

1. **Production risk** associated with difficulties in organizing and launching the production of scientific and technical products, with the excess of actual costs over project costs, violations of the calendar plan of production preparation, etc.
2. **Commercial risk**, which manifests itself in unfavorable changes in forecasts of product sales depending on the measured market conditions, increase in prices for used resources, increase in sales costs, violation of payment discipline by buyers of products.
3. **Market risk** associated with a drop in demand for products, price fluctuations in the market, uncertainty of competitors' behavior, etc.
4. **Financial (credit) risk**, which manifests itself in changes in interest rates on loans and violation of obligations to repay borrowed funds.
5. **Scientific and technical risk**, which is associated with uncertainty in achieving a given result in the development of new technologies, types of products. In addition, this type of risk is manifested in difficulties in obtaining the necessary licenses, patents, certificates, as well as in the possibility of obsolescence of products at the stage of development and preparation for production.

Students are required to make a table (risk matrix). The matrix should contain risks from each of the groups described above. The matrix should contain:

- The name/description of the risk;
- The estimated probability of occurrence (low/moderate/high);
- The estimated impact on the business/project (recoverable, irrecoverable, catastrophic);
- What are the financial consequences (reduced revenue, increased costs, need to acquire new assets, etc.);

- What actions can be taken to reduce the likelihood of the risk occurring (prevention strategy);
- What actions can be taken to reduce impact if the risk occurs (mitigation strategy).

Project sensitivity assessment

If a risk matrix is a way to qualitatively assess risk, then in order to analyze quantitatively and justify in more detail what should be expected from a business project, scenario analysis should be used (for example, using 3 scenarios, conservative, medium and optimistic). Based on the results of the baseline assessment of the project within the forecast horizon of the project, it is necessary to conduct an additional analysis of the sensitivity of the project:

- adjusting and interpreting the results of calculating the effectiveness of the project, taking into account the risks of reducing sales volumes (decreasing demand) relative to the planned level by 5, 10, 15, 20 and 25% in each period;
- adjustment and interpretation of the results of calculating the effectiveness of the project, taking into account the possible increase in fixed business costs by 5, 10, 15, 20 and 25% in each period;
- adjustment and interpretation of the results of calculating the effectiveness of the project, taking into account the risks of increasing the average variable costs of production by 5, 10, 15, 20 and 25% in each period.

3. MAIN STAGES OF IMPLEMENTING A BUSINESS PLAN PROJECT

Project work consists of 6 (six) key stages:

Stage 1. Determining the purposes and procedure for developing a business plan. The purpose of this stage is to study by students the theoretical foundations of business planning by studying literature in Russian and foreign languages. During the selection and study of literature, it is necessary to equally listen to the advice of the supervisor, and show due independence.

Stage 2. Determining the structure of the business plan. Distribution of areas of responsibility. Description of the business idea of the project. After determining which business will be used to perform the work of a particular project group, the group members must determine the list of necessary information, methods for obtaining it, and distribute the development of separate sections of the business plan among themselves. It makes sense to start collecting materials on relevant markets without delay.

The distribution among project team members can be organized as follows: responsible for the development of separate sections are appointed, then the deadlines for completing tasks and ways of exchanging information are determined, while such a distribution is proposed that financial calculations will be made jointly after receiving the necessary information (to avoid inconsistency in data in sections and financial models).

The work plan is prepared with the support of the supervisor. The supervisor takes into account the purposes set for students to develop a business plan for the project, as well as the deadlines for completing the work. Since the "Business Plan" project is a form of a group project and the work is done by the entire composition of the project team, all members of the group must be present when discussing the work plan and at all subsequent meetings with the supervisor.

Stage 3. Collection of information for developing business plan sections from secondary sources. Providing the supervisor with sections of the project "Executive summary", "Description of the industry and company", "Description of services or goods". As part of this stage, project team members meet with representatives of the project, creators of the idea, collect information on the selected business, involving open publications, electronic databases, the Internet, and periodicals.

Stage 4. Collecting information for the development of sections of the business plan from secondary sources and conducting field research. Submission of the following sections of the business plan to the supervisor: "Sales and marketing", "Production plan", "Organizational plan". In addition to collecting information using the sources indicated in the description of stage 3, students collect information necessary for sections of the business plan, conduct independent research, surveys of consumers, potential competitors, possible suppliers, manufacturers of complementary products, questionnaires, observation, etc.

The collection of information for the development of sections of the business plan is not limited only to this stage, and in the further process of developing the following sections of the business plan, it may be necessary to collect additional information. Also, in case of obtaining conflicting information, it may be necessary to involve additional sources of information.

Stage 5. Generalizing of information for the development of the business plans sections. Providing the supervisor with the following sections of the business plan: "Financial plan", "Project efficiency assessment", "Guarantees and risks of the company". The first version of the fully written paper is submitted to the supervisor within the deadlines published by the project curator.

Stage 6. Preparation of the full text of the project and presentation for its defense.

The final version of the project is prepared after reading the first full text version by the supervisor and making the necessary corrections.

It should be remembered that after registering the final version of the term project for public defense, changes can no longer be made to it. The project must be prepared and executed in accordance with the established rules. Incorrectly executed or untimely submitted projects for defense are not allowed.

In parallel with the design of the final (final) version of the project, the project team must prepare a presentation of the results of the project for public defense.

4. SOURCES OF INFORMATION FOR THE PROJECT "BUSINESS PLAN"

For the preparation of the project "Business Plan" it is recommended to use both primary and secondary data, and a wide range of information sources.

4.1. Sources of primary data

One of the important stages of project preparation is the collection of information necessary for its implementation directly from a company representative during an interview. Since business representatives tend to be very busy, it should be carefully prepare for the interview in order to make the most of the opportunity for direct communication to gather information.

For the interview it is recommended:

- think in detail in advance what information the members of the project team need, how to get it;
- conduct a preliminary search for the required information in open sources. If you come across conflicting information, then it can be clarified during the interview by including the relevant question in the guide;
- it is recommended to include in the interview only those questions for which you cannot find information on freely available resources;
- in the process of compiling the guide, use the wording of questions that require detailed answers and exclude answers in the YES / NO format, in this case it is possible to collect more complete information;
- include in the guide questions structured by thematic blocks;
- it is necessary to draw up and agree on an interview guide with the supervisor in advance;
- to select and test technical means for recording an interview in advance, as a rule, it is extremely difficult to record from words, it takes a lot of time, you can record an interview with a voice recorder and then return to its analysis as many times as necessary. Before starting the interview, be sure to get permission from the company representative to conduct audio recording, and also put the phone into airplane mode (if recording is done on the phone).

4.2. Sources of secondary data: databases, analytical reports, publications

To search for information about the company, as well as its external environment, it is recommended to use a variety of information sources (databases, analytical reports, publications).

Databases:

- Database of statistics, marketing reports and analytical reviews of the Passport market (formerly the Global Market Information Database, GMID) (the resource contains: statistics by country (demography, economy); analytical reports on markets (more than 4500 reports on consumer and industrial markets, services markets); profiles of 3,000 leading companies operating in the consumer goods market; indicators and analysis of the "lifestyle" of consumers in various countries, etc.);
- SPARK (System for professional analysis of enterprises and markets) (SPARK includes data provided by the Federal State Statistics Service (Rosstat), the Federal Tax Service of the Russian Federation (ФНС) and other departments. The basic information array of the system for Russia is formed on the basis of data obtained from the Unified State Register of Enterprises and Organizations (ЕГРПО) of Rosstat, as well as the Unified State Register of Legal Entities (ЕГРЮЛ) and the Unified State Register of Individual Entrepreneurs (ЕГРИП) of the Federal Tax Service);
- The platform Digital Financial Analyst allows professional fundamental stock analysis. Digital Financial Analyst making informed decisions on the inclusion of stocks into an investment portfolio based on qualitative fundamental analysis. It helps to find undervalued and overvalued shares and make the right decision in the stock market. The core of the Digital Financial Analyst is automated DCF models built by AI. In addition, the Digital Financial Analyst allows to analyze in xlsx format data on financial statements and stock prices, ESG ratings, news, including sentiment assessment, analyst forecasts, the structure of institutional shareholders for more than 30,000 public companies around the world. Digital Financial Analyst is accessed by pre-booking from the library computers (Kantemirovskaya street, 3, bldg. 1, lit. A, room 427) during opening hours.
- SKRIN - database allows you to check any Russian legal entity or sole proprietor using the relevant data received from the official sources. This database helps find information about: - Registration data; Owners; Directors/Managers; Financial statements; Controlled transaction; Securities; Arbitration cases; Purchases. Most of

information contained in the database is updated on a daily basis, the financial statements are updated annually/quarterly. SKRIN database is accessed by pre-booking from the library computers (Kantemirovskaya street, 3, bldg. 1, lit. A, room 427) during opening hours.

Business publications:

- RBC daily: www.rbc.ru
- Company's Secret: secretmag.ru
- Expert: expert.ru
- Vedomosti: www.vedomosti.ru
- Business Week: www.bloomberg.com
- Financial Times: www.ft.com
- Money: www.kommersant.ru/money
- Kommersant: www.kommersant.ru

Scientific and practical journals:

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

5. FORMATTING REQUIREMENTS OF THE PROJECT REPORT

The report on the “Business plan” project is created using computer-based tools for document creation. It is recommended to utilize the standards of the Microsoft Word text editor. The project report should be submitted to the commission in electronic form by uploading it to the LMS before the deadline.

The document margins are as follows: top - 2 cm, bottom - 2 cm, left - 3 cm, right - 1.5 cm.

The font used is Times New Roman. Limited use of various typefaces (bold, italic, underlined) is allowed to emphasize specific terms, concepts, or statements.

The main body and bibliography should have a font size of 12 pt. The line spacing should be set to 1.15. The paragraph indent should be 1.25 cm. The text should be aligned to the width. There should be no spacing between paragraphs.

Section titles are printed in capital letters without a period at the end. The font size is 12 pt.

The line spacing is set to 1.15, paragraph indent is set to 0 cm, and the alignment is centered. There is a distance of 1 blank line between the chapter headings and the text.

Each new chapter starts on a new page, and the same rule applies to other main structural parts of the report, such as the introduction, conclusion, references, appendices, and so on.

Report pages, including appendices, should be numbered consecutively. The first page, which is the title page, should not have a page number. Arabic numerals should be used for numbering, and they should be centered at the bottom of each page without a dot. A sample title page is provided in Appendix 1.

The length of the text is 5000-7000 words.

5.1. Tables, figures, and graphs

Tables and figures should be named and sequentially numbered. For figures, the word "Figure" should be added before the number, while for tables, the word "Table" should be added. The numbers should be in Arabic numerals and placed before the name of the object. The font size should be 12 pt. Numbering for figures and tables can be done either continuously (Table 1, Table 2, etc.) or by chapters. In the latter case, the number should consist of the chapter number and the serial number of the object, separated by a dot (Figure 1. 1, Figure 2. 3, etc.). The titles of figures are located below the figures in the center of the page, while the titles of tables are positioned above the tables, aligned to the right. All figures and tables should be referenced in the text of the report. Figures and tables should be placed in the report immediately after the text in which they are first mentioned, or on the following page. If a figure or table is sourced from an external source, a reference to the source should be provided below the title. If a figure or table is compiled by the author, a reference stating "compiled by the author" should be included under the title. Please use the forms provided in this guideline for your term project. The tables contain essential information such as parameters and brief descriptions/comments, as indicated by the form (refer to the examples in the respective chapters for guidance). Please include all detailed comments after the table.

5.2. Formulas and equations

Formulas should be placed on separate lines, either in the center of the page or within text lines. It is recommended to include short, simple formulas that do not have independent meaning and are not numbered within the text. However, for important and lengthy formulas, they should be placed on separate lines and numbered consecutively throughout the entire report using Arabic numerals enclosed in brackets on the right side of the line. Separate numbering of formulas for each chapter is allowed. In this case, the formula number consists of the chapter number and the ordinal number of the formula, separated by a dot. One empty line should be left above and below each formula or equation. The explanation of the parameters of the formula is provided directly below it, in the same order as they appear in the formula. References in the text to the ordinal numbers of formulas and equations are given in brackets.

5.3. Appendices

The appendix is an optional final part of a report that provides additional informative value and may be necessary for a more comprehensive coverage of the topic. In terms of content, appendices can vary greatly, including copies of original documents, extracts from reporting materials, specific items from instructions and rules, and more. They can be presented in various formats such as text, tables, graphs, maps, and so on.

Appendices are developed as a continuation of the report, placed on its last pages.

Each appendix should start on a new page with the word "Appendix" in the upper right corner and have a thematic heading. If there is more than one appendix in the report, they should be numbered. The page numbering for the appendices should continue the general numbering of pages in the main body. The main body can be connected to the appendices through links that are indicated with the word “See.” This is typically abbreviated and enclosed in brackets along with the corresponding code. The listing of the appendices in the report's Table of Contents is usually presented as a separate section, which includes the full title of each appendix.

5.4. In-text citations and Reference list

The reference list may include various sources such as literature sources (monographs and educational literature), periodicals (articles from journals and newspapers), legislative and instructive materials, statistical books, and other reporting and accounting materials. Additionally, website pages and other sources of materials used for the project can be included. The reference list should be constructed in the same language as the report. If the author utilized academic publications or literature in foreign languages, they should be included in the reference list in their original language.

Please ensure that every reference cited in the text is also present in the reference list (and vice versa). Any references cited in the text must be given in full. Citations in the text should follow the referencing style used by the American Psychological Association (APA) reference style.

Examples of in-text citations using the APA Style:

- Single author: the author's name (without initials, unless there is ambiguity) and the year of publication. An example: (Kumar, 2020);
- Two authors: both authors' names and the year of publication. An example: (Kumar & Kumar, 2020);
- Three or more authors: first author's name followed by 'et al.' and the year of publication. An example: (Kumar et al., 2020).

Citations may be made directly or parenthetically. Groups of references should be listed first alphabetically, and then chronologically. Example of parenthetical citation: "as demonstrated (Allan, 1996a, 1996b, 1999; Allan & Jones, 1995)." Example of a direct in-text citation: "As Kramer et al. (2000) have recently shown ...."

The reference list should be placed after the text of the report and before the appendices. It contains continuous numbering, using Arabic letters. Foreign sources are placed in alphabetical order at the end of the list. The reference list must be based on APA reference style.

Examples using the APA Style:

- Articles in journals:

Hsu, Y.-S., Chen, Y.-P., Chiang, F. F. T., & Shaffer, M. A. (2021). It takes two to tango: Knowledge transfer between expatriates and host country nationals. Human Resource Management, 1– 24.

Colquitt, J. A., & Zapata-Phelan, C. P. (2007). Trends in theory building and theory testing: A five-decade study of the Academy of Management Journal. Academy of management journal, 50(6), 1281-1303.

- Sources from the internet:

Krivkovich A., Starikova I., Robinson K., Valentino R., and Yee L. (2021). Women in the workplace. McKinsey report. Available from: [https://www.mckinsey.com/featured-insights/diversity-and-inclusion/women-in-the-workplace].

Citation examples in the text and presentations:

The European approach has been studied from various perspectives (see, e.g., Hancher and Larouche, 2013).

The idea was explained by Littlechild (2018).

For Austrian economists, the market is a permanent process of entrepreneurial discovery (Sautet, 2010).

In case of a direct citation, there must be a page number. E.g.:"Asian developmental states moving up the GVC tend to develop tighter linkages with businesses through strategic and aggressive industrial policies and innovation partnerships." (Pan, 2015: 1)

6. SUBMISSION, PRESENTATION, DEFENCE AND EVALUATION OF THE TERM PROJECT

6.1. Final project submission

The final project reports must be uploaded into the Learning Management System (LMS) before the deadline. It is not permissible to make any changes to the reports and presentations once they have been submitted. Project reports that are not uploaded by the deadline will not be eligible for defense and will be graded as “unsatisfactory”. Any unsatisfactory grades for the “Business plan” project will be eliminated in accordance with the HSE regulations during the retake period.

The final project file must constitute the complete and final text of the work, structured and formatted in strict accordance with the prescribed requirements. Submissions that are incomplete, contain only partial information (including missing structural elements that are required), or are otherwise unreadable (e.g., due to file corruption preventing it from being opened on a standard computer) will be deemed a failure to submit the “Business plan” project. It is highly recommended that students use a personal computer, rather than a mobile device, to upload the “Business plan” project. All mandatory fields in the submission form must be completed in full. It is the student's responsibility to verify post-upload that the files have been successfully submitted to the system, are downloadable, and are readable on a standard computer.

6.2. Final project defence

A grade is assigned to a student based on the results of the project’s public defense at an open meeting of a defense commission. During the defense, the project team members are required to orally present the results of the “Business plan” using a PowerPoint presentation, with a total time limit of 10 minutes for all speakers.

The presentation delivered to the commission must be substantively consistent with the project text and the presentation file uploaded to the EIOS. Any material discrepancy in content, key arguments, or findings between the presented and submitted materials is not permitted. Fraud refers to submission of a thesis, term paper or any other papers for defence / review or any other assessment, which may differ from the file uploaded by the student to the EIOS used at the HSE University. Revisions to submitted materials are permitted only within the designated submission period. Consequently, a presentation file may be re-uploaded to the EIOS at any point up until the final deadline.

All student group representatives should be present during the defence, each student should participate in group presentation and answer the questions. It is recommended for the presentation to be divided into relatively equal parts among the students presenting.

Students who have appeared at a defence procedure, but decided that they would not be able to go through with the process owing to health reasons must provide notification about this before the start of the project defence process (before they are called to present in front of the commission); this shall be recorded with a note stating "Absent". The reason for a student missing a defence procedure may be declared valid if he/she provides appropriate confirmation in line with the procedures set out in Clauses 48-51 of Regulations for Interim and Ongoing Assessments of Students at National Research University Higher School of Economics.

If a student has started the "Business plan" project defence process, the presented portion of the project defence shall be evaluated as per assessment criteria in this Guidelines. If a student has refused to continue his/her participation in a defence process and has not completed any portion of the work, this shall be recorded as a grade of "0", regardless of the submission of a medical certificate, either before or after a refusal to continue his/her participation in the state examination process.

The student is expected to deliver the key aspects of their project freely, without referring to notes. Project presentation may be displayed on a computer, in visual materials (e.g., tables, graphs, etc.), and/or any other materials illustrating its key features. Using cues, as well as technical, automated or other means, when making the presentation, obtaining information from any sources (except for the "Business plan" project) or other persons is prohibited. The identification of such materials or devices in a student's possession, including cues, as well as technical, automated or other means, when making the presentation, shall be considered as using cues, i.e. violation of academic rules. The student is entitled to refer to their "Business plan" project when answering the questions.

The defence must be conducted (and the presentation must be made) in English and comply with the requirements outlined above. The defense of the project report will take place in June.

The project team members have the freedom to independently choose a presentation structure and the sequence of their individual presentations. However, it is crucial that each member of the team presents a part and actively participates in answering the questions from the defense commission. All speakers should present their thoughts freely. Reading from notes or electronic devices is not allowed.

After the presentation is finished, members of the commission shall then ask the students questions concerning the topic and/or content of the report, or issues closely related thereto. The commission may ask questions about the project to both the entire project team and individual members, regardless of their specific role in the project. The implementation of a project by a team does not necessarily mean dividing the work into separate parts to carry out independent activities and then combining the results. Therefore, it is important for each project team member to be familiar with all elements of the conducted analysis and be able to answer questions about any part. In turn, the student is entitled to refer to their "Business plan" project when answering the questions. Commission members are allowed to comment on the content of the project and/or presentation.

After all the presentations of all students at the commission have been made and all the questions have been answered, commission members leave to discuss the marks.

After the commission has decided upon the marks, the marks are communicated to the students. Student lists containing the final marks should be handed over to the study offices no later the one day after the defence.

If, for any reason, a project team member is unable to participate in the defense, the remaining team members will present and defend the entire project. In such cases, the absent team member will not receive a grade for the project. However, if a student is unable to attend the defense of the project report due to a valid reason confirmed by necessary documents and verified by the respective programme manager, the student is allowed to defend the project individually within the designated timeframes set by the program office. Simultaneously, in order to receive a grade, they will also need to defend the entire project as a cohesive unit. Although the defence is conducted in groups, defence grades are awarded individually to each group member and thus may differ between group members depending on the individual work of each group member.

Students unable to present the project having valid reason approved by the Study Office (for example, due to official academic mobility or illness), the defense will be postponed to the autumn retake period. During the defense, the student will present exactly the same version of the project that was uploaded during the main submission period; no revisions or resubmissions are allowed. The text of the presentation should comply with the text of the project uploaded within the main submission deadline.

Students who fail to submit the project on time or receive a failing grade (below 4) during the summer exam week are assigned a new submission deadline for the autumn retake period. The student is required to resubmit the project by the new deadline.

If the student fails the project defense, he/she can update the project for the first retake. The supervisor should write/update the review and submit it before the first retake.

For the second retake with commission students can update the text of the project and presentation slides. The supervisor should provide the review accordingly before the second retake with commission.

6.3. The structure of the project

The project must include:

- title page;
- team composition;
- project independence statement;
- a table of contents that lists the sections of the business plan with the corresponding page numbers;
- **the substantive part of the business plan;**
- conclusion;
- list of used sources of information;
- attachments.

This structure of the final document is **recommended, but can be changed** in agreement with the supervisor and in accordance with the specifics of a particular project (business idea).

The form of the title page is given in **Appendix 1**. The developed business plan should be written in a competent, understandable language. If special terms are used in the text, they should be defined either in the main body or in the dictionary provided in the appendix.

The main part of the report should include mainly factual information and the results of its analytical processing using the proposed tools. The report should provide links to sources of information, which is especially important for numerical indicators.

It is unacceptable that forecasted financial indicators look unrealistic. All statements and forecasts must be based on reasonable assumptions. To visualize the presentation of data, it is advisable to use tables and graphs.

The team should determine what information to include in the main part and what in the appendices. For example, a detailed description of a product or a detailed market analysis can be included in applications, and in the main part it is enough to leave the main conclusions and links. All tables, graphs, diagrams, charts, etc., given by the authors in the main part (if they are compact) or taken out by them in appendices, should contribute to understanding the ideas of the authors and their arguments. Annexes are an optional element of the report and can be used to reflect additional / supporting information used for the main analysis, for example, statistical material, additional analytical material, illustrative material, etc. It is important that the presented material contributes to a deeper understanding of the specifics of the analyzed company, and does not perform an exclusively illustrative function. Each application should have a link in the text of the work.

The conclusion should contain clearly formulated main conclusions about the effectiveness of the measures proposed in the framework of the project, arising from the content of the project and summarizing the results of the analysis. The conclusion should not address issues that are not disclosed in the main part of the report.

The list of used literature includes all sources that are referenced in the text, as well as sources that were used in one way or another, although they are not given in the references and notes. References to various sources, notes, are drawn up in accordance with the requirements given in these guidelines.

6.4. Design of a "Business plan" project presentation

When it comes to **the choice of presentation design**, including colors and fonts, there are a few options to consider. You can either use the corporate colors of the HSE or the colors associated with the analyzed company.

Recommendations on the **presentation visualization:**

- Division into blocks;
- Formation of connections using arrows;
- Adding appropriate pictures;
- Adding appropriate icons;
- Adding tables (visually highlight the key points you will be discussing in the table);
- Adding graphs (visually highlight the key points you will be discussing in the graphs);
- Inclusion of slide numbers and a navigation pane;
- Don't show the reference list. Instead, use in-text citations.
- Keep each slide concise: fewer words are better

6.5. Structure of the project presentation

Presentation structure guidelines (general slide order):

1. Title slide: on the title slide, you should indicate the topic of your project, the name of the members of the project team, the name of the supervisor, year, city.
2. Executive summary.
3. Description of the industry and company.
4. Description of services or goods.
5. Sales and marketing.

6. Production plan.
7. Organizational plan.
8. Financial plan.
9. Project efficiency assessment.
10. Risks of the company.
11. Final slide: it is not recommended to write “Thank you for your attention” or “Ready to answer your questions” on it, it will be much more useful from the presentation point of view to duplicate the title of the topic of your project and the list of participants with surnames and names on the last slide (for ease of reference of members defense commissions).
12. Backup slides. It's better to put all sorts of complex and highly detailed information after the final slide, rather than in the main body of the presentation. In most situations, it will be sufficient to simply mention that you have them in backup slides. If there is a situation or a question from the commission that requires you to explain the logic and analysis in more detail, you will be ready to do it right away.

6.6. Evaluation criteria the project "Business Plan"

The assessment for the project "Business Plan" is set on the basis of a set of criteria indicated in Table 1. For each of the criteria, each member of the commission evaluates on a 10-point scale. The final assessment of a member of the commission is formed by calculating the average weighted assessment, taking into account the weight of each criterion indicated in Table 1. The final grade for the project is formed as a simple average grade from the grades.

The grading procedure the arithmetic rounding rule is used. The project supervisor's feedback (**Appendix 4**) is not directly taken into account when calculating the grade but is taken into account by the commission.

The grade "excellent" (8 points) is given if there are practically no shortcomings in the project and the task set by the company when formulating the project topic and during interviews with students was fully completed. To receive a grade of 9-10 points on the results of the project, students must demonstrate achievements that go beyond the purposes of the project. In addition, the project supervisor must provide justification in the review of the project, indicating how the achievements demonstrated by the students go beyond the purposes of the project.

The assessment of an individual member of the project team may be reduced based on a request from the Academic Project Coordinator or Project supervisor about the nonparticipation / incomplete participation of a member of the project team in the implementation of the project or based on the results of the defense; at the same time, the overall assessment of the project team is taken into account as the base one, and the number of points by which the assessment of a member of the project team is reduced is determined by the chairman and members of the protection commission.

At the request of the project teams, the chairman of the project protection commission indicates the main comments on the report and presentation of projects when announcing grades. After the completion of the defenses, the chairman and members of the defense commission are not required to give detailed comments on the projects of individual project teams.

In accordance with the Regulations for Interim and Ongoing Assessments of Students at National Research University Higher School of Economics, student/project team dissatisfaction with the grade received cannot be the basis for appealing the results of the defense of the project.

Table 1. Project evaluation criteria and final evaluation share

Criteria for evaluation **Points 1-8**	**Share of final grade**
1. Project report	**50%**
1.1. Correspondence of text and reasoning logic business plan implementation algorithm (consistency between marketing, organizational, operational and financial parts)	10%
1.2. Proper use of statistical and factual material	10%
1.3. No analytical errors	10%
1.4. Practical significance of the project results	10%
1.5. Design of the project in accordance with the requirements of the guidelines	10%
2. Project results presentation	**25%**
2.1. Organization of the presentation of the project team, including the timing	10%
2.2. The logic of the presentation of the presented results	10%
2.3. Proper use of power point tools	5%

3.	Public defense	**25%**
3.1.	Argumentation, logic, conciseness of answers to questions	12,5%
3.2.	Knowledge of the subject area (algorithm for preparing a business plan and its use in the process of making an investment decision)	12,5%

Annex 1. Title page

National Research University Higher School of Economics
St. Petersburg Branch
St. Petersburg School of Economics and Management

Project business plan...

(indicate the full name of the project, as well as the company, including its legal form)

Fields of study: 38.03.01 «Economics»; 38.03.02 «Management»

Bachelor's programme "International Programme in Business and Economics"

The project was completed:

____

____

____

____

initials and last name, group

Supervisor of the project:

academic degree (if any, e.g., Doctor of Economics), academic rank (e.g., associate or professor), university position

____

initials and last name

project complies / doesn't conform requirements *(underline as appropriate)*

St. Petersburg, 202_

Annex 2. Confirmation of the originality of the term project text

CONFIRMATION

of the originality of the term project text

We, ____Name, group

____Name, group

____Name, group

____Name, group

____Name, group

____Name, group

2nd year students of International Programme in Business and Economics Programme, HSE Saint Petersburg School of Economics and Management confirm, that Term project

____

____

(name of the project)

made by ourselves and:

1. does not reproduce our own previous work without acknowledging it as a source;

2. does not reproduce the work done by other authors, without indicating a link to the source of educational or scientific literature, articles, websites, completed assignments or notes of other students;

3. has not previously been granted for a higher level of education;

4. contains correctly used quotations and references;

5. includes a complete bibliographic list of references and sources that have been used in writing the text of the report on the term project.

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

_______________/_________________/

Signature Name, Surname

_______________/_________________/

Signature Name, Surname

_______________/_________________/

Signature Name, Surname

_______________/_________________/

Signature Name, Surname

_______________/_________________/

Signature Name, Surname

_______________/_________________/

Signature Name, Surname

Annex 3. Confirmation of equal participation in project

CONFIRMATION

of the equivalence of the contribution to the term project

We, ____Name, group

____Name, group

____Name, group

____Name, group

____Name, group

____Name, group

2nd year students of International Programme in Business and Economics Programme, HSE Saint Petersburg School of Economics and Management confirm, contribution to the term project is equivalent

____

____

(name of the project)

_______________ /_________________/

Signature Name, Surname

_______________ /_________________/

Signature Name, Surname

_______________ /_________________/

Signature Name, Surname

_______________ /_________________/

Signature Name, Surname

_______________ /_________________/

Signature Name, Surname

_______________ /_________________/

Signature Name, Surname

Annex 4. Feedback form for term project supervisor

FEEDBACK

of the Term Project supervisor to the work of the project team consisting of

____*Name, group*

____*Name, group*

____*Name, group*

____*Name, group*

____*Name, group*

____*Name, group*

Independence and initiative of the project team when working on the project	☐ The team showed independence in setting goals, project tasks, choosing tools ☐ The project was carried out by students as a whole independently in active consultation with the head of the term project ☐ The team did not take initiative when working on the project
Intensity of interaction with the head of the term project	☐ Regular interaction ☐ Irregular interaction ☐ Lack of interaction
Compliance with the schedule of the term project	☐ Fully complies ☐ Partly complies ☐ Does not comply
Compliance of the structure and content of the report with the requirements	☐ Fully complies ☐ Partly complies ☐ Does not comply
Compliance of the report on the term project with the design requirements	☐ Fully complies ☐ Partly complies ☐ Does not comply
Plagiarism or incorrect borrowing in the report on the term project	☐ No plagiarism or incorrect borrowing (originality 95% or more) ☐ Borrowings are present in an acceptable volume (originality is more than 80%) ☐ The allowable amount of borrowings has been exceeded or plagiarism is present (originality is less than 80%)

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

____

____

____

____

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

Term project supervisor___________________________(name, degree, position)

Date:___________

Annex 5. Declaration of using AI

The results of “Business plan” are presented in a form of report and this report must be checked for plagiarism. Decisions concerning the legitimacy of the use of borrowings or generative models (provided that the author completes the relevant special section) in written assignments are taken by the relevant instructor/PTE supervisor (i.e. Business plan group supervisor). If instances of plagiarism or the undisclosed use of generative models are identified in a written assignment, the relevant student is (students are) assigned a grade of "0" for the respective assessment element. In addition, if plagiarism is detected in a written assignment, the relevant supervisor may initiate the procedure for taking disciplinary action against the relevant HSE University student (students) for violations of academic standards in accordance with the HSE University Student Internal Regulations.

The application of generative models in written assignments is subject to disclosure declarations. The students may provide the declaration in free form as a separate document. If a student/group of students uses generative models, they must disclose this fact in a special section, specifically declaring:

- the specific parts of the text that were drafted using generative models (the entire body of the work, separate sections of the work, or individual fragments of the work);
- the objectives for and means of applying generative models for each such part of the text (fully generated text, generated text subject to editing by the author, or text written by the author with the use of generated materials);
- the name of each generative model used, with a link to it in the internet (or, for other model sources, a description of the specific source);
- an assessment of the efficiency of using generative models and their effectiveness in achieving the assigned goals.

The identification within a written assignment of text created through using AI algorithms that was not duly disclosed by completing a special section will be deemed the undisclosed use of a generative model.