The Business Plan: Visualizing the Dream

PART 3
Developing the New Venture Business Plan
An Overview of the Business Plan

A “working” document that sets out the basic idea underlying a business and related startup considerations – “a game plan”

- Identifies the **nature** and **context** of the business
- Shows **approach** to exploiting the opportunity
- Identifies **success factors**
- A tool for **raising capital**
Exhibit 6.1  Users of Business Plans

Goals & Strategies

Insiders

- Entrepreneur and Management Team
- Employees

Selling Document

Outsiders

- Potential Customers
- Lenders
- Suppliers
- Investors
  - Family and Friends
  - Private Investors
  - Venture Capitalists
How Much Business Planning is Needed?

• Factors affecting the extent of a business plan:
  - Cost in time and money to prepare the plan
  - Management style and ability
  - Preferences of the management team
  - Complexity of the business
  - Competitive environment
  - Level of uncertainty
Keeping the Right Perspective

• Good business plan does NOT ensure success
  ➢ Effective implementation (Execution) is what succeeds

• Writing is an ongoing process
  ➢ The process is just as important as—if not more so than—the finished product
  ➢ Represents what has been anticipated
  ➢ A good entrepreneur adapts the plan to fit the unexpected
Types of Business Plans

• Mini-Plan (loan)
  ➢ A short form of a business plan that presents only the most important issues and projections.

• Comprehensive Plan (operations)
  ➢ A full business plan
  ➢ In-depth analysis of the critical factors
  ➢ Underlying assumptions.

• Feasibility Analysis (FREE PDF file for you)
  ➢ Go to:
    http://goo.gl/082ctc (PDF file to download)
    http://goo.gl/8fc0d (PDF file to download)
  ➢ Complete feasibility 1st, then business plan (6-8 mths later)
Exhibit 6.3  Abbreviated Business Plan Outline

Section Heading
• Cover Page
• Table of Contents
• Executive Summary
• Industry, Target Customer, and Competitor Analysis
• Company Description
• Product/Service Plan
• Marketing Plan
• Operations and Development Plan
• Management Team
• Critical Risks
• Offering
• Financial Plan
• Appendix of Supporting Documents
Features of Plans that Attract Investors

- Limited # Products/Services
- Credible Projections
- Return on Investment
- Market-Oriented
- Customer Acceptance
- Brief
- Attractive (space/charts)
- Organized

What would be most important for the investor to know?

Market-oriented plans appeal most to investors

If YOU were going to invest tomorrow, what would be most important for you to know?

Why the difference?
Resources for Business Plan Preparation

- **Computer-Aided Business Planning**
  - Word-processors
  - Spreadsheets
  - Specialized business plan software packages

- **Professional Assistance**
  - Accountants
  - Marketing specialists
  - Attorneys
  - Investment banker
  - Financial intermediary

- **Professional Assistance (cont’d)**
  - Small business development centers (SBDCs)
  - Incubator organizations
  - Regional and local economic development offices.
  - Service Corps of Retired Executives (SCORE)
    - [http://www.score.org](http://www.score.org)
  - FastTrac Entrepreneurial Training Program

Only Use for Their Specific Type of Expertise
## Attracting Investors – The Good and Bad

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<th>Unattractive</th>
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<td>Technology-oriented</td>
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<td>Customer acceptance</td>
<td>Product infatuation</td>
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<td>Limited # Prod/services</td>
<td>Many Prod/services</td>
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<td>Credible Projections</td>
<td>Unrealistic growth</td>
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<td>Return on Investment</td>
<td>Sales (not ROI)</td>
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BUSM 66 Project

Follow instructions on the Project handout sheet
• Write ONLY in 1st person “I …” (Not “Mrs. Jones …”)
• Type input into text file, then edit your work for content
• Provide detailed responses – ask for more details, feel free to paraphrase, and add your own enhancements of detail

Look at Grading Rubric (on syllabus)
• Screen your own paper through the rubric (to maximize pts.)
• After editing again, please copy and paste into web form
• Verify that your project posted correctly
Let’s take a look at sample business plans: [LINK](http://goo.gl/DDHqR)

Go to: [http://goo.gl/DDHqR](http://goo.gl/DDHqR)

Pick one – **rate it** on the following criteria:

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<th>Good</th>
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<td>Would you invest? Why or why not?</td>
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