



CORE Entrepreneurship Seminar - Your Business Plan

October 12, 2006

# "Plan Your Work and Work Your Plan"

- Business Plan writing is NOT about getting an investment
- A good Business Plan does NOT make a good business
- An Investor will NOT invest in your Business Plan
- In order to succeed, you must be able to SELL

# Agenda

- What an Investor looks for in a Business Plan
- Tips for writing a good one
- Questions that you should answer
- Sample Investor Presentation
- Audience Q&A

# What an Investor Looks For

### Vision

- Are you thinking big?
- Have you identified an opportunity large enough to generate significant return?
- Scalability

### Clarity

- Have you clearly identified a problem/market need which your product/service addresses?
- Have you clearly articulated how your solution solves the problem?
- Is the value proposition easy to understand?

### • Experience

- Is the Management Team qualified to solve this problem?
- Can you sell? Your Company, Your Product, Yourself

### Risk

- Market Risk: Market Size, Adoption, Competition
- Technology Risk: Does it work?
- Financial Risk: Enough Money? Strong Co-Investors?
- Execution Risk: What can go wrong?
- Management Risk: Experienced and Flexible?

# Tips For Writing a Good Business Plan

#### Be Concise

- It doesn't need to be "War and Peace"
- Include an Executive Summary
- Use a "Bottom-Up" analysis of the market opportunity
- Be realistic with your projections

### Be Clear

- Use plain language and avoid jargon
- Discuss the market problem and explain how your solution addresses that problem
- Use examples and/or screenshots whenever possible

### Address the Risks Head On

- Market Risk: Talk honestly about competition. Recognize that Market Adoption is *always* a factor.
- Technology Risk: It's OK to sell vaporware and betaware, but don't try to sell your investors that you're further along than you really are.
- Financial Risk: Don't be too greedy with your equity and don't run out of cash.
- Execution Risk: Have a back up plan and expect bumps in the road.
- Management Risk: Talk about your experiences, your successes and your failures.
  Explain how they're relevant to the current business. Be upfront about management team weaknesses. Every team has room to grow.

# Questions Your B-Plan Should Address

### **Key Questions**

- What problem do you solve?
- What is your product?
- Who is the customer?
- Who will sell it?
- How many people will buy it?
- How much will it cost?
- How much will you charge?
- When will you break even?

#### The Product

- Why would anyone buy your product?
- What will it look like?
- When will it ship?
- How different are you from the competition?
- What is the product's name?

#### The Customer

- Do the customers think it is a good idea?
- Who is the real customer?
- What are your customers' secrets?
- Should you do focus groups?
- How much will the customer pay?

### The Competition

- Who is your competition?
- What are they doing?
- What is their value proposition?
- What are their secrets?

#### Market Research

- What do the experts say?
- What do the numbers say?
- What do the users say?
- What's on the web?
- What does the media think?
- Can you predict the future?

### The Marketing Strategy

- What is your strategic objective?
- What is your marketing objective?
- How will you sell and support the product?
- Who will generate demand?
- Will you need marketing or sales?
- What is the marketing plan?
- How do you become front page news?

Source: "The Silicon Valley Way", by Elton B. Sherwin, Jr.

# Cover Slide

- The cover slide should offer complete contact info, and a tagline if you've got one.
- PowerPoint forces you to describe your business to your potential investor presentation in very few words.

#### Source:

Guy Kawasaki, Garage Technology Ventures, "10/20/30 Rule of Powerpoint", Brad Feld, Mobius Venture Capital, "The Torturous World of Powerpoint" David Cowan, Bessemer Venture Partners, "How Not to Write a Business Plan" as compiled by Matt Cutler

# Problem / Market Opportunity

- What problem is your company addressing?
  - Explain the pain
- What is your market opportunity?
  - How big is it?

# Solution / Product

- What's your solution to the problem?
- What is your product or service?
- How does it uniquely solve the problem compared to existing solutions?
  - Do NOT get into a deep competitive analysis yet

# **Business Model**

- How will your product be sold?
  - Subscription, Up-Front Fees, Recurring
- What is required to become profitable?

# Underlying Magic / Technology

- Provide more detail on the technology and/or process that you have developed to deliver your unique solution.
  - If appropriate, discuss patent status

# Marketing and Sales

### Target Customer

- Who are your existing customers?
- Who is your target customer?
- What defines an "ideal" customer prospect?
- Who actually writes you the check?
- Use specific customer examples where possible.

### What is your value proposition?

- What is your value proposition to the customer?
- What kind of ROI can your customer expect by using buying your product/service? What pain are you eliminating?

# Competition

### Competitive Landscape

- Who is your existing & likely competition?
- Who is adjacent to you (in the market) that could enter your market (and compete) or could be a co-opted partner?
- What are their strengths/weaknesses?
- Why are you different?
- Be sure to anticipate competitive responses (before the VC does), and never deny that you have competitors, no matter how unique you think you are. Really, it's okay to compete.

# Management Team

- Who is your management team?
  - Highlight backgounds
  - What is their experience?
  - Relevant successes/failures?
  - Board members or advisors adding significant value?
  - What pieces are missing and what is the plan for filling them?
- Why is this team uniquely suited to this opportunity?

# Milestones and Projections

### Milestones

- What have you accomplished to date?
- Show off early successes
- Include product timeline

### **Financial Projections**

- Include a summary of your projected income statement
- Make sure to show revenue, key expenses, cash balances and headcount
- Include customer or unit sales count
- It should be clear how you expect the company to perform top line and bottom line three years out, and how much capital will be required now and later

# Status

- What are your plans for fund raising?
  - What funds have already been raised?
  - How much money are you raising?
  - How will the money be spent?
  - How long will it last and where will the company "be" on its milestones progress at that time?
  - How much additional funding do you anticipate raising & when?

# Summary / Call to Action

- Summarize key points
  - Unique solution to a big problem
  - Large market potential
  - Key customers identified
  - Management Team with unique relevant experience
  - Highlight fundraising progress "act now before it's too late"

# Thank You

Audience Q&A



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#### For more information, please contact:

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