

**Everything you need to know about business plans
but were afraid to ask**

Disclaimers:

This isn't everything you need to know

Questions you may be afraid to ask

Did Evan Spiegel write a business plan?

Why does anyone need a business plan?

”... In preparing for battle, I have always found that plans are useless but planning is indispensable.”

- Dwight Eisenhower

Business Plan Definition

Statement of intentions, resources now and resources needed, environment, credentials and actions to move the enterprise forward.

It is a ...

- Checklist
- Proof that you are thinking clearly about the enterprise

Suitable for . . .

- Established companies for annual planning
- Non-profit entities for fundraising and reporting
- Government entities for operational planning
- Spinoffs and acquisitions, purchase of businesses or assets, for justification
- High cost, high risk startups (those that require a large initial investment, IP, international operations)
- Startup Internet or mobile app companies, maybe not

Business Plan Purpose

- Persuasion

Secondarily,

- Test assumptions
- Assure operational coordination
- Set management objectives
- Communicate with employees, partners, Board, advisors, consultants, bankers, government regulators
- Recruitment for top management
- Provide support for PPMs or annual reports

Given that business plans are checklists designed to persuade, what's on the checklist and how do you persuade?

Checklist Items

There is no "right" structure - experiment to find the one that best suits your enterprise, purpose and audience.

E&Y Example

- Executive summary
- **Company description**
- Products and services
- Marketing plan
- Operational plan
- **Management and organization**
- Milestones
- **Structure and capitalization**
- Financials
- Attachments
Resumes, detailed financials, product line profitability, confidentiality agreements, patents, licenses

Appropriate for a mature company

Biotech (Kolchinsky) Example

- Executive Summary
- Summary/Mission
- Opportunity
- **Technology**
- Business Model
- Competition
- **Intellectual Property**
- **Exit Strategy and Comparables**
- People
- Financials
- Appendix

Appropriate for a high tech company with little history.

MBA GAP Example

- Executive summary
- Company description
- Products and services
- **Market analysis**
- **Marketing strategy**
- **Sales strategy**
- Operations
- Management
- Ownership and legal
- Goals and objectives
- Financials (status, plans, request, use of funds)
- Attachments

Emphasizes marketing and sales.

Appendix/Attachments/Exhibits

- Detailed financial statements
- Primary research contacts
- Primary research results
- Questionnaires
- Management resumes
- Blueprints, facilities
- Patents
- Job descriptions
- Compensation plan
- Sales cycle assumptions, territories, headcount

Business Plan Commonalities

- State your purpose. Why is your audience reading this document or watching this presentation?
- Start with an Executive Summary
- 20-30 pages of text, with illustrations, diagrams, charts and other visual aids. Narrative, fun, easy to read. Storytelling.
- Include supporting information in the Appendix
- Include contact information
- Label as “Confidential” as needed

So much for checklists. How do you persuade?

- Have facts.
- Have good packaging.

Facts means primary research. (Secondary research doesn't cut it)

- First hand observations
- Conduct experiments
- Face to face interviews
- Focus groups, Web Surveys
- Trade shows and conferences.
- Key findings in Business Plan body
 - details in an Appendix

More Research Thoughts

- Secondary research guides your primary research. Do it early.
- Vet your questionnaire. Modify if needed after early interviews.
- Save your most important interviews for last
- Use proper footnotes, bibliography techniques. That means author, date, edition, title, journal, publisher, URL. Save URL, if pages are taken down

Packaging is Important

- Elevator Pitch (60-90 seconds, verbal)
- Executive Summary (2 or 3 pages, written)
- Business Plan (20-30 pages written)
- Appendix (useful information that won't fit)

Packaging Tips

Grammar, punctuation, spelling, sequencing, parallelism, tone

Repetition only for emphasis, no gaps in logic

Visual aids (charts, matrices, diagrams, ...) are necessary

Appearance matters

This is storytelling

Why people don't write business plans

- Don't know how to write one
- Don't realize its value
- Too much work to research and write
- It's not needed if it takes more time and work to write one than to fail.

Professor's Critical Questions and Comments

- How do you know that's true?
- How much research did you do? What are your sources?
- Your conclusions don't follow from your assertions. That doesn't make sense.
- This presentation is boring.
- Would you invest your money based on that?
- I don't get it. Where is the storytelling?

What I'm not telling you

- Writing Process
- Primary research methodology
- Interview techniques
- Mechanics
- Group management
- Tips
- Things You Should Not Say
- Why Business Plans Fail

Otherwise, any questions?