CREATE A *PERSUASIVE* BUSINESS PLAN

LOWELL MILKEN INSTITUTE
SANDLER PRIZE FOR NEW ENTREPRENEURS

IMPORTANT DATES

► March 5, 5:30-7:30 p.m. at the Law School
Lawyers from Gunderson Dettmer firm will discuss how to represent a startup including how to create a company and other important legal tasks

► March 22 at 11:59 p.m.
Business Plans Due with Two-Minute Video

AGENDA FOR THIS EVENING

Overall purpose: How to write a persuasive plan for this competition

▶ 1. General concepts about a business plan

▶ 2. Specific ideas to assist you in making the business plan persuasive

▶ 3. Consider a Slide-deck?

▶ 4. Required video submission

BUSINESS PLAN: CONCEPTS

Good reaction:

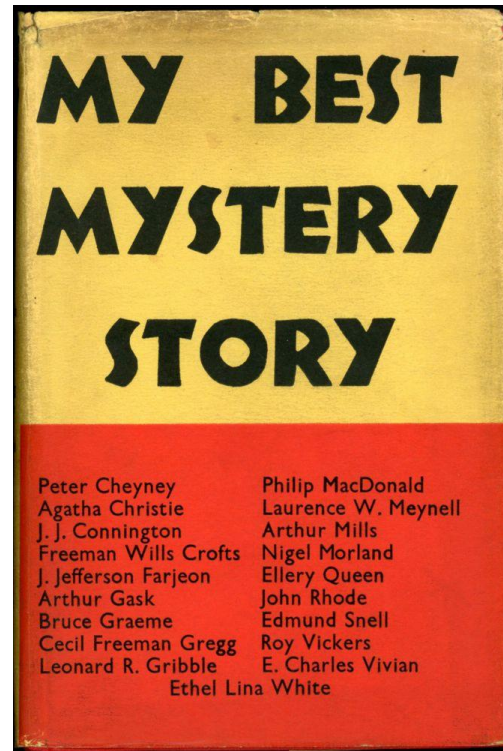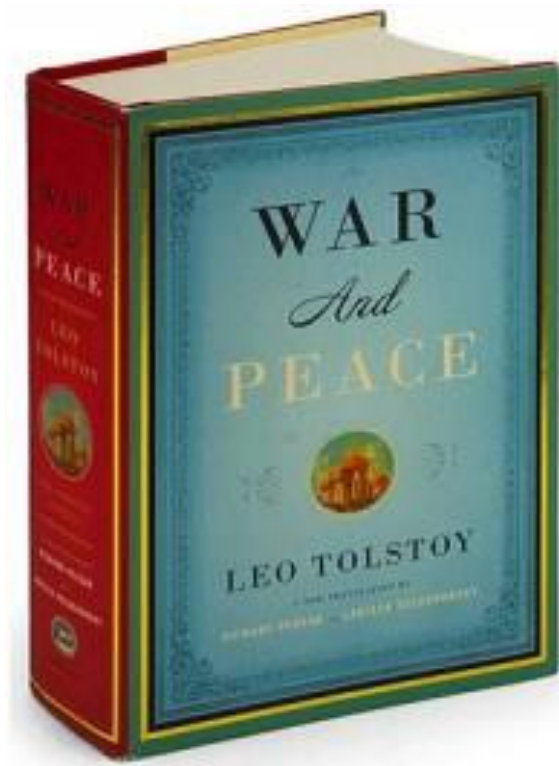Gee, that's an Interesting Idea.

Better reaction:

I want to learn more. Tell me more!

Best reaction:

How can I invest? I want to write a check!

A BUSINESS PLAN IS NOT

A BUSINESS PLAN IS <u>NOT</u>

E-FILED 2016 SEP 15 4:50 PM DUBUQUE - CLERK OF DISTRICT COURT

IN THE IOWA DISTRICT COURT
FOR DUBUQUE COUNTY

RAUEN & RAUEN DEVELOPMENT, LLC,   ) Case No. EQCV103318
DENNIS J. RAUEN, VIRGINIA A. RAUEN,   )
ERTL LIMITED PARTNERSHIP, and MOLO   )
PETROLEUM, LLC,   )
) **DEFENDANT CITY OF FARLEY,**
            Plaintiffs,   ) **IOWA'S TRIAL BRIEF**
)
v.   )
)
CITY OF FARLEY, IOWA,   )
)
            Defendant.   )

COMES NOW Defendant City of Farley, Iowa ("the City"), pursuant to the Court's Order Setting Trial and Incorporating Discovery Plan dated January 19, 2016, and hereby submits its Trial Brief:

FACTUAL BACKGROUND

In 2014, the City and Plaintiffs were confronted with ongoing issues or concerns with 9th Avenue NW and Jamesmeier Road in Farley. To address this problem, in July 2014 Mayor Jay Hefel and the City Council for Farley, Iowa (the "City Council") began discussing improvements to the streets with Plaintiffs, other affected property owners, and the City's engineers, MSA Professional Services, Inc. ("MSA"). All recognized that improvements were necessary to address water drainage issues and to prevent future damage to the streets, but it was left to be determined what improvements would be made and who would bear the cost. The City Council answered these questions over the course of the next several months during numerous city council meetings and discussions with the Mayor, MSA, and the affected property owners.

By early 2015, the City Council decided to move forward with what became known as the "9th Avenue NW and Jamesmeier Road Curb & Drainage Improvements Project" (the

- 1 -

My Book Report

Name:_____

Name of book:_____
Author of book:_____

Who are the main characters in the story?
_____

Tell us about the story:
Beginning_____
_____

Middle_____
_____

End_____
_____

Your favorite part of the story:_____
_____

Did you like the book? Why or Why not?_____
_____

inspiredbyfamilymag.com

WHAT IS A BUSINESS PLAN?

- Identifies/defines a Problem worth solving
- Identifies a Solution to the Problem
- Identifies the Team that can Execute the Solution
- Explains why the Solution is Superior to other solutions
- Explains why the Solution is Viable financially, legally, and socially

IDENTIFY THE PROBLEM YOU ARE TRYING TO SOLVE

WHAT IS A PROBLEM WORTH SOLVING?

WHAT IS A PROBLEM WORTH SOLVING?

You Need To Explain Why The Problem Is Worth Solving

▶ Surprisingly, it is usually not obvious

▶ Size – it affects many people, not just the entrepreneur

▶ Persistence – the problem persists and maybe gets worse over a period of time

▶ Relatable – even if the reader has not encountered the problem, the reader can understand how others are affected by it

MAKE THE PROBLEM VIVID FOR THE READER

MAKE IT VIVID WITH FACTS

- ▶ Parking = 40% of US City Real Estate

- ▶ Zoning Law require off-street parking

- ▶ In cities with little parking, 30% of traffic consists of people looking for parking

- ▶ Parking requirements make some parcels impossible to develop

- ▶ Rest of world has same automobile ownership as US did in 1920

- ▶ Auto ownership in the rest of world is growing rapidly

- ▶ Foreign cities are densely built, so existing structures may be destroyed

MAKE IT VIVID WITH DRAMA

MAKE IT VIVID WITH HUMOR
(very hard to do well!)

IDENTIFY THE PROBLEM AND THEN DEFINE AND REFINE IT

AIR POLLUTION

POLLUTION CAUSED BY TRANSPORTATION

CO_2 CREATED BY CITY BUSSES

Corollary to Identifying the Problem: Identifying the Market for a Solution

Identify/quantify the market that is seeking a solution to the problem

Who needs a solution to the problem?

What are they currently doing now about the problem?

Corollary to Identifying the Problem: <u>Identifying the Market for a Solution</u>

What has been the history of this market? What is its future?

Are there material challenges or impediments to accessing this market?

IDENTIFY THE SOLUTION TO THE PROBLEM

SOLUTION CHARACTERISTICS

- No matter how complex, you need to be able to explain your solution in three sentences or less in the executive summary

- Your solution must actually solve the problem

- Your solution must be presented as an "elegant solution" (even if it is not)
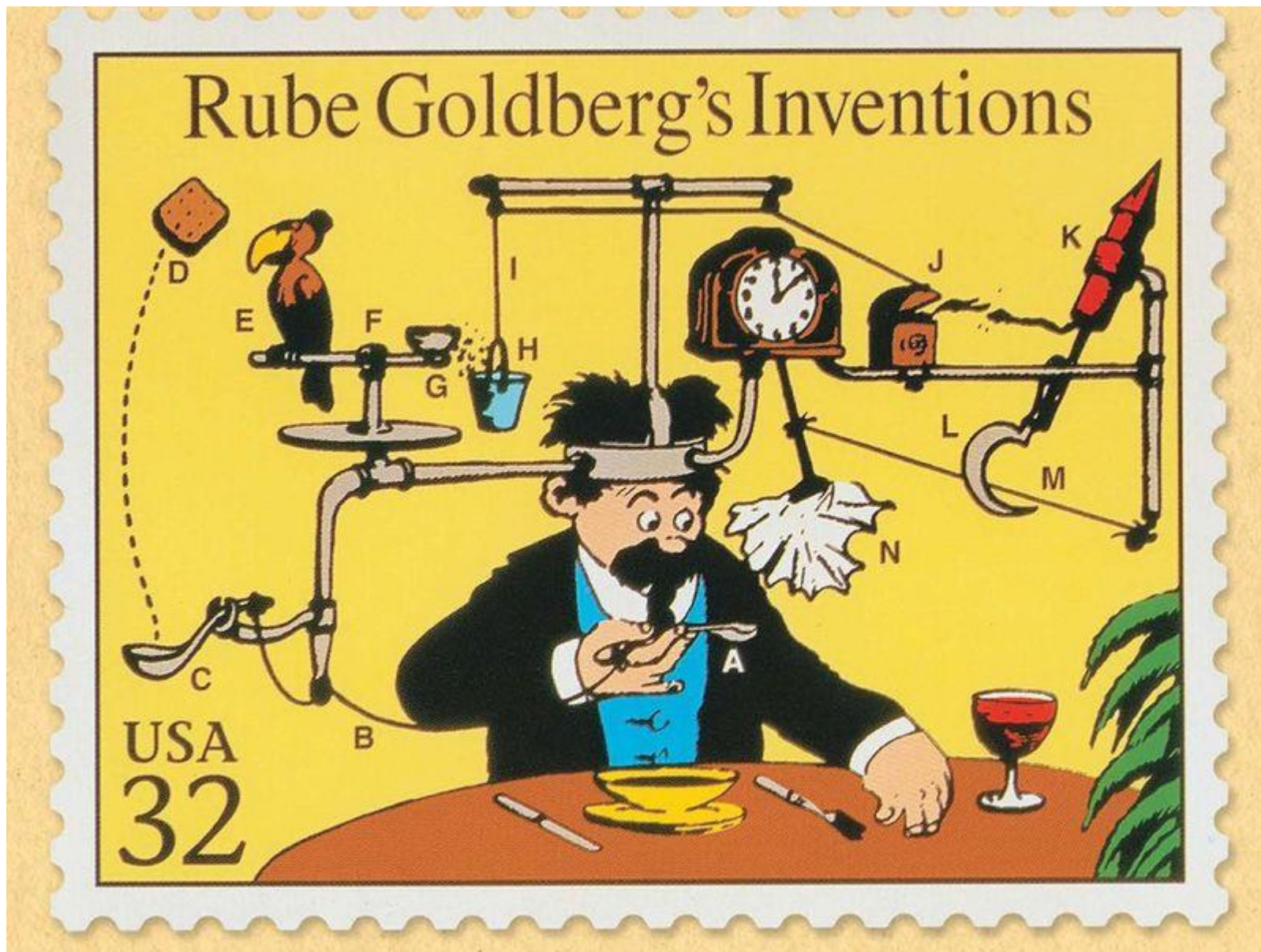
SELF-OPERATING NAPKIN

SOLUTION CHARACTERISTICS

► Your solution must demonstrate a **value proposition** for your customers. Tie the value proposition to the problem.

WHAT IS THE PROBLEM WITH TRADITIONAL TAXI SERVICE?

- ▶ Often hard to find a taxi; have to flag the taxi down on the street or call a dispatcher and wait and wait and wait

- ▶ Taxi driver may not know the city well so you have to give directions; of course, you may not know the city; get lost, etc.

- ▶ Need cash to pay the driver; little flexibility in payment options

UBER'S VALUE PROPOSITION

▶ One tap and a car comes directly to you

▶ Your driver knows exactly where to go

▶ Payment is completely cashless

SOLUTION CHARACTERISTICS

- Your solution must be manifestly better than the competition
- Identify your competitive advantage

COMPETITIVE ADVANTAGE

▶ We can deliver the same (or better) product or service for **less money** than our competitors (Uber v. taxi cabs)

▶ We can deliver a **better product or service** than our competitors at an equivalent price point (Amazon v. traditional book store)

▶ Our product fills a **niche** that the competition ignores (Lefty's store)

WE KNOW OUR SOLUTION WORKS!

Do you have proof of concept?

- ▶ Lead User – testing the product/concept with a lead user
- ▶ Market Research – testing consumer receptivity to a business concept
- ▶ Proof of Technology – demonstrating that an algorithm works
- ▶ Throwaway prototype – low cost prototype to explore the viability of the design
- ▶ Mockup – prototype without functionality (to test design)
- ▶ Minimum Viable Product – initial version of the product that is "good enough" to put in front of certain customers as a trial

INPUTS: ARE THERE ISSUES IN MAKING YOUR PRODUCT?

▶ Supply chain?

▶ Operations?

▶ Manufacturing?

▶ Necessary Third Parties

OUTPUTS: HOW ARE WE GOING TO SELL THE PRODUCT?
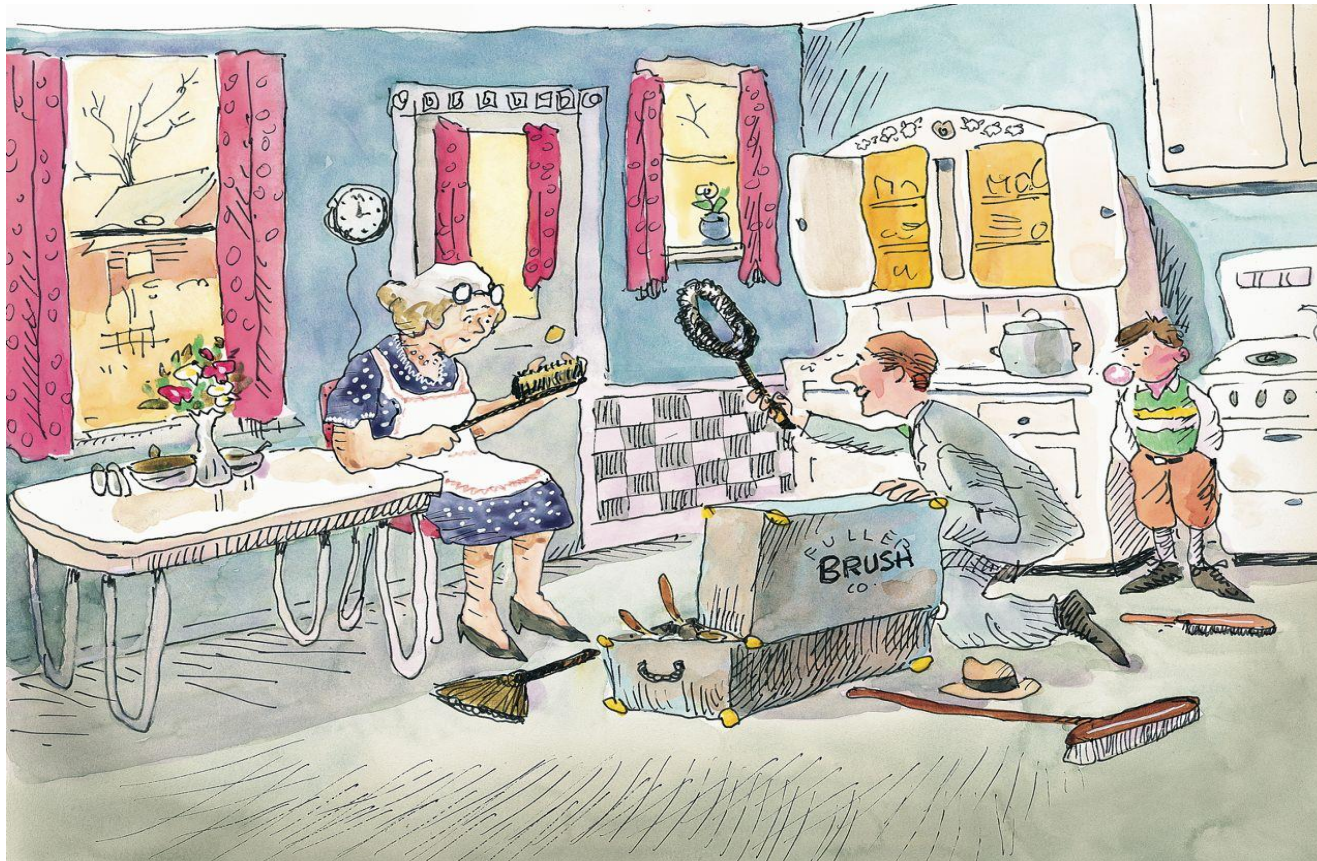
DEMONSTRATE THE TEAM CAN EXECUTE THE SOLUTION

OUR TEAM CAN EXECUTE THIS SOLUTION!

Who are the members of the team?

What are their relevant credentials? For this competition (and most things in life), the connection to UCLA is relevant!

What will they do on the team? How do they connect to the solution

Who is the leader?

What demonstrates that the team can execute?

CREATE A FAVORABLE IMPRESSION!

QUESTIONS ABOUT THE TEAM

▶Experience?

▶Motivation?

▶Flexibility?

▶Grit?

▶Intellectually curious?

▶Connections to others?

OUR SOLUTION IS SUPERIOR TO OTHER SOLUTIONS TO THE PROBLEM

COMPETITORS!

▶ Who are they?

▶ Direct and Indirect

▶ Are they successful? Why or why not?

▶ Why do you believe your venture can compete?

▶ How will the competitors react to your entry into the market?

▶ What prevents the competitors from taking your advantage

OUR SOLUTION IS SUPERIOR TO OTHER SOLUTIONS

ONLINE FORM BUILDER COMPARISON CHART

	Formstack	Adobe® FormsCentral	Google® Forms	Gravity Forms	Formsite	Jotform®	Wufoo
Payment Processors	11	1	0	5	3	More info »	10
3rd-party Integrations	26	0	0	12	4	More info »	12
Calculating Fields	✓			✓	✓	✓	
Conditional Logic	✓	✓		✓	✓	✓	✓
Full HTML Access (customizable)	✓	✓			✓	✓	✓
Save & Resume	✓	✓			✓	✓	
256-Bit SSL (security)	✓	✓			✓	✓	
Mobile-ready (responsive)	✓	✓		✓	✓	✓	✓
Mobile Apps							

OUR SOLUTION IS SUPERIOR TO OTHER SOLUTIONS

	CANVAS	BLACKBOARD	DESIRE2LEARN	MOODLE (MoodleRooms)	SAKAI (rSmart)
Native Cloud Service	✔	🚫	🚫	🚫	🚫
Openness	✔	🚫	🚫	Community Backed GPL	Community Backed GPL
Standard LMS Functions	✔	✔	✔	✔	✔
Integrated Learning Outcomes	✔	Fee Based	✔	✔	🚫
Mobile Applications	✔	Fee Based	Fee Based	Version 2.1	🚫
Accessibility	✔	✔	✔	Not Certified 🚫	Not Certified 🚫

NO COMPETITORS?

- There is not really a problem worth solving
- The problem cannot be solved (yet)
- The problem cannot be solved in a manner that is self-sustaining
- Others have tried and failed. Why?

THE SOLUTION IS VIABLE

FINANCIAL VIABILITY

▶If company is already in business, expect to see financial statements of results

▶Whether company is in business or just an idea, expect to see a set of *pro forma* statements for a reasonable number of years (3 to 5).

FINANCIAL VIABILITY

► What are our anticipated revenues?

► What are our anticipated expenses?

► What is my burn rate for cash?

► How long before we have positive cash flow?

► How long before we have profits?

FINANCIAL VIABILITY

▶ What are the industry metrics and how do we measure up?

▶ How much does it cost to acquire a customer?

▶ How much does it cost to keep a customer?

▶ What is the anticipated growth plan?

▶ How do we plan to finance the business? How much? From whom?

▶ How do we plan to finance growth of the business?

LEGAL VIABILITY

▶ Is there IP? Who owns it? Can the company use it?

LEGAL VIABILITY

▶ Are there <u>obvious</u> legal issues?

EXAMPLES OF LEGAL ISSUES

▶ The nature of the business is likely to generate law suits. How do we minimize the risk?

▶ The nature of the business is likely to require significant legal services to protect IP. How do we minimize associated costs?

▶ The nature of the business requires the use of legal forms (e.g., lease agreements). How do we implement them effectively?

▶ The nature of the business implicates legal policies (e.g., privacy laws). How do we comply with them?

REGULATORY VIABILITY

- Many businesses must comply with federal, state and local regulatory rules

- Look to see what competitors do

- Can you rely upon ignoring regulatory requirements as a strategy

CITY OF LOS ANGELES DEPARTMENT OF
CANNABIS
REGULATION

SOCIAL VIABILITY
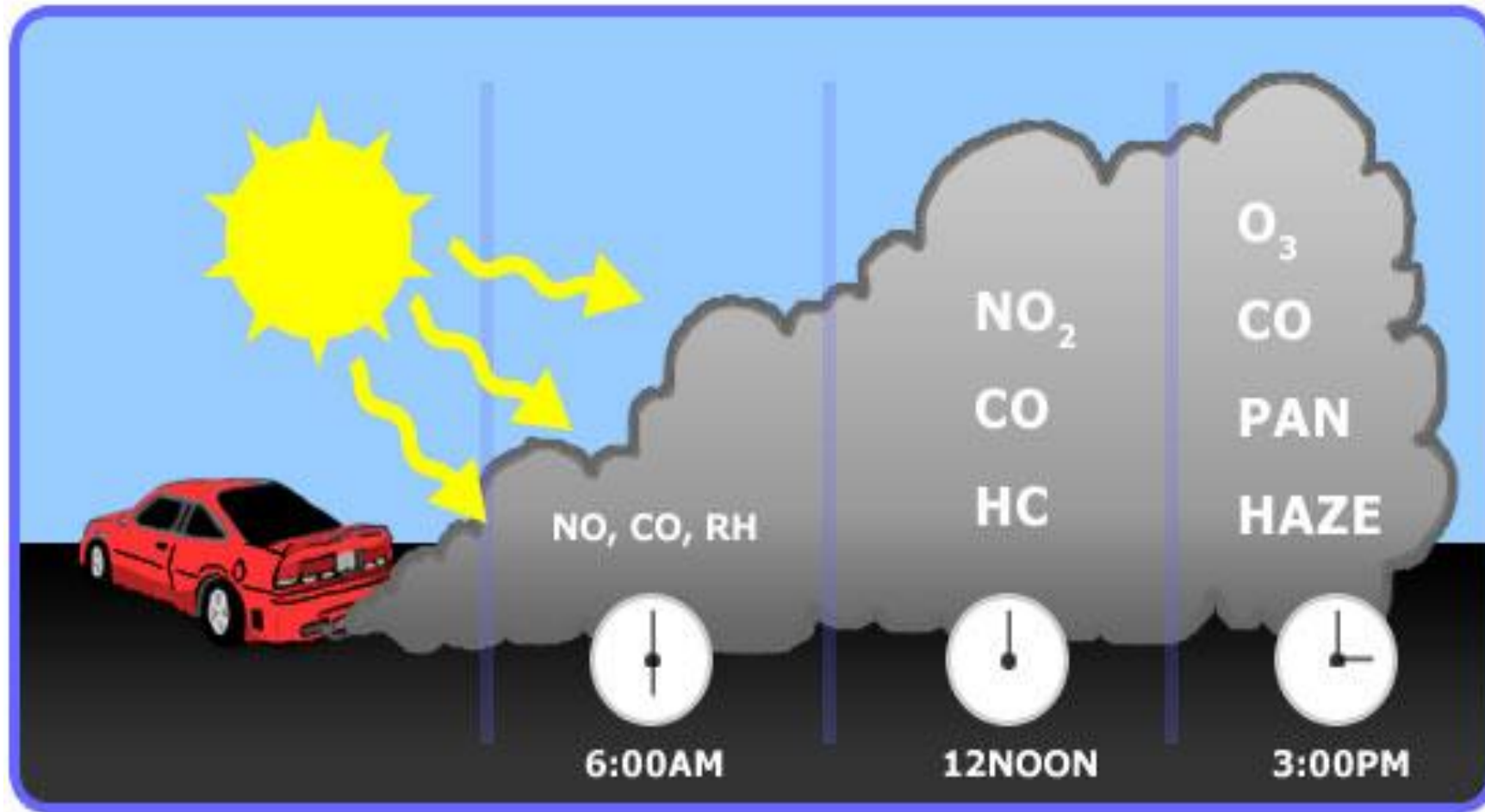
BUSINESS PLAN: EXECUTION TIPS

WHAT IS THE MOST IMPORTANT SECTION OF THE BUSINESS PLAN?

THE EXECUTIVE SUMMARY

THINK ABOUT

▶ Your Audience

▶ Organization of the Plan

▶ Graphics

▶ Readability
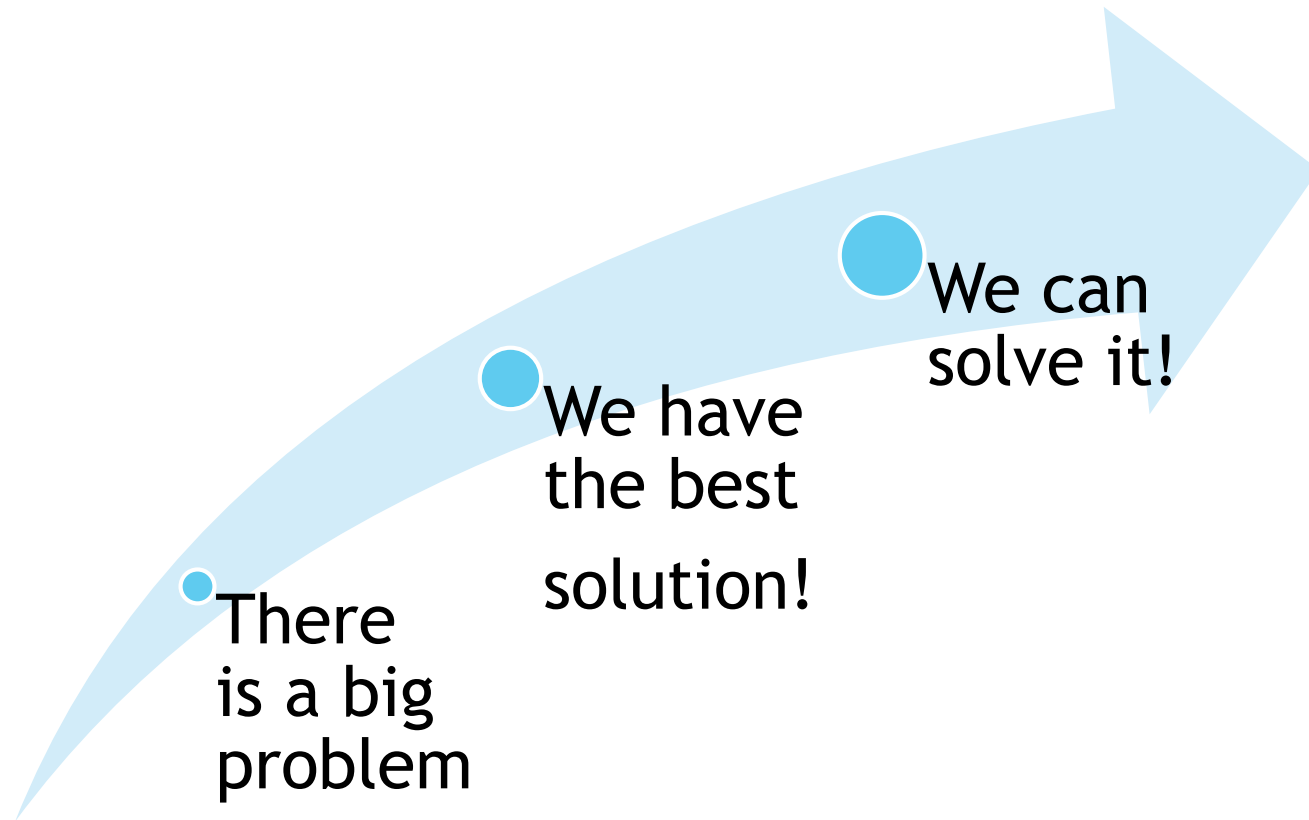
▶ Financials

ORGANIZATION

Problem → Solution → Execution

Best reaction:

How can I invest? I want to write a check!

ARC OF THE ARGUMENT: EMOTION AND CREDIBILITY

We can solve it!

We have the best solution!

There is a big problem

GRAPHICS ARE IMPORTANT

► What does the product look like?

► How do we compare with our competitors?

► What differentiates us?

READABILITY

- ▶ Short clear sentences
- ▶ Simple writing style
- ▶ Short paragraphs
- ▶ Well organized
- ▶ Active headings
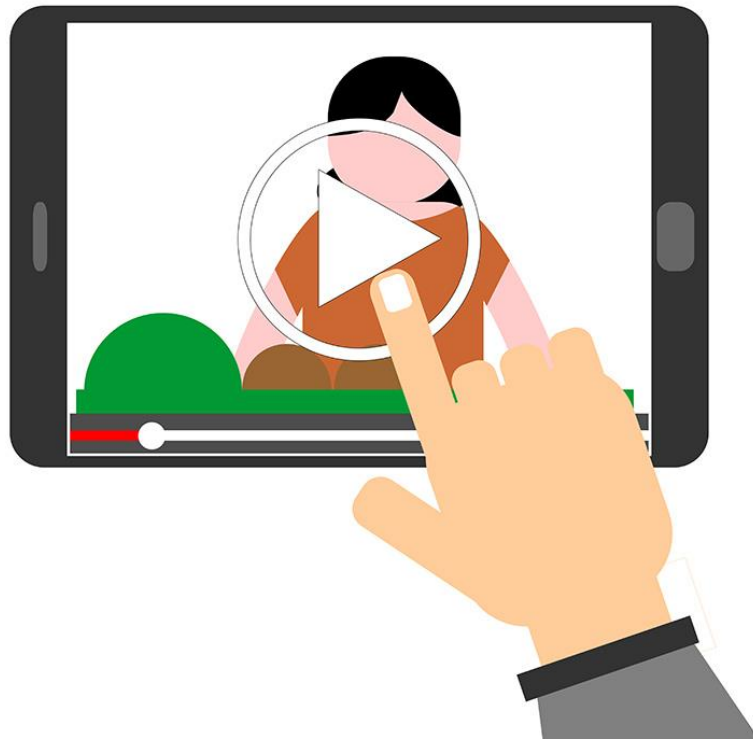
BUSINESS PLAN ALTERNATIVES

▶No Slide Deck ▶6000 Words	▶Slide Deck (up to 10 slides) ▶4,000 Words

MAKE A VIDEO IN SUPPORT OF YOUR BUSINESS PLAN

YOU NEED TO SUBMIT A VIDEO WITH YOUR BUSINESS PLAN

► Why does Lowell Milken Institute want you to submit a video?

► Why do you want to submit a video?

WHY DO *YOU* WANT TO SUBMIT A VIDEO?

▶ Create a strong first impression

▶ Create interest knowing more about the venture

▶ Highlight a strength that is better captured on a video than on paper