

Starting New Ventures 64-361.202

Chap 4 Writing a Business Plan.

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Lincoln and Lexi

- Meg Fisher visits Tom Swartwood, Drake University
- Wanted to open high end children's boutique in Des Moines Iowa.
- Instead used the home party sales model used by Mary Kay, Pampered Chef, etc
- Won 2010 Papa John Business Plan competition
 - (Lincoln and Lexi are names she HOPES to give her two first born children –as yet unborn!)
- Business plan evolves
 - A “Mommy, Daddy, and Me” line of clothing?

Business plan

- Written narrative telling how the founder expects the business to develop over time using the work done in the feasibility analysis and further work.
 - Written narrative of ~25-35 pages
 - PowerPoint of ~ 10 slides
 - Elevator speech of ~ 60 seconds
- Inside audience –guidance in execution –a road map –forces founders to think through plans systematically
- Outside audience –for investors and potential partners and other stakeholders

- Many companies do not write a business plan, but it is highly encouraged.
- At ILinc we did write a business plan –which helped tremendously.



Business plan variations

- Summary Business plan of 1-15 pages
 - Early stage, preliminary discussions
- Full Business plan
 - The mainstay of 25-35 pages with significant detail to allow investors to invest with confidence.
- Operational Business Plan
 - An expansion of the plan to provide an internal operational guide –or blueprint for operations.
 - Approximately double the size of the full business plan, but can be much larger.
- In most companies business plans change dramatically as things develop. Don't get stuck in a rut.

Wilson's Mantra

- 1. Plan, plan, plan, and then plan some more.
 - 2. Celebrate and rejoice when the plan is done.
 - 3. Now sit down and think about how this plan will fail and what you are going to do when it does.
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- No whining.
 - As the bumper sticker says
“Stuff Happens.”



Structure

- Cover Page
 - company name, address, phone number, date, contact person, web site, Facebook, Twitter, etc.
Confidentiality statement
- Table of Contents
- Executive Summary of 1-2 pages (critically important)
- Industry analysis
- Company Description (mission statement, tagline, position, milestones)
- Market Analysis (market segmentation, target market, competitor analysis)
- Economics
 - (financial analysis, COGS, contribution/gross margin, fixed costs, variable costs, operating leverage)
- Marketing Plan (marketing strategy)
- Product/Service Design and Development Plan (product, service, or virtual prototype)
- Operations Plan
- Management Team and Company Structure (B of Directors, B of Advisors, Org Chart)
- Overall Schedule
- Financial Projections
 - (sources and uses of funds, assumptions, pro-forma or projected financial statements, ratios –ROI, ROA, ROS, etc)
- Summary and Appendix

Presentation to Investors –the rules

- Rule 1 –follow their instructions
 - If they say to speak 20 minutes, then do it and no more.
- Slides should be clear and uncluttered –not too much info
- Well rehearsed and smooth.
- Avoid jargon
- Check on AV availability before and either BYO or adapt.



Investor Presentation -12 suggested slides

- Title
- Problem
- Solution
- Opportunity and Target market
- Technology
- Competition
- Marketing and Sales
- Management Team
- Financial Projections
- Current Status
- **The ask: what do you want from them and how will you use it?**
- Summary of key points, the ask, and request questions.

Red Flags and Warning Bells

- Founders with no skin in the game –no money at risk
- Poorly documented plan with little citation of evidence.
 - Third party well established evidence is best.
- Broadly defined markets rather than carefully targeted markets
 - Targeting the \$550 billion/yr pharmaceuticals market rather than the \$230 million/yr ALS treatment market.
- Wildly optimistic financials
 - Segway projecting sales of 40,000 /mo. and then selling 300/mo.
- Sloppy, poorly written, mistakes in math, typos,

Questions and Feedback from Investors

- Stephen J. Clearman, GeoCapital Partners CEO, VC in ILinc
 - “I am not a ‘nice guy’ Jack, I am an investor.”
- Expect investors to ask tough and probing questions.
- Asking tough questions generally means they are interested.
 - If they are not interested, then they will not waste their time.
- If you are viewed as a VERY attractive investment, then they will still ask the questions, but do it more diplomatically!
 - Perhaps that’s why I called Steve a ‘nice guy’!

Difference Makers competition at UML



M2D2-Mass Medical Device Development at UML Business Plan Competition.





MERRIMACK VALLEY
SANDBOX

Home

Entrepreneur Program

Student Catalyst Program

Concurso Pitch

Educ



Social Impact Pitch Contest--Tuesday

Upcycled Indian saris, a website to create local jobs, and an anti-bullying initiative. See entrepreneurs pitch these ideas and more on Tuesday!

The Merrimack Valley Sandbox is Re-Imagining Cities Through Entrepreneurship

The Sandbox is boosting the economic and social well-being of greater Lowell and Lawrence by advancing entrepreneurship and innovation.

Mass Challenge-

<http://masschallenge.org/accelerator/awards>



- ← Privo Technologies
 - UMass Lowell double alum:
 - Manijeh Nazari Goldberg, CEO
 - Nano delivery of drugs



MIT \$100 K Competition - <http://www.mit100k.org/>

