

CHAPTER TWO

Business Plan (BP)

**A Plan is a Bridge Which Takes us from the
Present to the Future**

Crafting a Winning Business Plan



In this chapter



- Three Basic Topics
 - Creativity and idea generation
 - Feasibility Study
 - Business Plan

Introduction

- For Engineers, you have **many businesses** to choose. You can be a Consultant, a Contractor, electromechanical installation company, a Manufacturer, a Specialist etc...
- In this chapter we will discuss: what is creativity? how to conduct feasibility analysis? and "How to Prepare a Successful Business Plan?"
 - **Without a Business Plan it's like driving a car at night without a head lamp/light!**

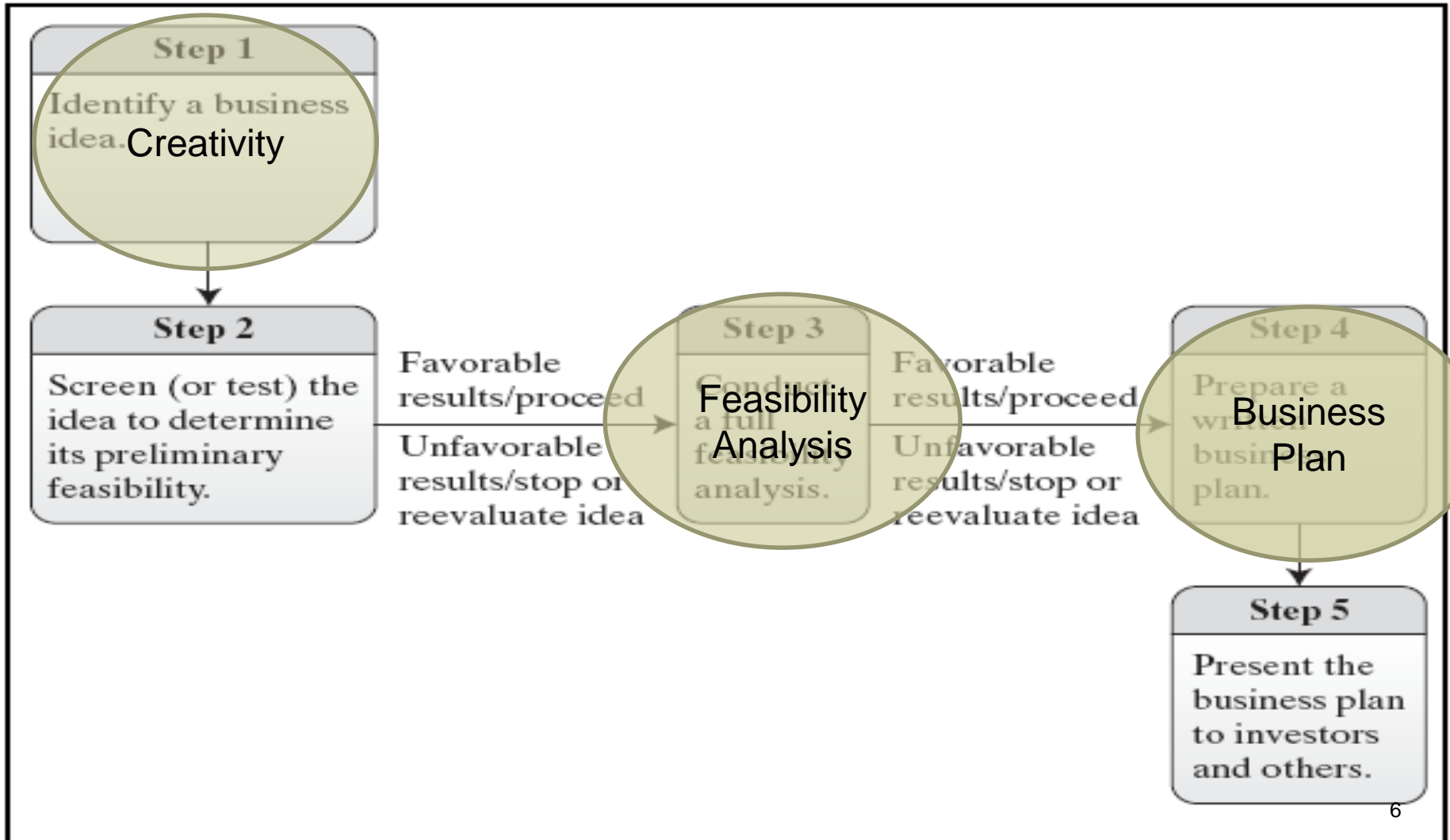


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- **Business idea** is like saying "Let's GO"
 - But go **where, why, how, when, who, what if.**
- **With a Plan, at least we know in the beginning:**
 - what we want to do,
 - How much to do
 - How to do
 - How much money required,
 - The risks,
 - The benefits,
 - Who to do what, and try to provide answers to problems not yet faced.



Business





Creativity

Discussion Time

Creativity Innovation



Creativity and Innovation

Creativity – the ability to develop **new ideas** and to discover **new ways** of looking at problems and opportunities;

thinking new things.

Innovation – the ability to **apply creative solutions** to problems or opportunities to enhance or to enrich people's lives;

doing new things.



Entrepreneurship

- **Entrepreneurship** – the result of a disciplined, systematic process of applying **creativity and innovation** to the needs and opportunities in the marketplace.
- Entrepreneurs connect creative ideas with purposeful action/structure of a business.
- Creativity is an important source for building a **competitive advantage**.

Creative Thinkers

- Always ask, **“Is there a better way?”**
- Challenge **custom, routine, tradition and formalized procedures**
- Are prolific/ inexhaustible (never-ending) thinkers
- Play **mental games**
- Realize there may be more than one **“right”** answer
- See **mistakes as pit stops** on the way to success
- See **problems as springboards** for new ideas
- Relate seemingly **unrelated ideas to a problem**
- Have **“helicopter skills”**+

Barriers to Creativity

- Searching for the one “right” answer
- Focusing on “being logical”
- Blindly following the rules
- Constantly being practical (result-oriented)
- Becoming overly specialized
- Avoiding ambiguity (doubt)
- Fearing looking foolish
- Fearing mistakes and failure
- Believing that “I’m not creative”

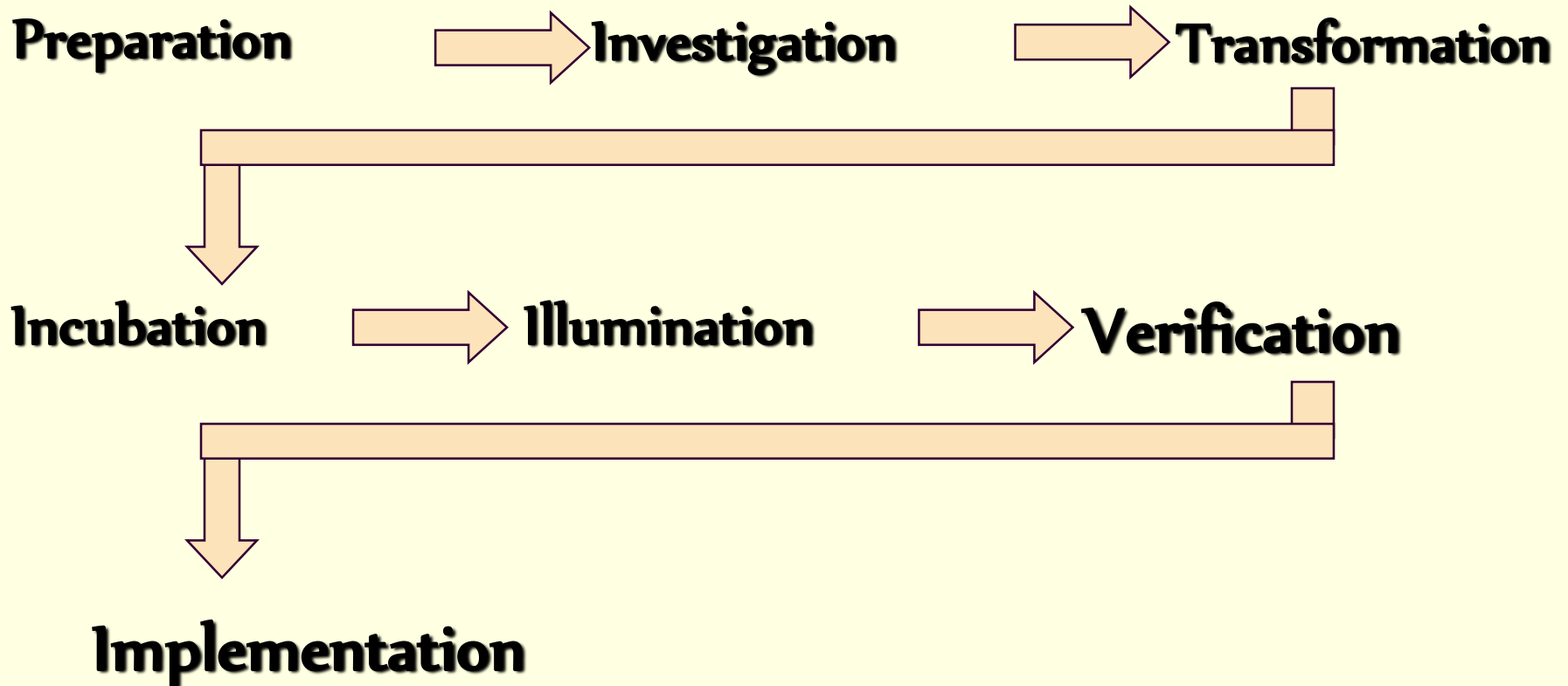
Questions to Spur (Stimulate) the Imagination

- Is there a **substitute**?
- Can you **rearrange the parts**?
- What if you do just the **opposite**?
- Can you **combine ideas**?
- Can you put it to **other uses**?
- What else could you make from this?
- Are there **other markets** for it?
- Can you **reverse it**?
- Can you rearrange it?

To Enhance Individual Creativity

- Allow yourself to be creative
- Give your mind **fresh input** every day
- Observe the products/services of other companies, especially those in completely different markets
- Recognize the **creative power of mistakes**
- Keep a journal to **record your thoughts and ideas**
- Listen to customers
- **Talk to a child (most children ask questions naturally)**
- Read books on stimulating creativity
- Take some time off

The Creative Process



Preparation



- **Get your mind ready** for creative thinking.
 - Adopt the attitude of a **lifelong student**.
 - **Read ...a lot...**and not just in your field of expertise.
 - **Clip articles of interest** to you and file them.
 - Take time to **discuss** your ideas with other people.
 - Join professional or trade associations and **attend their meetings**.
 - **Study other countries** and cultures and travel.
 - **Develop your listening skills.**



Investigation

- Involves **viewing** both the **similarities** and the **differences among information** collected.
- Two types of thinking required:
 - **Convergent thinking**– the ability to see the similarities and the connections among various and often diverse data and events.
 - **Divergent thinking** – the ability to see the differences among various data and events.



Transformation

- How can you transform **information** into **purposeful ideas**?
 - **Grasp the “big picture”** by looking for patterns that emerge.
 - **Rearrange** the elements of the situation.
 - Remember that several approaches can be successful.
 - **If one fails, jump to another**

Incubation

- Allow your **subconscious to reflect** on the information collected.
 - Walk away from the situation.
 - Take the time to daydream.
 - Relax – and play – regularly.
 - Dream about the problem or opportunity.
 - Work on it in a different environment.

Illumination

- Make your idea very **clear** to you
- This is when the **idea pops up clearly** and the individual recognizes the idea as **feasible and realizable**, ready for launch.
- Ideas arise from the mind to provide the basis of a creative response.
- These ideas can be pieces of the whole or the whole itself, i.e, seeing the entire concept or entity all at once.
- Unlike the other stages, illumination is often very brief, involving a tremendous rush of insights within a few minutes or hours.

Verification/Validation/Testing stage

- **Verify** the idea as accurate and useful.
 - Is it really a **better solution**?
 - **Will it work**?
 - Is there a **need for it**?
 - If so, what is the **best application of this idea in the marketplace**?
 - Does this product or service fit into our core **competencies**?
 - How much will it cost to produce or to provide?

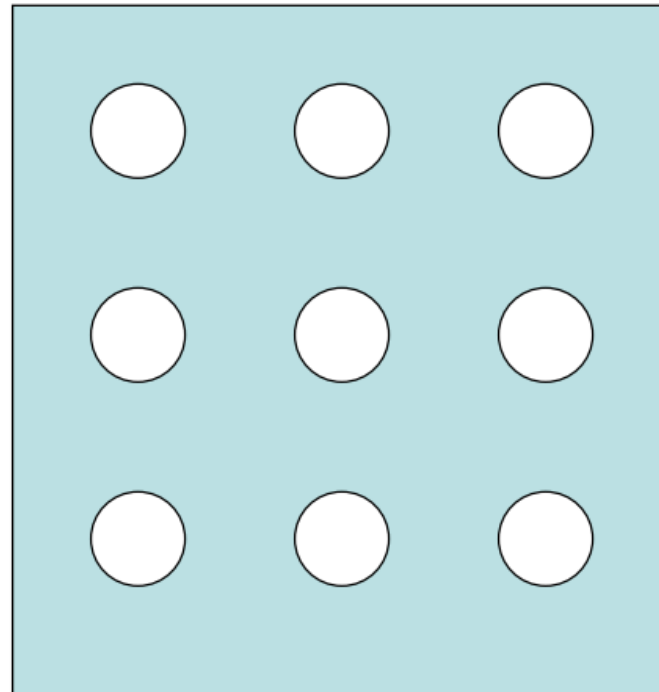


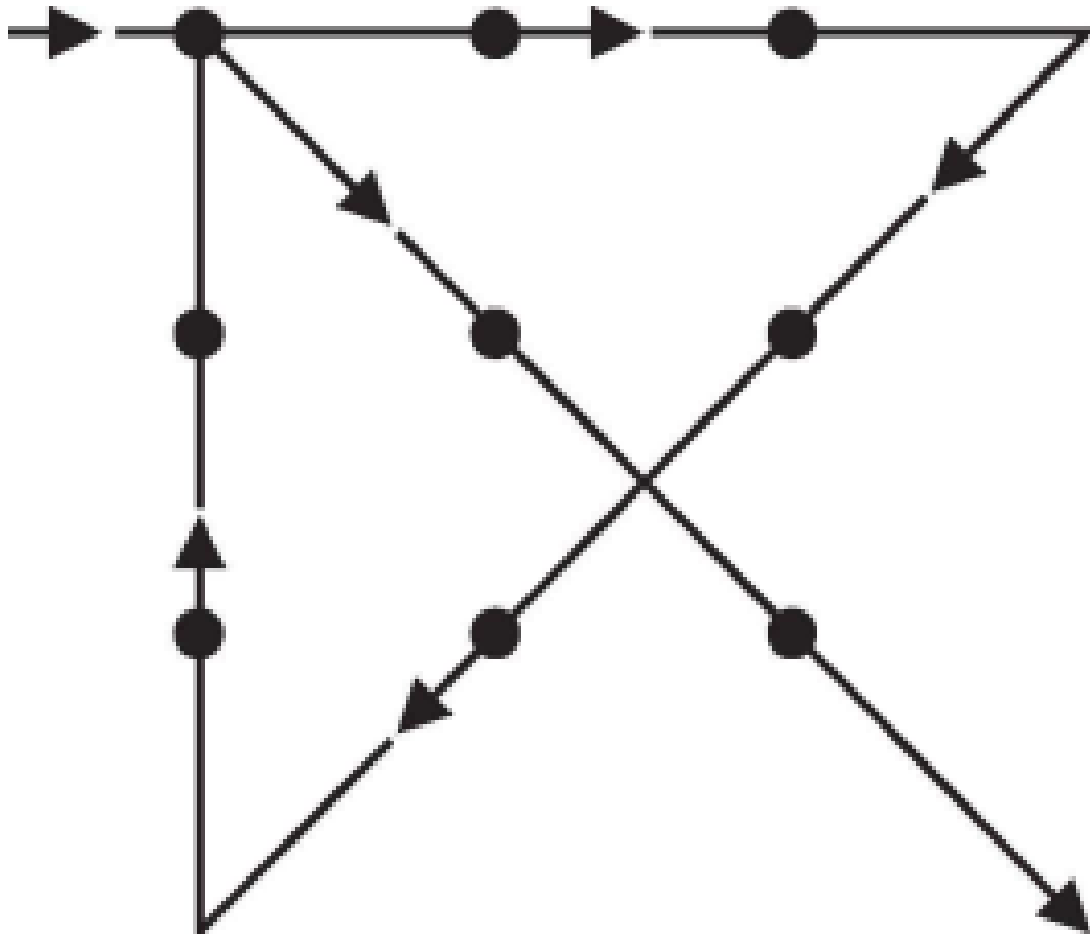
Implementation

- Put the idea in action
- Applying the resources in order to accomplish the plans

CREATIVITY

Task: See the figure below. Link all nine dots with straight lines, which have to be drawn **without any breaks and in one go** and **without linking any of the points more than once.**





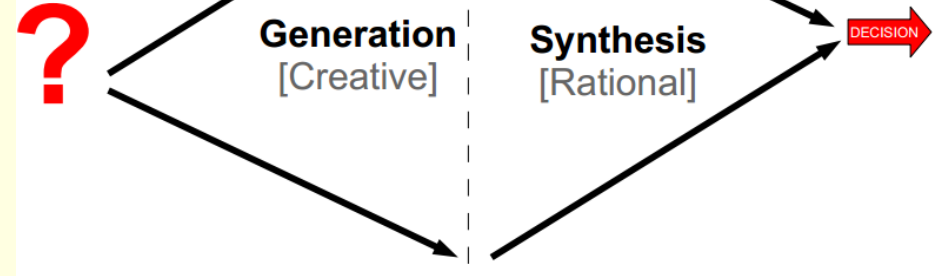
Business Idea

How Do I Find a Good Business Idea?

What is a Business Idea?

- A business idea is the response of a person or persons, or an organization to solving an identified problem or to meeting perceived needs in the environment (markets, community, etc.).
- Finding a good idea is the first step in transforming the entrepreneur's desire and creativity into a business opportunity.

Business Idea.....



- Mapping an existing business model is one thing;
- Designing a new and innovative business model
- To come up with new or better options, you must dream up a grab bag of ideas before narrowing them down to a short list of conceivable options.
 - idea generation, where quantity matters; and
 - synthesis, in which ideas are discussed, combined, and narrowed down to a small number of viable options.

Why Should you Generate Business Ideas?

- You need an idea –
- and a good one at that – for business. As indicated earlier, in looking at the rationale for this topic, a good idea is essential for a successful business venture – both when starting a business and to stay competitive afterwards.
 - To respond to market needs-
- Markets are made up essentially of customers who have needs and wants waiting to be satisfied.
 - To stay ahead of the competition
- Remember, if you do not come up with new ideas, products and services, a competitor will.

Why Should you Generate Business Ideas?

- To exploit technology -
- Do things better, Technology has become a major competitive tool in today's markets.
- with the rate of change forcing many firms to innovate.
- Because of product life cycle.
 - All products have finite life...
- Other Reasons.....

Generating Ideas From Existing Ideas

- Changing existing ideas in order to develop new and original ideas.
- By changing Know About one or more parts of an idea, we can develop useful new ideas.
- Some Way Includes:
 - Make it bigger or add new parts
 - Make it smaller or eliminate parts
 - Modify parts or ideas
 - Rearrange parts
 - Reverse parts
 - Substitute different materials, parts, or methods
 - Combine parts or ideas



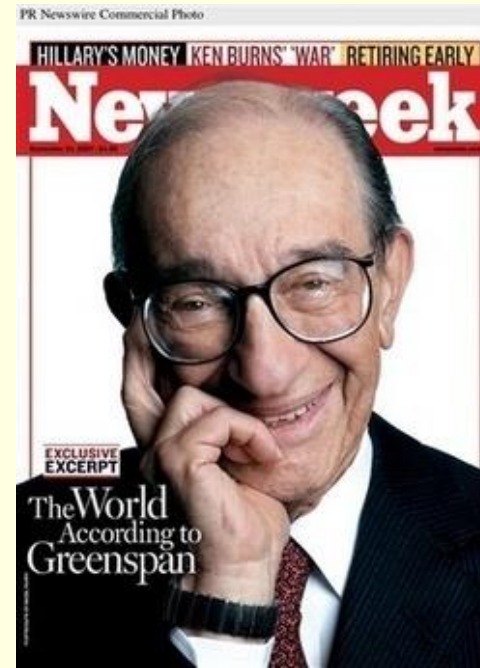
Case Example: Kaldi's Coffee



■ Kaldi's Coffee looks like a Starbucks. It smells and tastes like one too. But the hottest cafe in the Ethiopian capital is not a Starbucks at all but a knockoff, the creation of a Starbucks devotee who tried to bring the real thing to Ethiopia, the birthplace of coffee, by many accounts. Kaldi's has a Starbucks-like logo and Starbucks-like décor, and its workers wear Starbucks-like green aprons. At the bar, there are Starbucks-like "short" and "tall" coffee options, although Kaldi's sticks exclusively to Ethiopia's coffee varieties. Kaldi's is popular enough that it opens several branches as well.³¹

Three sources of new business Ideas

1. **Changing environmental trends**
 - Economic trends
 - Social trends
 - Technological advances
 - Political and Regulatory changes
2. **Unsolved problems**
3. **Gaps in the marketplace**



Changing Environmental Trends

Economic trends

- When the economy is strong, customers are more willing to purchase discretionary (flexible) products and services
- Need to evaluate who has the money to spend
- Identify areas to avoid

Cont'd

Social trends

- Impact the way people live their lives and the products and services they need
- Products often do more to satisfy a social need than the actual need the product fills



Cont'd

Technological advances

- **Ongoing source of new business ideas**
- **Technologies can be used to satisfy basic or changing human needs**
- **Once a technology is created, products emerge to advance it**

Cont'd

Political and regulatory changes

- New laws create opportunities for entrepreneurs
- Changes in government regulations motivate entrepreneurs to differentiate themselves by exceeding the regulation
- Political change can encourage new business ideas



Unsolved Problems

- Many companies have been started by people who by trying to solve a problem, create a business idea
- Entrepreneurs can capitalize by modifying products created by advances in technology



Gaps in the Marketplace

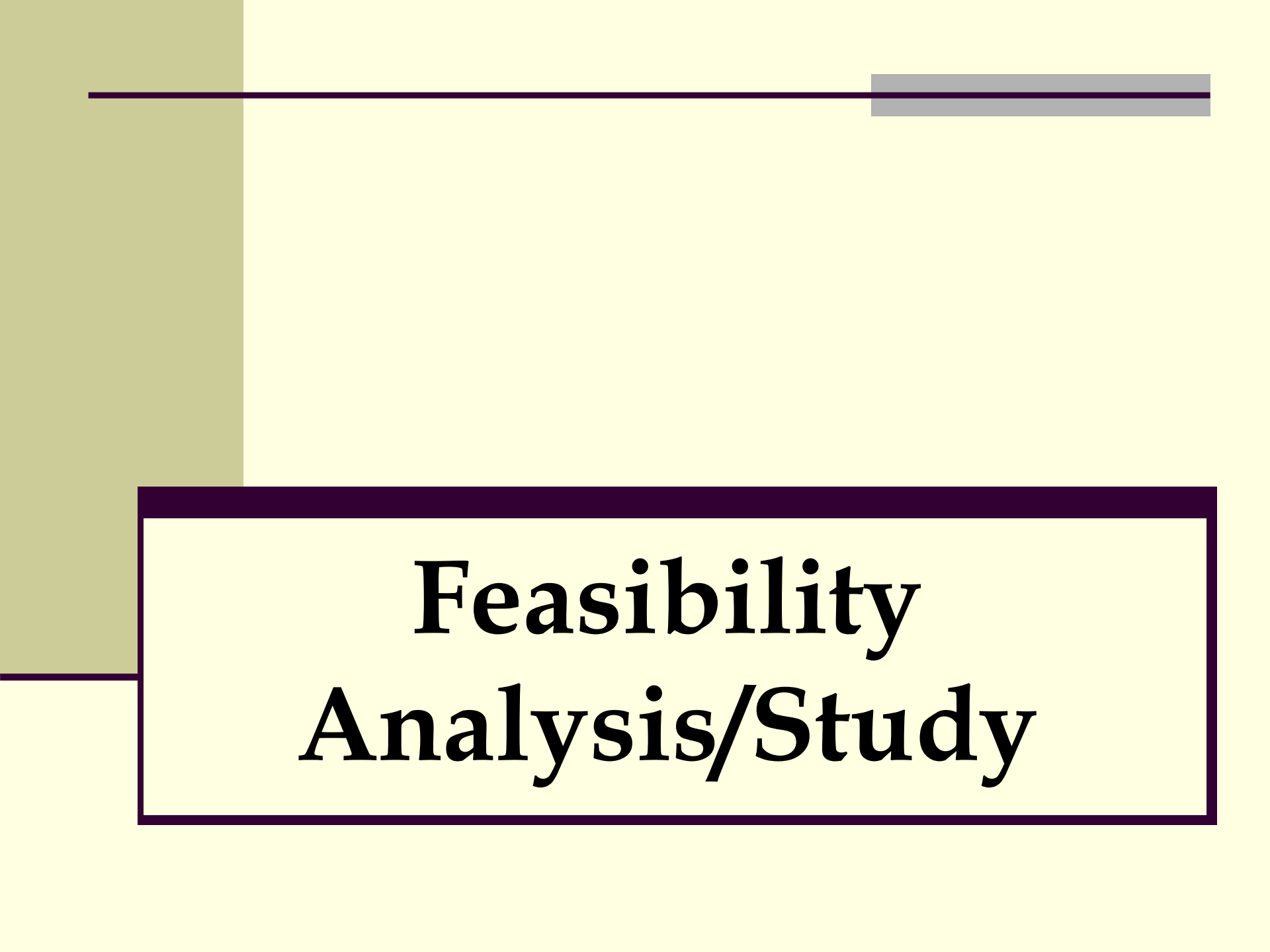
- Key large retailers compete on **price** and target the mainstream customer, **leaving gaps** in the marketplace.
- New business ideas can be formed by taking an existing product and **targeting a new market** or geographic area.

Other source Include....

- Hobbies/Interests
- Personal Skills and Experience
- Franchises
- Mass Media
- Exhibitions
- Surveys
- Complaints

Exercise

1. Think of an object used in **AAiT**. Write the name of the object;
2. Name the basic parts of the object.
3. How could the object or part of the object: be made bigger, be made smaller, be modified?
4. How could the parts of the object: be rearranged, be reversed, be substituted or made of a different material?
5. How could your ideas be combined and be useful in making a new product for market?



Feasibility Analysis/Study

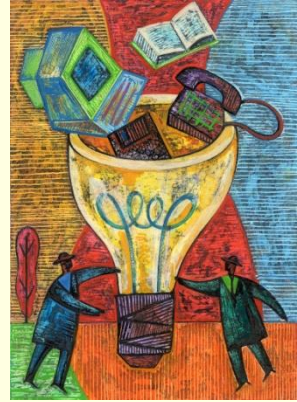
Feasibility Analysis

- Entrepreneurs do not lack creative ideas.
- Is a particular idea a **viable** foundation for creating a successful business?
- Feasibility study addresses the question: “Should we **proceed** with this **business idea?**” or not?

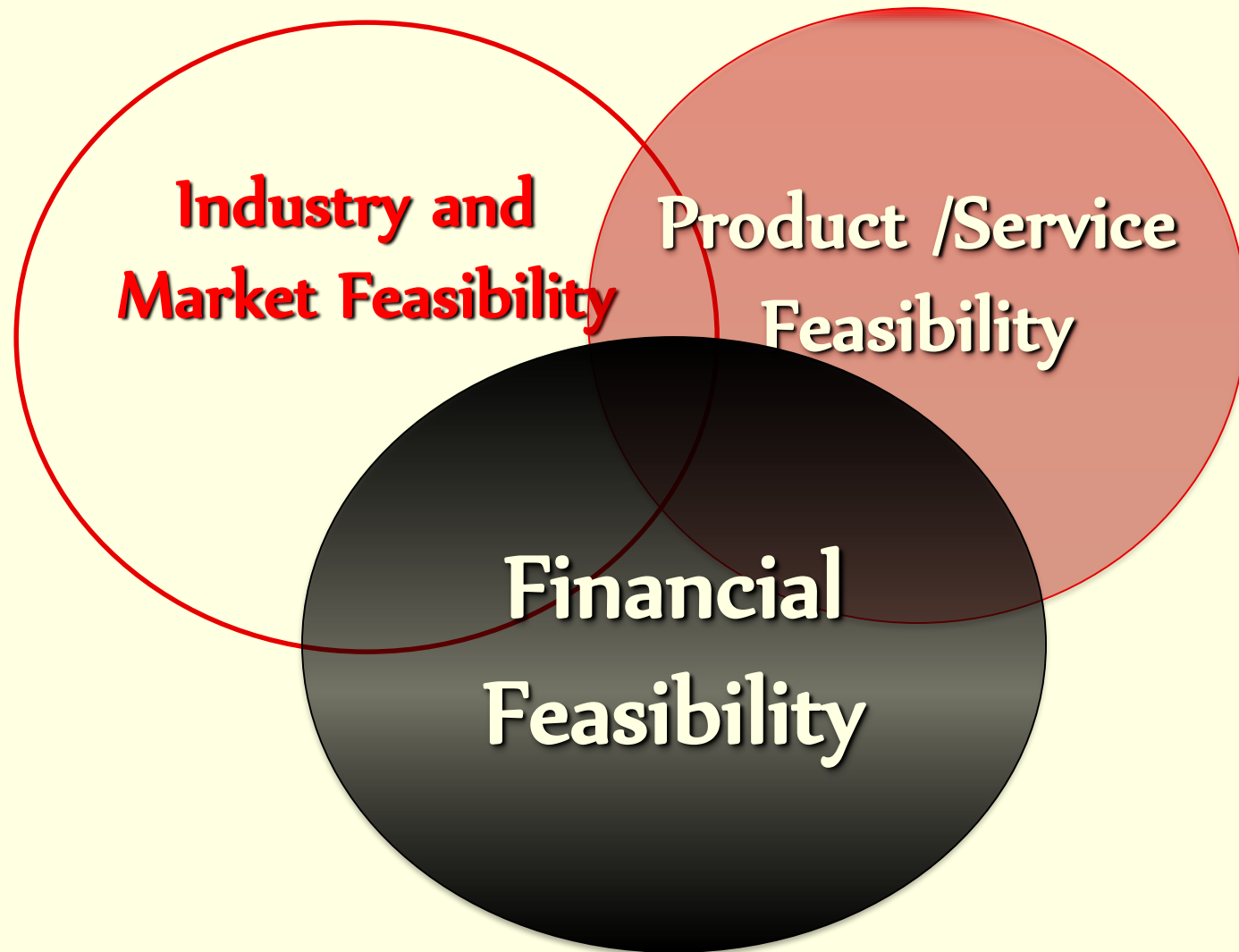


Feasibility Study

- Not the same as a business plan.
- An **investigative tool**.
- Serves as a **filter**, screening out **ideas** that lack the potential for building a successful business **before** an entrepreneur commits the necessary resources to building a business plan.



Elements of a Feasibility Analysis



1. Industry and Market Feasibility Analysis

Two areas of focus:

1. Determining **how attractive** an industry is overall as a “home” for a new business.... Uses the **five forces model**
2. Identifying **possible niches** a small business can occupy profitably.

Five Forces Model

- **Five forces** interact with one another to **determine** the setting in which companies compete and, hence, **the attractiveness** of the industry:
 1. **Rivalry among companies in the industry**
 2. **Bargaining power of suppliers**
 3. **Bargaining power of buyers**
 4. **Threat of new entrants**
 5. **Threat of substitute products or services**

Five Force Model

Flat Design Porter's Five Forces



Rivalry Among Companies

- **Strongest** of the five forces
- Industry is more attractive when:
 - Number of competitors is **large**, or, at the other extreme, **quite small**
 - Competitors are **not similar in size** or capacity
 - Industry is **growing fast**
 - Opportunity to sell a **differentiated** product or service exists

Bargaining Power of Suppliers

- The greater the leverage of suppliers, the less attractive the industry.
- Industry is more attractive when:
 - Many suppliers sell a product
 - Substitutes are available
 - Company's switching costs are low
 - Items account for a small portion of the cost of finished products

SC: The costs incurred when a customer changes from one supplier or marketplace to another. The higher these costs are, the more difficult it is to execute the switch.

Bargaining Power of Buyers

- Buyers' influence is high when they are small in number and cost of switching to a competitor's product is low.
- Industry is more attractive to new entrants when:
 - Customer's switching costs are high
 - Number of customers is large
 - Customers want differentiated products
 - Customers find it difficult to collect information for comparing suppliers

Threat of New Entrants

- The larger the pool of potential new entrants, the less attractive an industry is.
- Industry is more attractive to new entrants when:
 - Advantages of economies of scale are absent.
 - Capital requirements to enter are low
 - Cost advantages are not related to company size
 - Buyers are not loyal to existing brands
 - Government does not restrict the entrance of new companies

EC: reduced costs per unit that arise from increased total output of a product

Threat of Substitutes

- **Substitute products or services can turn an industry on its head.**
- **Industry is more attractive to new entrants when:**
 - **Quality substitutes are not readily available**
 - **Prices of substitute products are not significantly lower than those of the industry's products**
 - **Buyers' switching costs are high**

2. Product or Service Feasibility Analysis

- Determines the **degree** to which a product or service idea **appeals to potential customers** and **identifies the resources necessary to produce it.**
- **Two questions:**
 - Are customers **willing** to purchase our good or service?
 - Can we provide the product or service to customers at a **profit?**

Product or Service ... cont'd

- **Primary research** - collect data first hand and analyze it.
 - Customer surveys and questionnaires
 - Focus groups
- **Secondary research** - gather data that already has been compiled and analyzed.
- **Prototypes**
- **In-home trials**

Product/Service ... Cont'd



- **Product desirability**

- **Is the product desirable and serve a need in the marketplace?**

- **Is it reasonable?**





- **Does it make sense? Is it reasonable? Is it something consumers will get excited about?**
- **Does it take advantage of an environmental trend, solve a problem, or take advantage of a gap in the marketplace?**
- **Is this a good time to introduce the product or service to the market?**
- **Are there any fatal flaws in the product or service's basic design or concept?**

Concept Test

A concept test is a preliminary description of a product or service idea to industry experts to solicit (ask for) their feedback.



Cont'd

- A **concept statement** is a one-page description of a business that is distributed **to people who are asked** to provide feedback on the potential of the business idea.
- The feedback will hopefully provide the entrepreneur:
 - A sense of the viability of the product or service idea.
 - Suggestions for how the idea can be strengthened or “tweaked” before proceeding further.

New Business Concept New Venture Fitness Drinks Inc.

Product

New Venture Fitness Drinks will sell delicious, nutrition-filled, all-natural fitness drinks to thirsty sports enthusiasts. The drinks will be sold through small storefronts (600 sq. ft.) that will be the same size as popular smoothie restaurants. The drinks were formulated by Dr. William Peters, a world-renowned nutritionist, and Dr. Michelle Smith, a sports medicine specialist, on behalf of New Venture Fitness Drinks and its customers.

Target Market

In the first three years of operation, New Venture Fitness Drinks plans to open three or four restaurants. They will all be located near large sports complexes that contain soccer fields and softball diamonds. The target market is sports enthusiasts.

Why New Venture Fitness Drinks?

The industry for sports drinks continues to grow. New Venture Fitness Drinks will introduce exciting new sports drinks that will be priced between \$1.50 and \$2.50 per 16-ounce serving. Energy bars and other over-the-counter sports snacks will also be sold. Each restaurant will contain comfortable tables and chairs (both inside and outside) where sports enthusiasts can congregate after a game. The atmosphere will be fun, cheerful, and uplifting.

Special Feature—No Other Restaurant Does This

As a special feature, New Venture Fitness Drinks will videotape select sporting events that take place in the sports complexes nearest its restaurants and will replay highlights of the games on video monitors in their restaurants. The “highlight” film will be a 30-minute film that will play continuously from the previous day’s sporting events. This special feature will allow sports enthusiasts, from kids playing soccer to adults in softball leagues, to drop in and see themselves and their teammates on television.

Management Team

New Venture Fitness Drink is led by its cofounders, Jack Petty and Peggy Wills. Jack has 16 years of experience with a national restaurant chain, and Peggy is a certified public accountant with seven years of experience at a Big 4 accounting firm.

Product/Service Demand

- **Buying intentions survey**
 - **Gauge customer interest in a product or service**



How likely would you be to buy a product like this if we make it?

- *Definitely would buy*
- *Probably would buy*
- *Might or might not buy*
- *Probably would not buy*
- *Definitely would not buy*

Business Prototyping

- **Entrepreneurs test their business models on a small scale before committing serious resources to launch a business that might not work.**
- **Recognizes that a business idea is a hypothesis that needs to be tested before taking it full scale.**

3. Financial Feasibility Analysis



- Total start-up cash needed
- Financial performance of similar businesses
- Overall financial attractiveness of the proposed venture

Financial Feasibility ...

cont'd

- **Capital requirements** - must have an estimate of how much start-up capital is required to launch the business.
- **Estimated earnings** - forecasted income statements.
- **Return on investment** - combining the previous two estimates to determine how much investors can expect their investments to return.



Business Plan

The Business Plan

- A written summary of:
 - An entrepreneur's proposed business venture
 - Its operational and financial details
 - Its marketing opportunities and strategy
 - Its managers' skills and abilities and more...
- **Best insurance** against launching a business destined to fail or mismanaging a potentially successful company.

Cont'd



- A written document that carefully explains **every aspect** of a new business venture
- **Inside the firm**, the business plan is used to **develop a road map**.
- **Outside the firm**, the business plan **introduces potential investors and other stakeholders** to the business opportunities

Reasons for Writing a Business Plan

Two main reasons to write a business plan:

- **Internal** – Forces the founders of the firm to think through **every aspect** of their new venture
- **External** – Communicates the **merits of a new venture** to outsiders, such as investors and bankers

Who reads the business plan and what are they looking for?

Two primary audiences

■ Investors and other stakeholders

- Investors, potential business partners, potential customers, grant awarding agencies who are being recruited.

Firm's employees

- Looking for the vision and future of the firm



Always Consider ...

- **Structure** and style of the business plan
- **Content** of the business plan
- Measuring the business plan against your personal **goals and aspirations**
- Recognizing that elements of the **plan may change**

Why Take the Time to Build a Business Plan?



- Although building a plan does not guarantee success, it does **increase your chances of succeeding in business.**
- A plan is like a **road map** that serves as a guide on a **journey through unfamiliar, harsh, and dangerous territory.** Don't attempt the trip without a map!



The Business Plan: Essential Functions



1. Guiding the company by charting its future course and defining its strategy to follow.
2. Attracting lenders and investors who will provide needed capital.
3. Demonstrating that the entrepreneur understands the business venture and what will make it succeed.

A Plan Must Pass Three Tests



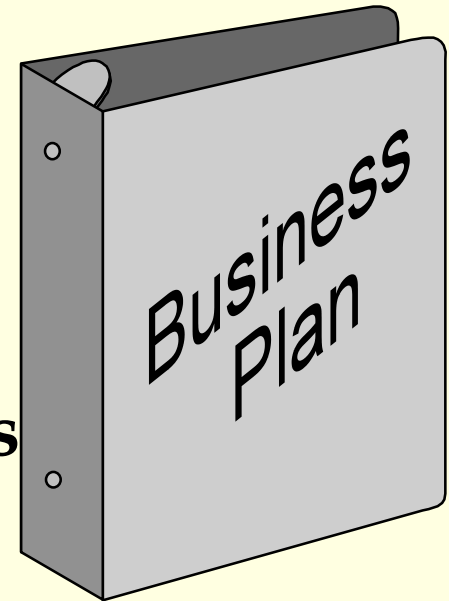
- ***Reality Test*** - proving that :
 - A market really does exist for your product or service.
 - You can actually build or provide it for the cost estimates in the plan.
- ***Competitive Test*** - evaluates:
 - A company's position relative to its competitors.
 - Management's ability to create a company that will gain an edge over its rivals.
- ***Value Test*** - proving that:
 - A venture offers investors or lenders an attractive rate of return or a high probability of repayment

Features versus Benefits

- **Feature** - a descriptive fact about a product or service
- **Benefit** - what a customer/producer gains from the product or service feature

Key Elements of a Business Plan

- Title Page and Table of Contents
- Executive Summary
- Mission/vision Statements
- Business and Industry Profile
- Business Strategy
- Description of Products/Services
- Marketing Strategy
- Opportunity Analysis
- Description of Management Team
- Plan of Operation
- A Budget Plan
- Legal Issues



Cover Page



**Company Name Inc.
Business Plan**

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- ❖ **Name of the company**
- ❖ **Name of the principals**
- ❖ **Street address**
- ❖ **Contact information**
- ❖ **E-mail address**
- ❖ **Phone number**
- ❖ **Website address**
- ❖ **Date**

Table of Contents BP



- Include enough detail to easily find a section.
- Avoid excessive detail which uses too many pages
- Follows cover page
- Main sections
- Subsections
- Appendices

Executive Summary should be:



- **Clear** – identify concept and purpose
- **Concise** – one to two pages long
- **Comprehensive (complete)** – answer basic who, what, when, where, and how questions
- **Compelling (Convincing)** – generate enthusiasm
- **Written last**

Mission, Vision, and Culture

- **Mission** – concise communication of **strategy** with a business definition and competitive advantage; expressed in a statement
- **Vision** – broad “picture” of what you want the organization to become.
- **Culture** – beliefs, values, and behavioral norms of the organization which will form the business “**environment**”

Mission Statement

- Describe the **overall purpose** of an organization: **what they do, who they do it for, and how and why they do it.**
- Are the starting point in developing a strategic vision.

Mission statement of the Canadian Cancer Society

- The Canadian Cancer Society is a national, **community-based organization of volunteers** whose mission is **the eradication of cancer and the enhancement of the quality of life of people living with cancer.**

Vision Statement

- Describe an ideal future.
- Reflect the essence of an organization's mission and values.
- Answer the question, what impact do we want to have on society?
- Unite an organization in a common, coherent strategic direction.
- Vision statement of the Canadian Cancer Society
- **Creating a world where no Canadian fears cancer.**

Value Statements

- Reflect the core ideology (believes) of an organization, the deeply held values that do not change over time.
- Answer the question, **how do we carry out our mission?**
- Are the values your organization lives, breathes and reflects in all its activities, not the ones you think you should have.

Values statements of the Canadian Cancer Society

- These serve as guidelines for **our conduct and behavior** as we work towards our vision.
- **Quality** – our focus is on the people we serve (cancer patients, their families, donors, and the public) and we will strive for excellence through evaluation and continuous improvement.
- **Caring** – we are committed to serving with empathy and compassion.
- **Integrity** – we are committed to act in an ethical, honest manner.
- **Respect** – we believe that all people should be treated with consideration and dignity. We cherish diversity.

Cont'd

- **Responsiveness** - we strive to be accessible, flexible, transparent, and to demonstrate a sense of urgency in our resolve and decision-making.
- **Accountability** - we are committed to measuring, achieving and reporting results, and to using donor dollars wisely.
- **Teamwork** - we are committed to effective partnerships between volunteers and staff, and we seek opportunities to form alliances with others.

Company Description

- **If company is already established...**
 - **Summary of company's founding**
 - **Overview of track record: business progress and financial success**
- **If a start-up venture...**
 - **Brief background story**
 - **What has been done so far, and why**
 - **Legal form of the business**

Company History



- Brief explanation of where the idea for the company came from

Description of Products/Services

- What are we selling?
- Is it in demand now, or in future?
- What is so special about our Product?
- Who wants our Product?
- What's the Market Share and Demand?
- What are the Competitions?
 - It's a matter of re-discovering, build a better product, better tasting chocolates, better computers, etc.



Marketing Plan

- **A Marketing Plan is a careful study of the Market Situation and will tell you many things:**
 - **Who are our Customers, where are they, how to get them?**
 - **Who are our Competitors and what makes us special above them?**
 - **Can we re-engineer and re-brand a saturated product?**
 - **How do we market and package out Product to our Customers.**
 - **How do we serve our Customers and Employers?**

Budget Plan

- **If you don't have enough money to start, and maintain the business in short/long term, better not to start.**
- **Do you have enough money to do the business: (setup costs, operation costs, maintenance costs), and if not what are your plans?**
- **If we spend more than we earn, then we will go bankrupt in no time, so our Budget Plan will take care of this**

Budget Plan

- A Budget Plan can consist of a few sub-plans:-
 - Operational Budget Plan
 - Product Development Budget Plan
 - Marketing Budget Plan
 - Management Budget Plan
- Sources and uses of capital
- Cash flow projections
- Balance sheet projections
- Income statements
- Breakeven analysis

Management Plan

- All companies will fail if you don't have good management.



Management Plan

- Management Plan will determine the following (in crude terms) :-
 - Who is the **Boss**, the one with the Final Say
 - Who is **Money Man** (not accountant but someone or some company who provide finance)
 - Who is the **Peddler/dealer**
 - Who is the **Brain**
- What is the mechanism, the rules, regulations, terms and conditions, agreements, roles and functions, etc.

Production/Operation Plan

- We need a **Factory, Workers, Plants & Machineries, etc...**
- If we don't plan these out now, we can have the **best product design** in the world but if we don't have a product making plant then it's practically **just an idea, useless.**

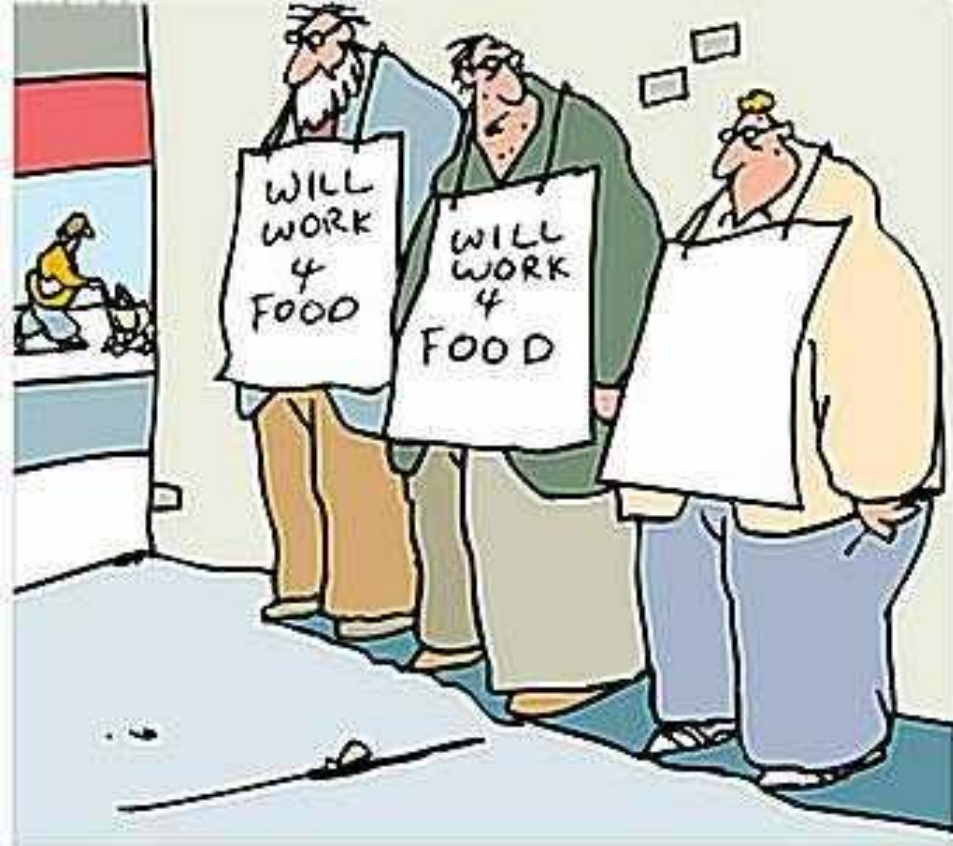
Legal Issues

- We got everything sorted out, but do we have the **licenses** to make our Products? **Sell or export** our products? Do we have to comply with **Quality Standards, Regulations, Taxes, Certifications?**
- We need to find out what **government regulations** we would need to comply, taxes, duties, etc, to ensure that our company can make and sell our products.

Legal Status and Ownership

- Who **owns** the business
- How the ownership is **split**
- **Founder's agreement**
 - Written document
 - Relative split of equity among the founders of the firm
 - How the individual founders will be compensated
 - How long the founders will have to remain with the firm for their shares to be vested





"It's not enough to just show up. You have to have a business plan."



SWOT analysis

- This means “**STRENGTHS - WEAKNESSES - OPPORTUNITIES - THREATS**”
- We need to identify all **our/environment advantages and disadvantages** so we know ourselves intimately
- Any **missing links** need be connected, any holes need be plugged. Ever heard of “Unity is Strength”
- At least we have a **Road Map** to where we want to go, and to really reach our destination

Guidelines for Preparing a Business Plan

- **Remember:** No one can create your plan for you.
- Potential lenders want to see **financial projections**, but they are more interested in the **strategies** for reaching those projections.
- Show how you plan to set **your business apart from competitors**; don't fall into the "me too" trap.
- Identify your **target market** and offer evidence that customers for your product or service exist.

Tips on Preparing a Business Plan

- Make sure your plan has an **attractive cover**. (First impressions are crucial.)
- Rid your plan of all **spelling and grammatical errors**.
- Make your plan **visually appealing**.
- Include a **table of contents** to allow readers to navigate your plan easily.
- Make it **interesting**.

Tips on Preparing a Business Plan

- Your plan must prove that the business will make money (not necessarily immediately, but eventually).
- Use **spreadsheets** to generate financial forecasts.
- Always include **cash flow** projections.
- Keep your plan “crisp” – between **25 and 50 pages** long.
- Tell the **truth** – always.

Presenting the Plan

- Demonstrate **enthusiasm**, but don't be **overemotional**.
- Know your **audience** thoroughly.
- “Hook” investors quickly with an **up-front explanation** of the venture, its opportunities, and its benefits to them.
- Hit the **highlights**; focus on the details later.
- Keep your **presentation simple** - 2 or 3 major points.

Presenting.....

T.....Is it True

H.....Is it Helpful

I.....Is it Inspiring

N.....Is it Necessary

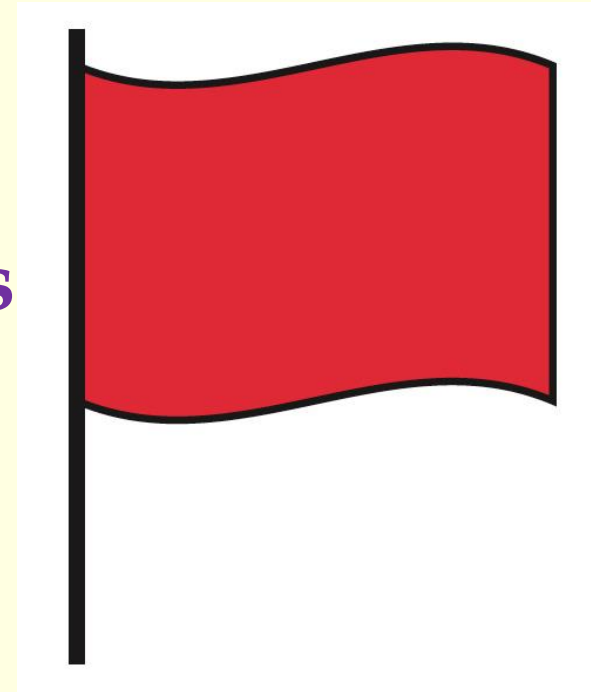
K....Know your audience

Presenting the Plan

- **Avoid overloading** your audience with technological jargon.
- Use **visual aids**.
- Close by reinforcing the **nature of the opportunity**.
- **Be prepared** (with details) for potential investors' questions.
- **Follow up** with every investor to whom you make your presentation.

Red Flags

- Founders with **none of their own money at risk**
- A **poorly cited plan**
- Defining the **market size too broadly**
- **Overly aggressive financials**
- **Hiding or avoiding weakness**
- **Sloppiness in any area**
- **Too long of a plan**



Success.

