

Agenda:

- Business Plans:
 1. What they contain?
 2. How they are critiqued by investors?

Objectives of a Business Plan

- Make investors aware of what they stand to get on their invested capital
- To be a résumé for your business that prompts investors to invite you for a personal meeting
- Lets you organize your own thoughts about the entire process in a more business like manner

What a Business Plan contains

- Basics:
 1. Table of Contents
 2. Executive Summary
 3. Mission Statement
 4. Explanation of Product/Service
 5. Details on Industry, Marketing, Financials and Operations
 6. Summary of Entrepreneurs
 7. Where you stand currently?
 8. Where do you propose to go?

What a Business Plan contains (contd.)

- Industry Description and Analysis
 1. Description of the industry and its growth pattern
 2. Market Analysis
 3. Regulatory issues, if any
 4. Profile of your target market and customers
 5. Competitor Analysis (also dealt separately later)
 6. Your USP vis-à-vis competition

What a Business Plan contains (contd.)

- Competition
 1. Existing and foreseeable
 2. Barriers to entry that may give you any kind of advantage/disadvantage
 3. Your Key Success Factors against competition

What a Business Plan contains (contd.)

- Marketing Plan (covering the 4 P's)
 1. Product or Service composition
 2. Pricing guidelines
 3. Marketing & Distribution Plan (including numbers)
 4. Sales Channels and their justification
 5. Advertising and Communications strategy
 6. Sales forecasts for at least 5 years (Optimistic, Expected and Conservative)

What a Business Plan contains (contd.)

- Operations plan
 1. How and from where the business will be operated
 2. Description of R & D
 3. Inventory, Customer service and Information systems issues
 4. Resources required
 5. Contingency plan, if any
 6. Time Line (Development Plan)

What a Business Plan contains (contd.)

- Financials
 1. Assumptions
 2. Forecasts for at least 5 years (Optimistic, Expected and Conservative)
 3. Investment and Working Capital Requirements
 4. Justification of costs

What a Business Plan contains (contd.)

- Associated Risks
 1. Sticky area – caution on wordings to be used.
 2. A chapter on all risks associated with everything covered earlier (Sales, Financials and Operations)
 3. Acknowledge the risks gracefully – all businesses have them

What a Business Plan contains (contd.)

- Management Team
 1. Current team and their role in the business
 2. Personnel expansion? Which areas?
 3. Projections of 1, 2 and 5 years of the organization

What a Business Plan contains (contd.)

- Executive Summary
 1. Written in the end but presented in the beginning
 2. Overview of the offering, financials and the management team's abilities
 3. One page intended to grip the reader's interest in the rest 50.

What a Business Plan contains (contd.)

- Appendices including:
 1. Résumés of Management team
 2. Detailed tables and charts of projections relating to Sales, Finance, Operations and personnel etc clearly indexed for easy read
 3. Bibliography of references, trade show journals, industry reports/surveys, license agreements etc.

How Business Plans are critiqued:

- On Product/Service – Features, Value Proposition, Completeness of Products with least dependence on others, Proprietary considerations and of course, profitability
- On Markets – Size and growth rate, strength of competitors, target customers
- On Management – principally track record and equity (sign of commitment) in business
- On Financials - Realistic forecasts, reasonability of assumptions, details in the plan and projected financial controls and discipline.
- Exit Policy