Overview of a Business Plan

Modified from the following source:
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Purposes of a Business Plan

- To get equity financing from a third party
- To get a bank loan
- To determine what you have to do to launch and grow the business
  - Forms your monthly operational budget
  - Provides specific objectives to achieve
  - Enables you to share the plan with key managers, employees, and prospective advisors
- Signals whether the business is worth starting
What Investors Expect to See

- An exciting, innovative business concept
- A *proprietary* product, or some other competitive advantage
- A sound revenue model (reflecting demand)
- Good return on investment
- The investment deal
- An exit strategy
What Do Investors *Really* Invest In?

- People
- People
- People
What Makes a Good Plan?

- Is the business concept sound?
  - Can the company compete?
  - Will it make money?

- Can it be understood?

- Is it realistic?

- Can we trust the entrepreneur to make it happen?
  - Will s/he be unfazed by failure?
  - Can s/he inspire and lead a team?

- Does it inspire confidence?
Main Components of a Plan

External

- What is the business concept?
- What makes you think people will buy the product/service?
- Who are your competitors, and can you compete with them?
- How much do you know about your customers? (Who is your target?)
- What else can affect your business?
Main Components of a Plan

Internal

- Who owns the company and who are the key managers?
  - What experience do they have?
- How will you organize? What staff will you need?
- What is your market-entry strategy and marketing plan?
- What is your operations/production plan?
- How will you develop your next-generation product?
Main Components of a Plan

Financial

- What are your financial assumptions and projections?
  - How much capital will you need?
  - When will you break even?
- What do you have to do before you can achieve your first revenues?
- What are the chief risks your business will face?
  - And how will you cope with them?
- What is the investment deal or loan required?