

Authoring the Business Plan

No single “right” format

- Although business plans and investor presentations tend to cover the same topics, there’s not a universally applicable format
- Always check to see if there is a preferred format for a given audience (competitions, grant makers, investors, etc.)

Suggested format from U.S. Small Business Administration (SBA)

1. Executive Summary
2. Company Description
3. Market Analysis
4. Organization & Management
5. Marketing & Sales
6. Service or Product Line
7. Funding Request
8. Financials
9. Appendix

Suggested format from SBA

1. Executive Summary

- The mission statement
- History of the business
- Names of founders and the functions they perform
- Location of business
- Description of facilities
- Products manufactured/services rendered
- Banking and investment relationships
- Summary of company growth including financial or market highlights
- Summary of management's future plans

Suggested format from SBA

2. Company Description

- High level look at how all of the different elements of your business fit together
 - Nature of your business as well as primary factors that you believe will make your business a success
- Marketplace needs that you are trying to satisfy
 - Include the ways in which you plan to satisfy these needs using your products or services. Finally, list the specific individuals and/or organizations that you have identified as having these needs..

Suggested format from SBA

2. Company Description

- Primary success factors (for example):
 - Ability to satisfy your customers' needs
 - Highly efficient methods of delivering your product or service
 - Outstanding personnel
 - Key location

Suggested format from SBA

3. Market Analysis

- Industry description and outlook
 - Description of your primary industry
 - Current size of the industry
 - Historic growth rate, trends and characteristics related to the industry as a whole
 - What life cycle stage is the industry in?
 - What is its projected growth rate?
 - What major customer groups are within the industry?

Suggested format from SBA

3. Market Analysis

- Competitive analysis
 - Identify your competition by product line or service as well as by market segment
 - Assess their strengths and weaknesses
 - Determine how important your target market is to your competitors
 - Identify any barriers which may hinder you as you are entering the market

Suggested format from SBA

3. Market Analysis

- Regulatory restrictions
 - Current governmental regulatory requirements
 - As well as any changes that may be upcoming

Suggested format from SBA

4. Organization & Management

- Organizational structure
 - Create an organizational chart with a narrative description
- Ownership information
 - Include legal structure and ownership details
- Management profiles
 - Discuss key people in your company and their backgrounds

Suggested format from SBA

5. Marketing and Sales Strategies

- Market penetration strategy
 - Strategy for growing your business
 - Horizontal strategy where you would provide the same type of products to different users
 - Vertical strategy where you would continue providing the same products but would offer them at different levels of the distribution chain
- Communication strategy for reaching customers

Suggested format from SBA

5. Marketing and Sales Strategies

- Sales force strategy
 - If you are going to have a sales force, do you plan to use internal or independent representatives?
 - How many salespeople?
 - How will you train your sales force?
 - What is the compensation for your sales force?
- Sales activities
 - When you are defining your sales strategy, it is important that you break it down into activities.

Suggested format from SBA

6. Service or Product Line

- Detailed description of your product or service
 - Specific benefits of your product or service
 - Ability to meet consumer needs
 - Advantages your product has over that of the competition
 - Present development stage your product is in (i.e., idea, prototype, etc.)

Suggested format from SBA

6. Service or Product Line

- Information related to your product's life cycle
- Any copyright, trademark, patent, and trade secret information
- Research and development activities you are involved in or are planning to be involved in.

Suggested format from SBA

7. Funding Request

- Current funding requirement
- Future funding requirements
 - Typically the next five years
 - At least three years of revenue generating years
- How you will use the funds you receive?
- Long-range financial strategies

Suggested format from SBA

8. Financials

- Historic and prospective financial statements
 - Income statements
 - Balance sheets
 - Cash flow statements
- For each year you have been in business

Suggested format from SBA

9. Appendix

- Resumes
- Credit history (personal & business)
- Product pictures
- Letters of reference
- Details of market studies
- Magazine articles or book references
- Licenses, permits, or patents
- Legal documents
- Copies of leases
- Building permits
- Contracts
- List of business consultants, including attorney and accountant

Suggested format from *Sequoia Capital*

1. Company Purpose

- Define the company/business in a single declarative sentence

2. Problem

- Describe the pain of the customer (or the customer's customer)
- Outline how the customer addresses the issue today
- Include research and evidence of the problem

Suggested format from *Sequoia Capital*

3. Solution

- Demonstrate your company's value proposition to make the customer's life better
- Show where your product physically sits

4. Why Now

- Set-up the historical evolution of your category
- Define recent trends that make your solution possible

Suggested format from *Sequoia Capital*

5. Market Size

- Identify the current and expected customers
- How many dollars are spent on goods & services like yours
- What are the trends (opportunities & threats)?

6. Competition

- List competitors
- List competitive advantages

Suggested format from *Sequoia Capital*

7. Product or service

- Functionality, features, architecture, etc.
- Development and describe the roadmap
- Illustrate via
 - Sketches
 - Pictures
 - 3D renderings
- Intellectual property

Suggested format from *Sequoia Capital*

8. Business Model

- Revenue model with pricing strategy
- Average account size and lifetime value
- Sales and distribution model
- Key partnerships and suppliers

Suggested format from *Sequoia Capital*

9. Team

- Founders and management
- Board of directors
- Board of advisors

10. Financials

- Income statement, cash flow statement, and balance sheet

11. Closing

Summary

- Consider prevailing formats for your plan, and adapt pending the audience
- Be clear, specific, and convincing
 - Beware common mistakes of writing a **long** confusing mess with no convincing path to **profitability**, limited **understanding**, and a weak **team**.