

Acknowledgements

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Executive Summary

The executive summary is a standalone document that is often provided first to a potential investor.

The goal of the executive summary is to get potential investors sufficiently interested in your business opportunity to dig further into your business plan or take a meeting and hear your presentation. Investors see many opportunities so your executive summary must stand out in the first few sentences.

Think of the executive summary as your business plan in two pages. We have adapted the following outline from Guy Kawasaki's Reality Check. The headings cover the components that should be included in the executive summary.

Example: Executive summary outline - Problem: What pressing and important problem are you solving or what opportunity are you addressing?

- Solution: How are you solving this problem or tapping this opportunity?
- Business model: Who are your customers and how will you make money?
- Product and technology: What is your product or technology? What is the underlying magic? What makes your company special?
- Marketing and sales strategy: What is your go-to-market strategy?
- External environment and competition: Who do you compete with? What can you do that they cannot? What can they do that you cannot?
- Financial analysis and projections: What are your financial projections for the next three to five years? What are your key assumptions and metrics to achieve these projections?
- Team: Who is on your team? Why are they special?
- Implementation roadmap: Where are you now? What are the major and immediate milestones?

Since the executive summary is a standalone document, it should be more attractively designed (e.g., colours, graphics, layout) than the rest of the business plan document.

The Problem

The goal of this section is to get potential investors excited about your product or service. You must convince investors that there is a problem in the marketplace that is not being addressed by currently available solutions. The key message to convey is how your company will achieve and sustain market power. Ensure that the investors understand why the problem is important, as well as the customers and their needs.

Consider the following questions when writing this section: - What is the market your product or service will address? - Is there a particular niche in the market that you should focus on first? - What problem does your product or service address? - How should you price your product or service? - Who are the potential customers? What is their profile? - How will you get the product or service to your customer?

Market Overview

Provide an overall description of the market you are in or are planning to enter.

The construction industry is a notoriously slow moving and with few exceptions a lag-gard in adopting new technologies. While selling a new product is initially hard in this environment, there is huge potential once early adopters have been found. The Canadian Construction Association estimates the value of all approved Canadian building permits to be \$5.85 Billion as of January 2013.

Market Background

Provide the context for your market, including market size, market growth rates, demographics, psychographics, needs and trends, buying patterns, preferences and barriers to entry. Use third-party data to support your claims.

Blah....

Market Challenges

Based on the data, provide the relevant analysis for your product or service, and focus on some unique issues that can be solved.

The largest challenge to be overcome will be initial industry resistance to Acknowledgements. The construction industry is well known to be resistant to change and adoption of new technology is slow at all levels (from executives to trade labour).

Market Opportunity

Bring the section together by articulating the opportunity and setting the stage for your product or service. Some people call this the pain in the marketplace. Ensure that the reader understands the problem your company is solving or what need is being fulfilled by your solution.

The Solution

how it will solve the problem in the marketplace. Describe the solution from the customers perspective. It should include the following information:

- details of your product or service and why it is unique - any special features and benefits of your product or service - any related intellectual property (IP) that you own or other barriers to entry for the competition

See Development Workbook 2: Critical Value Factors.

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Acknowledgements is a web-based document tracking platform, facilitating secure sharing and approval of technical documents. In a world where liability is paramount, having a clear record of a documents evolution is critical for assuring the safety and integrity of the end product. A simple web interface will allow for systematic approval of a document. The system will allow for collaboration within an organization as well as with external partners, any of whom can sign off on a document throughout its lifecycle.

Acknowledgements differentiates itself from existing solutions by emphasizing simplicity and ease of use. Most solutions on the market are made in-house by companies and are rarely complete, effective or user-friendly. Significant improvements have been made in web application technologies and Acknowledgements will leverage these technologies to simplify the user's experience. User acceptance has been identified as a significant challenge to be overcome by Acknowledgements, and as such a new user must realize the advantages of using Acknowledgements quickly before they become discouraged.

Development Timeline

Acknowledgement will primarily be a document management application with the ability to automate document distribution between many parties. This core functionality will be complemented by enhanced security which will allow users to approve documents, while maintaining all industry legal accountability requirements.

The initial release of the product will only contain this core functionality. However each company will have new and unique requirements for Acknowledgements given their specific situation. These additional features (or "modules") will be developed for the company for an additional charge. Once each additional module has been developed, it will also be available to other clients, again for an additional charge. As such the capabilities of Acknowledgements will grow with industry requirements.

Business Model

A business model describes an organizations value to its customers. It illustrates the capabilities and resources required to create, market and deliver this value and to generate profitable, sustainable revenue streams. The business model is important because it describes how you will make money with your venture.

Most of the information you require to describe your business model will have been developed in Market Strategy Development Workbook 2: Critical Value Factors and Market Strategy Development Workbook 3: Strategic Marketing Approach.

This section should include the following details: - how your business model works - the value proposition - the target market - key partnerships - pricing and positioning - the distribution model

Refer to the information you have documented in Market Strategy Development Workbook 2: Critical Value Factors.

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Acknowledgement will differentiate itself from existing solutions by developing a product known for enhancing productivity and being creating a “frustration-free” work environment. Acknowledgements will rely heavily on client referrals in the early stages of its development. It is through these referrals that Acknowledgements will leverage its acceptance at a one company to acquire further clients.

Partnerships

Needed???

Distribution

The distribution of Acknowledgements is greatly simplified as a web application. The service will be accessible by multiple clients from a single central location. If a client would prefer to host the service on-site for security or other client-specific reasons. Assuming a client is using the centrally hosted option, the additional cost per client will be negligible during early stages of deployment. Common web hosting solutions are capable of serving hundreds of clients without the need to upgrade. As Acknowledgements grows, distribution costs will increase marginally, but be significantly less than additional client revenue.

While hosting the application centrally will greatly reduce distribution costs, it also in-

creases risk since there will be a single failure point. This risk will be mitigated by utilizing a large hosting company such as Amazon, which allows the deployment of Acknowledgements to be managed centrally, but have redundant hosting centers in case of server failure.

Pricing

While Acknowledgements will become a critical system for the client, they will be initially unaware of their need. As such Acknowledgement's pricing scheme will emphasize initial low entry costs, with costs growing proportionally with the client's dependance on the application. Client revenue is proportional to the size of the company's current contracts. As such the cost of Acknowledgements will increase on a per-project basis. This scheme will be logical to a client since all drawings and other document will all be project specific.

Acknowledgements pricing will therefore be divided into three categories:

- **Trial** - All potential clients will be eligible for a trial of the software, free of charge. During this trial the client will have full application functionality, for the period of the project. The trial will allow a potential client to try the software, with minimal risk.
- **Ongoing Fees** - Upon completion of the trial, the company will be charged a yearly fee based on the current number of projects being managed through Acknowledgements. This pricing scheme will allow company's to slowly adopt Acknowledgements, without large upfront costs. As user acceptance grows, the application will become critical to the client's business model.
- **Extended Functionality** - The development of additional features will possible at any point after the client has become an ongoing Acknowledgements client. Additional features will be available for an upfront development cost in addition to a small ongoing yearly fee.

Product and Technology

Describing your product or service provides potential investors with a sense of its key attributes and why it is unique. This section delves deeply into the technology. It is often referred to as the underlying magic or secret sauce behind your technology. Frame the information from the customers perspective. Use more diagrams and charts in this section rather than text.

This section should include the following information: - a summary of the planned IP strategy - highlights of the potential barriers to entry for the competition - licenses - key information from white papers or technology summaries

Read more about intellectual property protection.

Describe your product and technology in the corresponding section of the Business Planning and Executive Summary workbook template.

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Acknowledgements will rely heavily on new web application technologies such as HTML5 and new scripting languages. These tools will allow Acknowledgements to be developed quickly and minimize the cost of additional features. While significant effort was required to impement functionality such as “drag-and-drop” a few years ago, this can not be implemented in minutes with new tools available.

These new web technologies will however merely be tool to accomplish the user-friendly interface Acknowledgements will be known for.

Marketing and Sales

Market adoption and sales are the true measures of success. Clearly convey your strategy and tactics to penetrate the market and drive sales. Potential investors want to understand your customer awareness and buying stimulus programs from the customers and salespersons perspective. If you are not currently selling your product, explain your product launch plans. Convince the audience that you have an effective go-to-market strategy that will not break the bank.

Include the following key points: - What is your go-to-market strategy? - How will you drive market demand for your product? - What is your branding strategy? - What is your pricing strategy? - What is your marketing communication plan? - How will you recruit and build your sales force? - What is your distribution plan? - Who will be your key partners? - What is your customer retention strategy? - Who are your largest customers?

Refer to the information you have documented in Market Strategy Development Workbook 2: Critical Value Factors and Market Strategy Development Workbook 3: Strategic Marketing Approach.

Describe your go-to-market strategy in the corresponding section of the Business Planning and Executive Summary workbook template. Use the information from the Market Strategy Development workbook guides that is indicated in the bullet list above.

External Environment and Competition

This section includes an analysis of the external environment. You can include the Political, Economic, Social and Technology analyses from the Market Strategy Development Workbook 1: The Analytical Foundation.

This part of your business plan also involves a thorough competitive analysis. Provide an overview of the key competitors in the space. Include a description of their products, pricing strategies, go-to-market strategies, and any strategic alliances and partnerships. Articulate the competitive advantage of your business model versus the competition.

A product comparison matrix visually represents how your product fits into the market, your product attributes and how it will beat the competition. Use the following example of a competitive matrix as a guide.

Feature / our company / competitor 1 / 2 table

Refer to the information you have documented in Market Strategy Development Workbook 1: The Analytical Foundation.

Describe the external environment and competition in the corresponding section of the Business Planning and Executive Summary workbook template

Include your PEST analysis in The Business Plan and Executive Summary workbook template.

Complete the competitive matrix included in The Business Plan and Executive Summary workbook template.

Management Team

This section demonstrates that you have a capable, ambitious and trustworthy management team. You may hear investors say that they have invested in a winning team, which they have either worked with before or who have had some prior entrepreneurial successes. Investors will often look for a management team with the following attributes:

- Balance: Depending on the companys stage of development, the management team will contain a mix of technical, sales and marketing experience. The CEO may be the founder or may be hired later as the company gets financing.
- Domain knowledge: Assure the investors that you know your domain deeply at a macro- and at a micro-level.
- Experience: The management teams biographies and CVs should highlight the relevance of their backgrounds to the venture.
- Ambition: Demonstrate that you are aligned with the goal of capital gains. Investors want to see a business that has the potential to scale and that you are prepared to do what is necessary to accomplish this goal.

To read more about how to write great bios for the executive team, see the relevant section in HR Management Workbook 1: Building an A-Team.

Investors also want to understand how you will ramp up your company as you grow and take on financing. Consider including a section that summarizes the key hires over the next 12 to 18 months. The Hiring Calendar in HR Management Building Block 1 is a great supporting tool for this section.

Write an introductory paragraph for each management team member that captures the key points discussed in the corresponding section of the Business Planning and Executive Summary workbook template. Include biographies and CVs in the appendices to the business plan.

Finances

Cost, revenue and cash flow projections will determine the amount of funding required. Describe plausible, value-enhancing stepping stones and tie them to the sales plan. The business plan should drive the budget, not the other way around.

Your goal is to describe the growth rate of your business, how long it will take to reach break-even and profitability, resources required to get there, and your funding requirements to achieve your plan. Ideally, you can provide two sales scenarios based on a high and low case to show the sensitivity and range for your plan.

Have your accounting professional prepare your income statement, balance sheet and cash flow. Include them in the corresponding section of the Business Planning and Executive Summary workbook template.

Current status, use of proceeds and milestones

In this section, describe how much money you need, what you will do with the funds, how long the money will last and what value-enhancing milestone the funds provide. If this funding does not provide you cash to profitability, then ensure that the investors understand what value will be created in the company so that you can raise additional financing at a higher valuation.

List your accomplishments, detailed information about how you have financed your organization, the amount of money you would like to raise and how you plan to use the investors cash. This is your implementation roadmap. You can provide this information using the following table format.

Tables: - Sources of Funding - Use of Proceeds

These should align with the financial statements that you have included in the previous section.

Provide investors with the milestones you plan to achieve with the funding and how these milestones will increase the companys value. A timeline is a useful visual representation that details the milestones you will achieve and the funding required to reach those milestones. Consider the following example:

Record the information for your company in the table provided in the Business Plan and Executive Summary workbook template. You will have created a timeline chart as directed in section 4 of Business Planning and Financing Management Workbook 1: Developing a Financing Strategy for Your Company. Retrieve the chart from the Finance Workbook 1 workbook template and include it in the corresponding section of the Business Plan and Executive Summary workbook template.

Risk Analysis

Seasoned entrepreneurs and investors know that things rarely unfold as planned. Investors want to understand the risks, and that you have thought about those risks and have a plan to address them should they occur.

Think about the critical success factors for the business. Critical success factors (CSFs) are statements that identify what must be done to overcome challenges or maximize the opportunities identified in the business plan. The CSFs should answer the question, What must we do to be successful? List three to four CSFs for your business.

Use a simple table that outlines the key risks that could detract the business from achieving the plan. Think about the five to ten key risks to the business and what you will do to mitigate each risk.

Risk Table

Record the critical success factors (CSFs) for your business in the corresponding section of the Business Plan and Executive Summary workbook template.

Complete the risk template that is included in the Business Plan and Executive Summary workbook template.

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Type of Risk	Risk	Mitigating Strategy
Monday	11C	A clear day with lots of sunshine. However, the strong breeze will bring down the temperatures.
Tuesday	9C	Cloudy with rain, across many northern regions. Clear spells across most of Scotland and Northern Ireland, but rain reaching the far northwest.
Wednesday	10C	Rain will still linger for the morning. Conditions will improve by early afternoon and continue throughout the evening.