**Business proposal**

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| **Executive Summary** |
| This is the most important section and is often best written last. It summarises your business plan and is placed at the front of the document. It is vital to give this summary significant thought and time, as it may well determine the amount of consideration the venture capital investor will give to your detailed proposal.  It should be clearly written and powerfully persuasive, yet balance "sales talk" with realism in order to be convincing. It should be limited to no more than two pages and include the key elements of the business plan. |
| **1. Background on the company** |
| Provide a summary of the fundamental nature of the company and its activities, a brief history of the company and an outline of the company’s objectives. |
| **2. The product or service** |
| Explain the company's product or service. This is especially important if the product or service is technically orientated. A non-specialist must be able to understand the plan. |
| * Emphasise the product or service's competitive edge or unique selling point. * Describe the stage of development of the product or service (seed, early stage, expansion). Is there an opportunity to develop a second-generation product in due course? Is the product or service vulnerable to technological redundancy? * If relevant, explain what legal protection you have on the product, such as patents attained, pending or required. Assess the impact of legal protection on the marketability of the product. |
| **3. Market analysis** |
| The entrepreneur needs to convince the venture capital firm that there is a real commercial opportunity for the business and its products and services. Provide the reader a combination of clear description and analysis, including a realistic "SWOT" (strengths, weaknesses, opportunities and threats) analysis. |
| * Define your market and explain in what industry sector your company operates. What is the size of the whole market? What are the prospects for this market? How developed is the market as a whole, i.e. developing, growing, mature, declining? * How does your company fit within this market? Who are your competitors? For what proportion of the market do they account? What is their strategic positioning? What are their strengths and weaknesses? What are the barriers to new entrants? * Describe the distribution channels. Who are your customers? How many are there? What is their value to the company now? Comment on the price sensitivity of the market. * Explain the historic problems faced by the business and its products or services in the market. Have these problems been overcome, and if so, how? Address the current issues, concerns and risks affecting your business and the industry in which it operates. What are your projections for the company and the market? Assess future potential problems and how they will be tackled, minimised or avoided. |
| **4. Marketing** |
| Having defined the relevant market and its opportunities, it is necessary to address how the prospective business will exploit these opportunities. |
| * Outline your sales and distribution strategy. What is your planned sales force? What are your strategies for different markets? What distribution channels are you planning to use and how do these compare with your competitors? Identify overseas market access issues and how these will be resolved. * What is your pricing strategy? How does this compare with your competitors? * What are your advertising, public relations and promotion plans? |
| **5. The management team** |
| Demonstrate that the company has the quality of management to be able to turn the business plan into reality. |
| * The senior management team ideally should be experienced in complementary areas, such as management strategy, finance and marketing, and their roles should be specified. The special abilities each member brings to the venture should be explained. A concise curriculum vitae should be included for each team member, highlighting the individual’s previous track record in running, or being involved with, successful businesses. * Identify the current and potential skills gaps and explain how you aim to fill them. Venture capital firms will sometimes assist in locating experienced managers where an important post is unfilled - provided they are convinced about the other aspects of your plan. * List your advisers and board members. * Include an organisation chart. |
| **6. Financial projections** |
| The following should be considered in the financial aspect to your business plan: |
| * Realistically assess sales, costs (both fixed and variable), cash flow and working capital. Produce a profit and loss statement and balance sheet. Ensure these are easy to update and adjust. Assess your present and prospective future margins in detail, bearing in mind the potential impact of competition. * Explain the research undertaken to support these assumptions. * Demonstrate the company's growth prospects over, for example, a three to five year period. • What are the costs associated with the business? What are the sale prices or fee charging structures? * What are your budgets for each area of your company's activities? * Present different scenarios for the financial projections of sales, costs and cash flow for both the short and long term. Ask "what if?" questions to ensure that key factors and their impact on the financings required are carefully and realistically assessed. For example, what if sales decline by 20%, or supplier costs increase by 30%, or both? How does this impact on the profit and cash flow projections? * If it is envisioned that more than one round of financing will be required (often the case with technology based businesses in particular), identify the likely timing and any associated progress "milestones" or goals which need to be achieved. * Keep the plan feasible. Avoid being overly optimistic. Highlight challenges and show how they will be met. |
| Relevant historical financial performance should also be presented. The company’s historical achievements can help give meaning, context and credibility to future projections. |
| **7. Amount and use of finance required and exit opportunities** |
| State how much finance is required by your business and from what sources (i.e. management, venture capital, banks and others) and explain the purpose for which it will be applied.  Consider how the venture capital investors will exit the investment and make a return. Possible exit strategies for the investors may include floating the company on a stock exchange or selling the company to a trade buyer. |