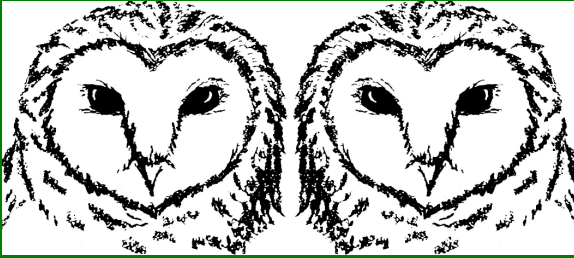


Position Paper

OUTLINE FOR A BUSINESS PLAN



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OUTLINE FOR A BUSINESS PLAN

Business plans are subsets of strategic plans aimed specifically as focused succinct presentations to potential investors.

Packaging of strategy for financing...

Strategic plans are long-term statements of direction augmented with short-term initiatives for nimbleness.

Business plans (for financing) can be developed by lifestyle enterprises and upwardly mobile enterprises, and both entrepreneurial and institutional enterprises, although the type of financing needs will be different. They can also be used for internal presentations for business unit financing within larger entities.

Business plans take those elements of a strategic plan that would be of interest to investors and compress them down into a simple format from which effective presentations can be made.

The strategic plan and business plan are source documents for other legal documents that will be required for investors and regulators in the capital raising process.

Sources of funds from financing activities can include:

- Private debt
- Private equity
- Public debt
- Public equity

The plan documents serve as the source for private placement memoranda or registration statements and prospectuses for public offerings.

The packaging and presentation of business plans require special attention because, whereas a high degree of precision is required, investors usually do not have much time for detail. Investors often receive many presentations, and will review only those in detail that they are specifically interested in.

[Download the business plan workbook](#)

Contents of the business plan package include:

- Investor term sheet
- One line elevator pitch
- Executive summary
- PowerPoint presentation
- Detailed business plan
- Financial plan

Tell a story...

The business plan is a marketing piece for money.

Business plans must tell a story of innovation and opportunity that intrigues the investor. The entrepreneur or chief executive officer must personally tell the story with passion and enthusiasm.

The storyteller or chief executive officer must be believable, and the plan must be perceived as executable and capable of achieving wealth for the investors.

Note: investors will not sign non-disclosure agreements as a general rule – therefore trade secrets should not be revealed.

The PowerPoint presentation is an essential ingredient of the plan because it is visual. It should be prepared carefully from a written document that describes the plan in greater detail. This document acts as a reference guide from material contained in the strategic plan.

The executive summary should capture the salient points of the plan in two to three pages. It should be written last and should summarize each point of the presentation.

A private placement memorandum and prospectus should be written in full narrative form.

Outline for a business plan for financing – PowerPoint presentation...

- Cover
 - Name
 - Location (address, phone number, website URL)
 - Principal (name, title, phone number, email address)
 - Tag line with supporting works (just a few) that explain exactly what the venture does (summary of value proposition)

- Team
 - Top members
 - Exact roles
 - Supported by specific relevant background

- Overview
 - Value proposition – the benefit provided to customers for a specific need
 - Target markets
 - Current status
 - ◆ Launch date
 - ◆ Customers
 - ◆ Financing to date
 - ◆ Financing required going forward

- Problem/opportunity
 - Why there is a problem
 - What the problem is
 - What is the market and how big is it
 - Factors that define the size and scope of the opportunity

- Solution
 - What solution specifically is being offered to whom
 - How is the solution delivered
 - ◆ Through an existing supply chain
 - ◆ By disrupting the marketplace
 - How does the solution compare to that of competitors?
 - ◆ Benefit
 - ◆ Cost
 - ◆ Features
 - Are end-users distinct from buyers?
- Benefits
 - What are the benefits
 - Who are the beneficiaries
 - When are they realized, and by whom?
- Intellectual property
 - Duplication prevention
 - Proprietary protection
 - Unique domain expertise
- Competitive advantage
 - In markets
 - By product and/or service features
 - Barriers to entry
- Marketing strategy
 - By segment
 - By channel

- Business/revenue/cost models
 - Assumptions
 - Pricing (unit)
 - Cost of revenue at price points
 - Sensitivity and sustainability of differing assumptions
 - ◆ Competitive pressure on price
 - ◆ Supplier pressure on cost
 - ◆ Longer sales cycles

- Financial projections (in the context of the marketing strategy)
 - Assumptions
 - ◆ Transaction volume
 - ◆ Revenue
 - ◆ Cost of revenue
 - ◆ Operating expenses
 - ◆ Capital expenditures
 - ◆ Growth rates
 - 3 – 5 year projections

- Financing requirements – reconcilable to financial projections
 - Rounds, timetable, and milestones
 - Deliverables to date
 - Measures of accomplishment by deliverable

- Summary
 - Restate the value proposition with benefits and features
 - Reinforce the tag line

Outline for a business plan for financing – detailed document...

- Management team
 - Roles and responsibilities
 - Qualifications
- Enterprise overview
 - Position within the industry
 - Values
 - Mission
 - Vision
 - Value proposition
- Needs opportunity
 - Situation in the marketplace
 - Complication that makes the situation difficult
 - Problem to be addressed
 - Solution offered by the enterprise
- Markets and market segments
 - Size and growth potential
 - Evidence of readiness and awareness
 - Position in the supply chain
- Products and/or services
 - Value and benefits
 - Functions and features
 - Differentiators
 - ◆ Distinctive features
 - ◆ Proprietary functions

- Research and development
 - Capability
 - Intellectual property
 - Protection
 - Feasibility study results
 - ◆ Proofs of concept
 - ◆ Prototypes
- Competitive strategy
 - Advantage
 - Competition
 - Barriers to entry
- Business and revenue/profit models
 - Product pricing and projected and forecasted volumes
 - Cost of products sold
 - Operating expenses
 - Operating profit
- Marketing strategy and action plans
 - Channels
 - Alliances and partnerships
- Operations strategy and action plans
 - Insourced activities
 - Outsourced activities
- Finance strategy and action plans
 - Amount of financing and for what purpose
 - Schedule of total financing and investor rounds

- Financial plan
 - Assumptions
 - Projections and forecasts
 - Milestones for key events and accomplishments
 - Constraints
 - Risk factors
 - Contingencies

- Investment opportunity and exit strategy as supported by term sheet

Elevator pitch...

Elevator pitch outline (30 seconds):

- Problem statement

- Solution statement

- Name

- Affiliation

For example:

“It’s sad but you know that most business plans don’t get financed. We have developed a way for all business plans to get financed from vision to value every time. Fred Bloggs – Business Plans Unlimited.”

Note: present a business card in “Asian” style facing the recipient with both hands; receive a business card from the recipient with both hands – read it, and comment on the credentials.

Term sheet...

Investor financing term sheet outline:

- Amount of financing requested
- Description of ownership interest
- Deal structure
- Capital structure of enterprise
- Sources of funds
 - Amount of financing raised to date in prior rounds
 - Amount of financing anticipated in future rounds
- Uses of funds



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