



# WRITING A BUSINESS PLAN

**A KEY TO SUCCESS**

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## **WRITING A BUSINESS PLAN**

Good source: [www.bplans.com](http://www.bplans.com)



## WRITING A BUSINESS PLAN

### NEW ENTERPRISE PROCESS





## **WRITING A BUSINESS PLAN**

Why write a Business Plan?



## **WRITING A BUSINESS PLAN**

Why write one?

- Forces you to put together a road map that articulates where you are going and how you are going to get there
- The great entrepreneurs create them and modify them on a regular basis
- Can't raise money without one



## **WRITING A BUSINESS PLAN**

The Business Plan is the key document that articulates what key features will drive your business opportunity. These include:

- Executive Summary: Business concept/key success factors/current situation
- Company Description
- Vision/Mission Statement
- Business Concept: Product or Service
- Technology position
- Market analysis: Size/growth rate/competition/unmet need
- Strategy and Implementation
- Management Team
- Financials
- Key issues: risks/rewards



## **WRITING A BUSINESS PLAN**

### **BUSINESS PLAN DEVELOPMENT**

- Executive Summary: conveys the business concept, its current situation, its key success factors



## **WRITING A BUSINESS PLAN**

### VISION/MISSION STATEMENTS

- A Vision Statement describes a positive picture of your long-range outcome. A Vision can be:
  - Complex or simple
  - Elaborate or concise
  - Compelling and sincere
  - Requires a stretch
  - Gives you something to reach for



## **WRITING A BUSINESS PLAN**

### VISION/MISSION STATEMENTS

- A Mission Statement is a fundamental, unique purpose that sets it apart from other firms of its type.
  - It's a means to align what the organization says it does, what it actually does and what the rest of the world believes it does.
  - The primary thrust is external, focusing on markets and customers
  - It should be brief to be memorable
  - Important source of motivation



## **WRITING A BUSINESS PLAN**

### VISION STATEMENTS

#### EXAMPLES

##### DuPont

Our vision is to be the world's most dynamic science company, creating sustainable solutions essential to a better, safer, healthier life for people everywhere.

We will be a pacesetter in improving every aspect of our operations with a total commitment to meeting the needs of our customers in Canada and abroad with continuously improving, high-value offerings.

##### Anheuser Busch

Enrich and entertain a global audience.

Deliver superior returns to our shareholders.



## **WRITING A BUSINESS PLAN**

### MISSION STATEMENTS

#### EXAMPLES

##### Aflac

To combine aggressive strategic marketing with quality products and services at competitive prices to provide the best insurance value for consumers.

Applied Materials' mission is to be the leading supplier of semiconductor fabrication solutions worldwide-through innovation and enhancement of customer productivity with systems and service solutions.



## **WRITING A BUSINESS PLAN**

### MISSION STATEMENTS

#### EXAMPLE

Ecolab

Our mission is to be the leading global innovator, developer and provider of cleaning, sanitation and maintenance products, systems, and services. As a team, we will achieve aggressive growth and fair return for our shareholders. We will accomplish this by exceeding the expectations of our customers while conserving resources and preserving the quality of the environment.



## **WRITING A BUSINESS PLAN**

### BUSINESS CONCEPT

A business concept should address:

- 1) What am I going to make and sell?
- 2) Who am I going to provide a service to and sell?
- 3) What are the unmet needs?
- 4) What will be my competitive advantage?
- 5) How will I protect my ideas?
- 6) What will it be worth?



## **WRITING A BUSINESS PLAN**

### TECHNOLOGY POSITION

- Technology Position is a current picture of all key technical factors of a business versus competition
- The assessment process identifies key research and development emphasis areas
- Patent strategy is usually driven by gaps identified in technology assessment
- Elements such as raw materials, breadth of products and product quality, manufacturing processes, and applications are all important components of a technology assessment



## **WRITING A BUSINESS PLAN**

### MARKET ANALYSIS

Insufficient or faulty market research has been cited as the number one cause of new product failures. **WHAT IS THE UNMET NEED??**

- Industry analysis: size/growth
- Competitive analysis
- Customer analysis
- Products/services offering description
- Marketing Plan—who are your customers and how will you get the product/service to them?



## **WRITING A BUSINESS PLAN**

### STRATEGY AND IMPLEMENTATION

The key strategic elements and a clear description of how they will be implemented are critical success factors.

A good book written on the subject is: "Execution The Discipline of Getting Things Done" by Larry Bossidy & Ram Charan. Published by Crown Business New York, New York, 2002.



## **WRITING A BUSINESS PLAN**

### MANAGEMENT TEAM

Key management members are an important aspect of a business. Investors want to know who is going to drive the business; they also want to know the members previous employment history. Key members include:

- Chief Executive Officer (CEO)
- Chief Technical Officer (CTO)
- Chief Financial Officer (CFO)
- Head of Manufacturing
- VP of Marketing/Sales



## **WRITING A BUSINESS PLAN**

### FINANCIALS

The key financial analyses include the cash flow, followed by a Profit & Loss (P&L) statement and a balance sheet.

- Cash Flow Budget: summarizes the cash inflows and outflows for a period of time. Consists of beginning cash balance; cash inflows, cash outflows and ending cash balance.
- P&L or income statement consists of four main sections—revenues, costs of goods sold, expenses and net income.
- Balance Sheet, also known as a statement of financial position, shows the financial position of assets, liabilities and owner equity



**NEWCO Financial Statement**  
**(000s)**

	2010	2011	2012	2013	2014
Revenue, Service	\$22	\$100	\$200	\$500	\$1,000
Products	\$5	\$10	\$15	\$20	\$25
Sub-total	\$27	\$110	\$215	\$520	\$1,025
Cost Of Goods Sold	\$2	\$5	\$7	\$10	\$12
Gross Margin	\$25	\$105	\$208	\$510	\$1,013
Expenses	\$100	\$250	\$300	\$400	\$500
Royalty @ 2%	\$1	\$2	\$4	\$10	\$21
Operating Income	-\$76	-\$147	-\$96	\$100	\$493
<u>Taxes @ 30%</u>	\$0	\$0	\$0	\$30	\$148
Net Income	-\$76	-\$147	-\$96	\$70	\$345
Working Cap Change	\$2	\$5	\$13	\$24	\$50
Cash from Operations	-\$78	-\$152	-\$109	\$46	\$295



## **WRITING A BUSINESS PLAN**

### **KEY ISSUES/REWARDS**

A good business plan should articulate what are the unknowns that may influence a company's strategy and success. They can include:

- Changes in regulations
- Entry of a new competitor
- Introduction of a new product or service