

# Today's Agenda

- Class progress so far
- Business plan basics

# Class Progress So Far



# Class Questions

- What is a Business Plan?
- Why Write A Business Plan?
- What Should Be In A Business Plan?

**“In preparing for  
battle, I have found  
that planning is  
essential, but plans  
are useless.”**

*-- Dwight D. Eisenhower*

# What is a Business Plan?

- A **business plan** is a formal statement of a set of business goals, the reasons they are believed attainable, and the plan for reaching those goals

# Why Write a Business Plan?

- Needed for financing
- To explain business to customers/suppliers
- To attract key people
- Communication tool for the team

# Why Write a Business Plan? contd

- Because **I Need to Understand My Business**
  - The Business Plan is a result of a **PLANNING PROCESS**
  - People don't **Plan to Fail**; they **Fail to Plan**
    - Who are your customers?
    - Why will they buy your service or product?
    - What will they pay?
    - How will you make and deliver the service/product—
    - What resources (people, money, technology) will you need?—

# Elements of a Plan

- **Executive Summary**
- **The Opportunity and the Company and its Services/Products**
- **Market Research/Analysis**
- **Economics of the Business**
- **Marketing Plan**
- **Design and Development Plan**
- **Manufacturing and Operations Plan**
- **Management Team**
- **Schedule**
- **Critical Risks, Problems and Assumptions**
- **The Financial Plan**
- **Appendices**



# What Should A Business Plan Contain?

- **COVER PAGE**
- Must Include: Business Name, Date, Contact Information, Confidentiality Notice
- Should Include: Company Logo/Brand or Graphic Images of your product (service)

CONFIDENTIAL



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**Virtual Ink Corporation  
Kendall Square  
Post Office Box #369  
Cambridge, MA 02142-0003**

**617 225 9806 (24 hr. messages)**

**<http://www.virtual-ink.com>  
[e-pen@virtual-ink.com](mailto:e-pen@virtual-ink.com)**

# Executive Summary

**Briefly** Answer (in order):

- What problem (i.e. customer pain-point) is the company is trying to address?
- Who is the company and what is their solution?
- What value does the company provide? (i.e. Is the product faster? Better? Cheaper?)
- What is the market and who is the market segment towards which the product (service) will be geared?
- Who are the people behind the product (service)? What experience do they have?
- How much money and other resources are being sought to launch this company?
- From whom will these funds be sought and how will the company spend these funds in the next few years.

# Overview Of The Business

- Description of the Company,
- Business Form,
- Vision/Mission, Industry Experience,
- Management Team/Advisors,
- Reasons for Success.

# Product Description

- Product Description
- How will it be produced or developed?
- Product Differentiation
- Value Proposition

# Sample Product Description

- Our product is an improved Left Ventricular Assist Device (LVAD), an auxiliary heart pump that will afford both a significantly lower life-cycle cost relative to current devices, and a better quality of life for heart-failure patients. The innovative MagPulse LVAD (Patent Pending) is based on a proprietary magnetic drive system that offers three main advantages over existing LVADs:
- *Greater Longevity: MagPulse adapts its response to changing pressure in the body on a stroke-by-stroke basis, thereby decreasing pressure on mechanical valves that limit an LVAD's useful life. Current state-of-the-art LVADs last two years on average, generally as a result of valve and membrane failures. This propriety design should extend the lifespan of the device to 8-10 years*
- *Improved Physiology: MagPulse mimics the patient's cardiac pulse pressure wave, providing a better match with human physiology, less dependency on drug therapy, and generally improved health*
- *Higher Energy Efficiency: MagPulse provides greater energy efficiency than comparable LVAD's, reducing dependency on heavy, restrictive batteries*

# Market Analysis

Must Include: Target Market, Market Share, Industry Outlook, Competition Landscape, Marketing Plan

Questions:

1. What is the target market – the size of the country, city, region, neighborhood and those in the market segment within the proposed geography? Is this population growing?
2. How much of this population do you think your product (service) will serve in its first year and thereafter?
3. What is the industry outlook for your product (service) in that market?
4. Which other companies (i.e. the competition) are operating in this same space?
5. What are their sales? What items/actions are potential customers currently using/doing to get the job done as an alternative? (i.e. How are customers currently buying beads, for example).
6. How much will your product (service) cost and how will it be promoted and sold to its customers?

# Persona Example: Good enough?

 Twitter |  Facebook |  Google Buzz |  digg it |  LinkedIn



Budget Boutique Accommodation



# Financial Section

Must Include: Initial costs for start-ups and expansion/scaling costs for existing firms; Quarterly projections in Year 1; Annual Projections for Years 2-5; Financing Plan; Break-Even Analysis; Cash-Flow Statement; Future Headcount.

## Questions:

1. How much will it cost to get the company to full operation? Specifically, on what will that money be spent? (i.e. personnel, IT, marketing, office space, etc)
2. What are the projected earnings and forecasted costs in future years?
3. From what type of investor or funding source will you look to obtain funding and why not other sources?

# Risk Analysis

Must Include: Market Risk, Competition Risk, Technology Risk, Political/Economic Risk.

## Questions:

1. (Market Risk) Is there a chance that the market will stop growing or will no longer be interested in your product?
2. (Competition Risk) Who are the new players that are entering the market? Who could enter the market, who is not currently in it, and what effect could that have on your business?
3. (Technology Risk) Is there a chance that the technology your business uses will become obsolete? If so, when could that happen and what measures would you take to overcome that risk?
4. (Management Risk) Are there enough managers, technologists, and sales staff available in your firm's country of operation?

# Risk Analysis Contd..

5. (Political Risk) Is the country in which your business operates politically stable? How could political realities spillover into your firm's everyday business realities?
6. (Economic Risk) Is the country in which your business operates economically stable (including its currency)? How could economic realities spillover into your firm's everyday business realities?