




Tell your story

Part:4



A standard business plan includes company background information, history, and basic descriptions.

- Tim Berry



Describe your company



Start with a good summary

Include the essential details

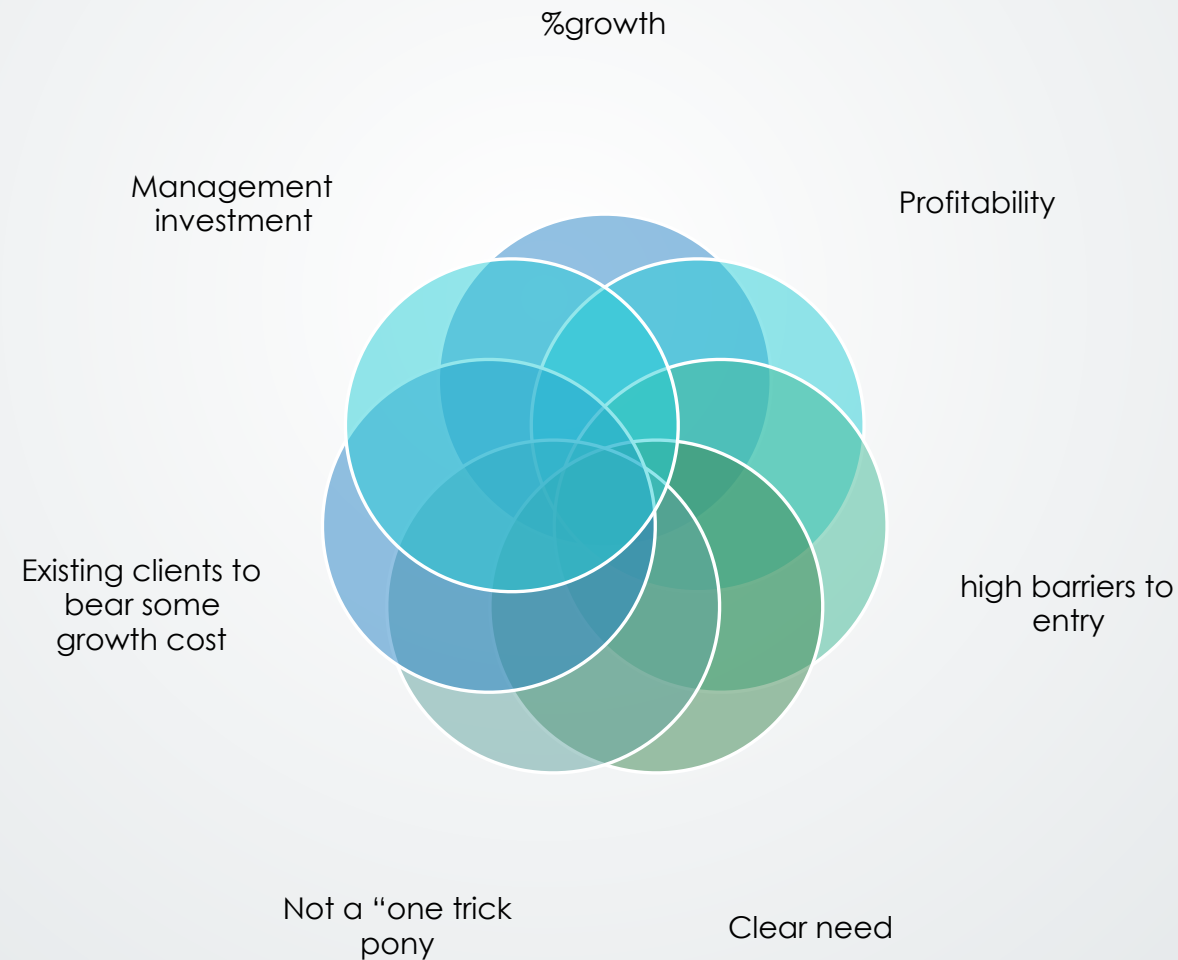
Its legal establishment

How long it's been in existence?

What it sells to what markets?

Most important hints

Have a strong intro and conclusion



Legal entity ownership

- Ownership
- Legal establishment



Locations and Facilities

- ▶ **Locations**
- ▶ **Your company**
- ▶ **The nature and function of each**
- ▶ **Lease arrangements**



If you are a service business...

- ▶ Internet services
- ▶ Office facilities
- ▶ Telephone system



If you're a retail store...

- Explain the location
- Traffic patterns
- Parking facilities
- Customer demographics



If you are manufacturing...

- ▶ Different facilities for production
- ▶ Assembly
- ▶ Various offices



If you sell your company...



Think strategically

Think depth about:


- Objectives
- Mission statement
- Keys to success



Value proposition

- ▶ Conceptual framework
- ▶ Less price charged
- ▶ Ideal customer





Why do entrepreneurs need a value proposition?

- ▶ Who are the target customers?
- ▶ What unique value are we providing to these target customers?
- ▶ Who is the competition in the market and how are we better placed to serve these target customers?





The importance of value proposition

- ▶ Prove to your customers why you are a good value
- ▶ Convince them to purchase your goods
- ▶ Avoid your competitors' goods.



Create a strong value proposition

Who are
you
talking
to?



What
problem
do you
solve?



How does
your
organizati
on solve
this
problem?



Why are
you
unique?



Where's
the
proof?

Competitive edge

- What is your competitive edge?
- How is your company different from all others?
- In what way does it stand out?
- Is there a sustainable value there, something that you can maintain and develop over time?



Developing a competitive edge in business

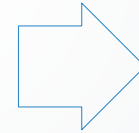
- Define Your Company Goals
- Define Your Customer
- What Sets You Apart?





Past performance for ongoing companies

Summary of company history



Present financial results of the recent past



Summary to describing company

- ▶ You should include a good company description, especially if you're developing a plan to be shown to people outside the company.
- ▶ Don't stop with just legal formation and history; include some strategic topics, such as competitive edge and value proposition.
- ▶ You need one of two tables, either start-up or past performance, to establish a starting balance for your projected cash flow and balance sheet.



What you sell?

- ▶ What the product or service is?
- ▶ How much it costs?
- ▶ What sorts of customers make purchases, and why?
- ▶ What customer need does each product or service line fill?



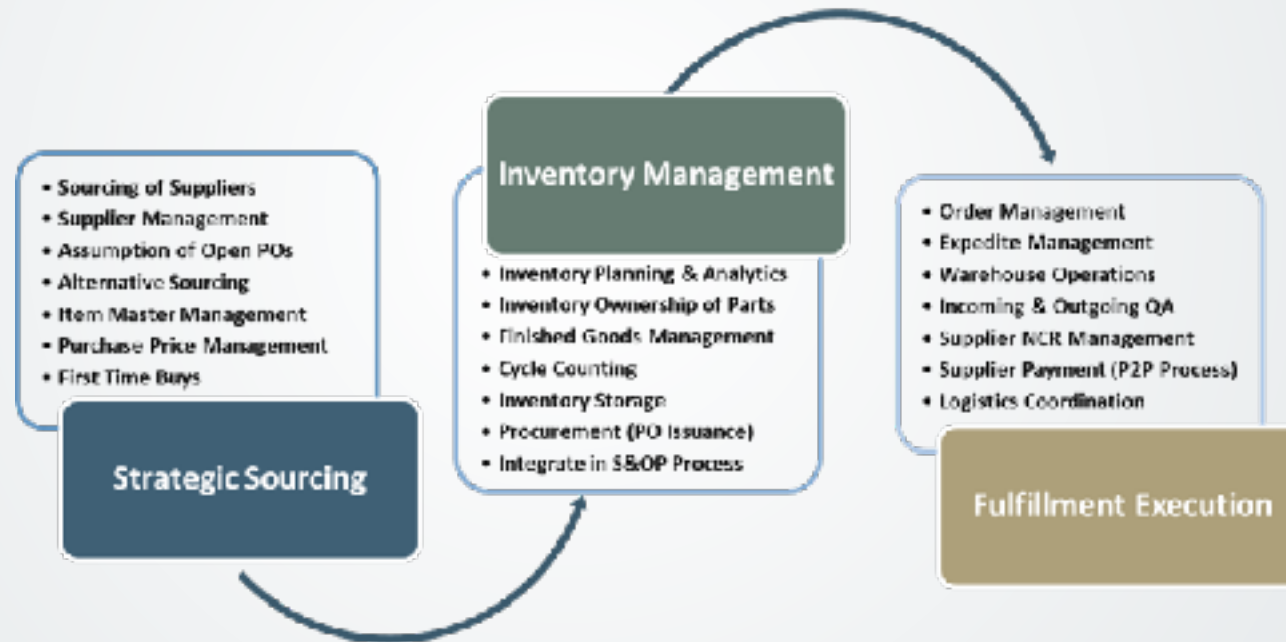


The competitive comparison

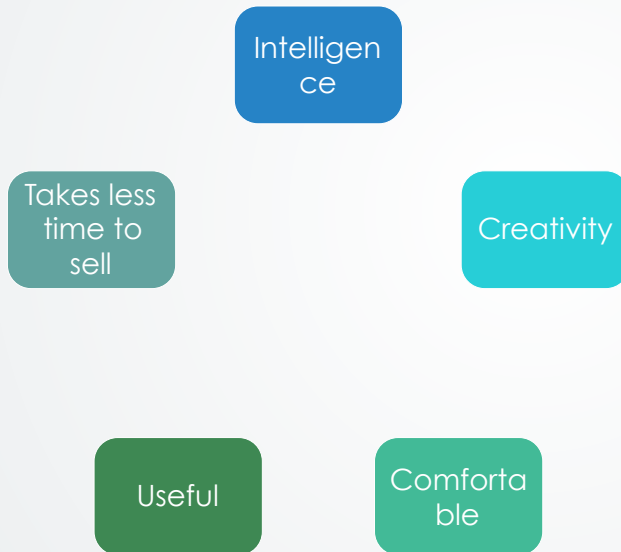


<i>your specific competitors</i>

Sourcing and fulfillment



Technology: How does it affect you?



Future products: What's your strategy?

- ▶ Do you have a long-term product strategy?
- ▶ How are products developed?
- ▶ Is there a relationship between market segments, market demand, market needs, and product development?





Sales literature: Where to include it?

- ▶ Advertisements
- ▶ Brochures
- ▶ Direct mail pieces
- ▶ Catalogs
- ▶ Technical specifications





Summary to what you sell?

- Depending on the purpose of your plan, you should provide good, practical information on the products or services you sell. Give your plan readers what they will need to evaluate the plan. Make sure they understand the need you serve, how well you satisfy that need, and why your customers buy from you instead of somebody else. Ideally, the descriptions in this chapter make your sales forecast seem realistic and even conservative.

Management team

- ▶ *A management team and bringing people together is a lot more than just resumes and venture capital. It is what makes a company work or not work*

- Tim Berry





Build your team

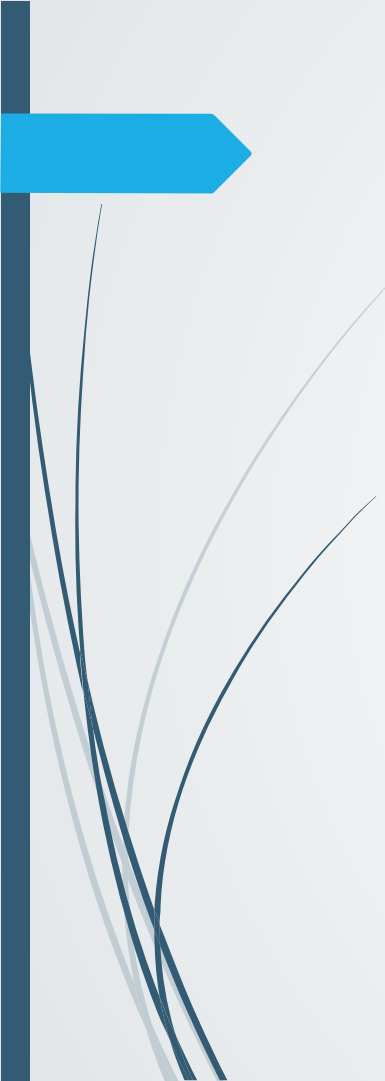
- ▶ Who are the key leaders?
- ▶ Do your key leaders have industry experience?
- ▶ What duties will each position perform?
- ▶ What salary levels will be required to attract qualified candidates for each position?



Explain your organizational structure



- ▶ Organizational lines
- ▶ Authority properly
- ▶ Jobs



List team members and their backgrounds





Discuss your management gaps





Other management team considerations

- ▶ Do any managers or employees have “non-compete” agreements with competitors?
- ▶ Who is on your board of directors?
- ▶ What do the members contribute to the business?
- ▶ Who are your major stockholders? What is their role in management?



Standard personnel plan

Personnel	Oct	Nov	Dec	2003	2004	2005
Partners	\$12,000	\$12,000	\$12,000	\$144,000	\$175,000	\$200,000
Consultants	\$0	\$0	\$0	\$0	\$50,000	\$63,000
Editorial/Graphic	\$6,000	\$6,000	\$6,000	\$18,000	\$22,000	\$26,000
VP Marketing	\$5,000	\$5,000	\$5,000	\$20,000	\$50,000	\$55,000
Sales People	\$0	\$0	\$0	\$0	\$30,000	\$33,000
Office Manager	\$2,500	\$2,500	\$2,500	\$7,500	\$30,000	\$33,000
Secretarial	\$1,750	\$1,750	\$1,750	\$5,250	\$20,000	\$22,000
Other	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$27,250	\$27,250	\$27,250	\$194,750	\$377,000	\$432,000

Detailed personnel plan

	Jan	Apr	Jul	Sep	Dec	2003	2004	2005
Production								
Manager	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$35,000	\$40,000	\$42,000
Assistant	\$3,000	\$3,000	\$3,000	\$3,000	\$1,000	\$12,000	\$13,000	\$14,000
Technical	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$24,000	\$27,000	\$27,000
Fulfillment	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$17,000	\$23,000	\$27,000
Subtotal	\$8,000	\$8,000	\$8,000	\$8,000	\$7,000	\$93,000	\$103,000	\$110,000
Sales and Marketing								
Manager	\$3,000	\$6,000	\$6,000	\$3,000	\$6,000	\$72,000	\$76,000	\$85,000
Technical sales	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$6,000	\$6,000	\$8,000
Salesperson	\$2,000	\$2,000	\$4,000	\$4,000	\$2,000	\$33,000	\$32,000	\$64,000
Salesperson	\$2,500	\$2,500	\$4,000	\$4,000	\$2,500	\$33,000	\$30,000	\$55,000
Subtotal	\$9,000	\$12,000	\$15,000	\$12,000	\$11,500	\$174,000	\$144,000	\$202,000
General and Administrative								
President	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$63,000	\$63,000	\$85,000
Finance	\$0	\$0	\$4,000	\$4,000	\$0	\$0	\$25,000	\$33,000
Admin Assistant	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$24,000	\$26,000	\$28,000
Clerical	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$15,000
Subtotal	\$3,500	\$3,500	\$7,500	\$7,500	\$3,500	\$87,000	\$115,000	\$153,000
Other Personnel								
Programming	\$2,000	\$3,000	\$2,000	\$3,000	\$3,000	\$35,000	\$40,000	\$14,000
Other technical	\$0	\$0	\$0	\$0	\$0	\$0	\$3,000	\$3,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$2,000	\$3,000	\$2,000	\$3,000	\$3,000	\$35,000	\$43,000	\$17,000
Total Headcount	11	11	12	12	11	11	10	12
Total Payroll	\$14,500	\$16,500	\$19,500	\$17,500	\$14,500	\$403,000	\$344,000	\$532,000
Payroll Burden	\$7,447	\$7,440	\$6,737	\$17,300	\$4,700	\$67,300	\$70,000	\$74,400
Total Payroll Expenditures	\$21,947	\$23,940	\$26,237	\$34,800	\$19,200	\$470,300	\$414,000	\$606,400



Thank you