



State of WV Minority Business Expo

May 6, 2020

Plan To Succeed

Writing The Business Plan

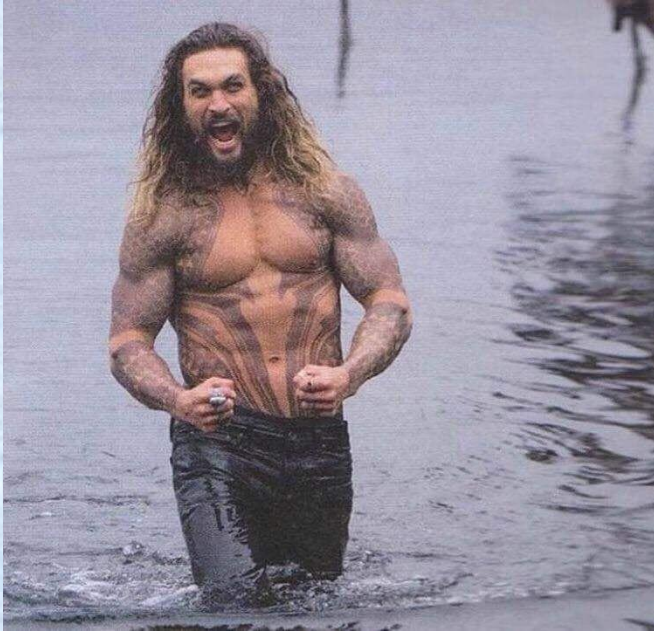
Professor Clinton Arnold

Could You Handle The Shark Tank?



Yes You Can...

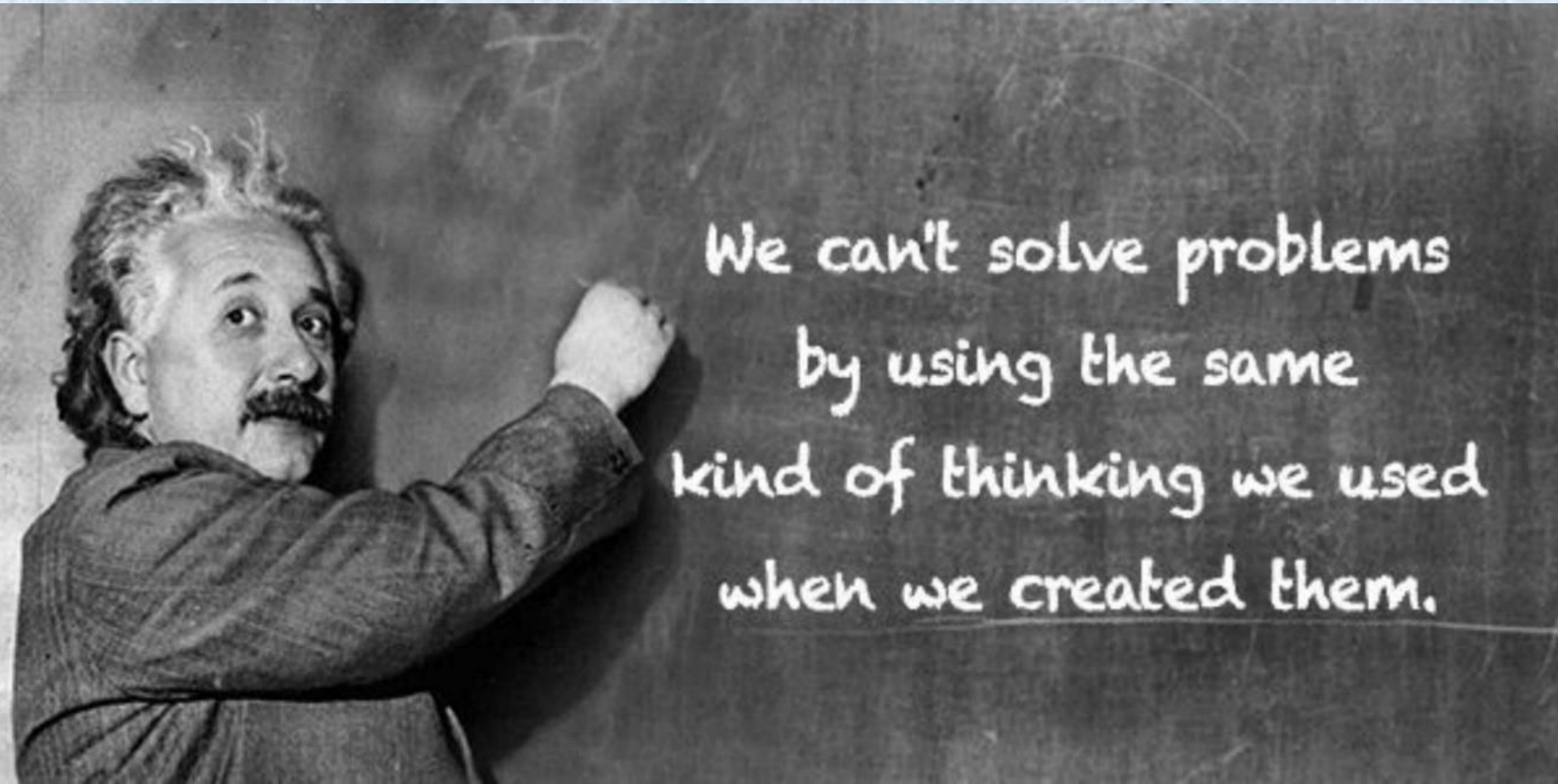
With training, mental toughness, diligence and understanding of how the process works...you should be able to be dropped of in the middle of the pacific ocean with a butter knife and get to shore wearing a shark skins and eel flippers...like Aqua man!!



Let's Get
Started...

Discussion Topics

1. The Business Structure Summary Chart
2. The Business plan
3. Who reads a business plan and what they're looking for.
4. Guidelines to follow to write an effective business plan.
5. The suggested outline of a business plan.
6. Present a business plan to potential investors



We can't solve problems
by using the same
kind of thinking we used
when we created them.

Business Structure Comparison

Business structure	Ownership	Liability	Taxes
Sole proprietorship	One person	Unlimited personal liability	Personal tax only
Partnerships	Two or more people	Unlimited personal liability unless structured as a limited partnership	Self-employment tax (except for limited partners), Personal Tax
Limited liability company (LLC)	One or more people	Owners are not personally liable	Self-employment tax Personal tax or corporate tax
Corporation - C corp	One or more people	Owners are not personally liable	Corporate tax
Corporation - S corp	One or more people, but no more than 100, and all must be U.S. citizens	Owners are not personally liable	Personal tax
Corporation - B corp	One or more people	Owners are not personally liable	Corporate tax
Corporation - Nonprofit	One or more people	Owners are not personally liable	Tax-exempt, but corporate profits can't be distributed

What Is a Business Plan?

- **Business Plan**
 - A business plan is a written document, typically 25 to 35 pages long, that describes what a business (new or existing) plans to accomplish.
- **Two Purposes for the Plan**
 - For most ventures, the business plan is a dual-purpose document used both inside and outside the business.

Who Reads the Business Plan—And What Are They Looking For?

There are two primary audiences for a firm's business plan

Audience	What They are Looking For
A Firm's Employees	A clearly written business plan helps the employees of a firm operate in sync and move forward in a consistent and purposeful manner.
Investors and other external stakeholders	A firm's business plan must make the case that the firm is a good use of an investor's funds or the attention of others.

Guidelines for Writing a Business Plan

- Structure of the Business Plan

- To make the best impression a business plan should follow a basic structure

Why?

- Although some entrepreneurs want to demonstrate creativity, straying too far from the basic structure of the conventional business plan is usually a mistake.
- Typically, investors are busy people and want a plan where they can easily find important information.

What is the “important” information?

Guidelines for Writing a Business Plan

- Structure of the Business Plan
 - Software Packages and Templates
 - There are many software packages available that employ an interactive, menu-driven approach to assist in the writing of a business plan.
 - Business plan templates
 - Build your own
 - Sense of Excitement
 - Along with facts and figures, a business plan needs to project a sense of anticipation and excitement about the possibilities that surround a new venture.

Make The Audience Want to Read It and Listen To You

Guidelines for Writing a Business Plan

- Content of the Business Plan
 - The business plan should give clear and concise information on all the important aspects of the proposed venture.
 - It must be long enough to provide sufficient information yet short enough to maintain reader interest.
 - For most plans, 25 to 35 pages is sufficient.
- Types of Business Plans
 - There are three types of business plans, which are shown on the next slide.

Guidelines for Writing a Business Plan

Three Types of Business Plans

Summary Business Plan

10–15 pages

Works best for new ventures in the early stages of development that want to “test the waters” to see if investors are interested in their idea

Full Business Plan

25–35 pages

Works best for new ventures who are at the point where they need funding or financing; serves as a “blueprint” for the company’s operations

Operational Business Plan

40–100 pages

Is meant primarily for an internal audience; works best as a tool for creating a blueprint for a new venture’s operations and providing guidance to operational managers

Guidelines for Writing a Business Plan

- Recognizing the Elements of the Plan May Change
 - It's important to recognize that the plan will usually change while written.
 - New insights invariably emerge when an entrepreneur or a team of entrepreneurs immerse themselves in writing the plan and start getting feedback from others.
 - An existing company will want to include past mistakes, key learnings, and future plans(corrective actions) to ensure future success.

Outline of Business Plan

- Outline of Business Plan
 - A suggested outline of a business plan is shown on the next several slides.
 - Most business plans do not include all the elements introduced in the sample plan; we include them here for the purpose of completeness.
 - Each entrepreneur must decide which elements to include in his or her plan based on the audience.

Tailor the Plan to The Audience

Section 1: Executive Summary

- Executive Summary
 - The executive summary is a short overview of the entire business plan.
 - It provides a busy reader with everything that needs to be known about the new venture's distinctive nature.
 - An executive summary shouldn't exceed two single-spaced pages.
 - Even though the executive summary appears at the beginning of the business plan, it should be written last.
 - The plan itself will evolve as it's written, so not everything is known at the outset.

Section 2: Industry Analysis

- Industry Analysis
 - This section should begin by describing the industry the business will enter in terms of its size, growth rate, and sales projections.
 - Items to include in this section:
 - Industry size, growth rate, and sales projections.
 - Industry structure.
 - Nature of participants.
 - Key success factors.
 - Industry trends.
 - Long-term prospects.

Section 3: Company Description

- Company Description
 - This section begins with a general description of the company.
 - Items to include in this section:
 - Company description.
 - Company history.
 - Mission statement.
 - Products and services.
 - Current status.
 - Legal status and ownership.
 - Key partnerships (if any).

Section 4: Market Analysis

- Market Analysis
 - The market analysis breaks the industry into segments and zeros in on the specific segment (or target market) to which the firm will try to appeal.
 - Items to include in this section:
 - Market segmentation and target market selection.
 - Buyer behavior.
 - Competitor analysis.

Section 5: The Economics of the Business

- The Economics of the Business
 - This section addresses the basic logic of how profits are earned in the business and how many units of a business's profits must be sold for the business to “break even” and then start earning a profit.
 - Items to include in this section:
 - Revenue drivers and profit margins.
 - Fixed and variable costs.
 - Operating leverage and its implications.
 - Start-up costs.
 - Break-even chart and calculations.

Section 6: Marketing and Sales Plan

- **Marketing Plan**
 - The marketing plan focuses on how the business will market and sell its product or service.
 - Items to include in this section:
 - Overall marketing strategy.
 - Product, price, promotions, and distribution.
 - Sales process (or cycle).
 - Sales tactics.

Section 7: Design and Development Plan

- Design and Development Plan
 - If you're developing a completely new product or service, you need to include a section in your business plan that focuses on the status of your development efforts.
 - Items to include in this section:
 - Development status and tasks.
 - Challenges and risks.
 - Projected development costs.
 - Proprietary issues (patents, trademarks, copyrights, licenses, brand names).

Section 8: Operations Plan

- Operations Plan
 - Outlines how your business will be run and how your product or service will be produced.
 - A useful way to illustrate how your business will be run is to describe it in terms of “back stage” (unseen to the customer) and “front stage” (seen by the customer) activities.
 - Items to include in this section:
 - General approach to operations.
 - Business location.
 - Facilities and equipment.

Section 9: Management Team and Company Structure

- Management Team and Company Structure
 - The management team of a new venture typically consists of the founder or founders and a handful of key management personnel.
 - Items to include in this section:
 - Management team.
 - Board of directors.
 - Board of advisers.
 - Company structure.

Section 10: Overall Schedule

- Overall Schedule
 - A schedule should be prepared that shows the major events required to launch the business.
 - The schedule should be in the format of milestones critical to the business's success.
 - Examples of milestones:
 - Incorporating the venture.
 - Completion of prototypes.
 - Rental of facilities.
 - Obtaining critical financing.
 - Starting production.
 - Obtaining the first sale.

Section 11: Financial Projections

1 of 2

- Financial Projections
 - The final section of a business plan presents a firm's pro forma (or projected) financial projections.
 - Items to include in this section:
 - Sources and uses of funds statement.
 - Assumptions sheet.
 - Pro forma income statements.
 - Pro forma balance sheets.
 - Pro forma cash flows.
 - Ratio analysis.

Presenting the Business Plan to Investors

- The Oral Presentation
 - The first rule in making an oral presentation is to follow directions. If you're told you have 15 minutes, don't talk for more than the allotted time.
 - The presentation should be smooth and well-rehearsed.
 - The slides should be sharp and not cluttered.
- Questions and Feedback to Expect from Investors
 - The smart entrepreneur has a good idea of the questions that will be asked, and will be prepared for those queries.

Presenting the Business Plan to Investors

Twelve PowerPoint Slides to Include in an Investor Presentation

1. Title Slide
2. Problem
3. Solution
4. Opportunity and target market
5. Technology
6. Competition
7. Marketing and sales
8. Management team
9. Financial projections
10. Current status
11. Financing sought
12. Summary

“Opening Soon”

- 10 Week Class – Business Planning Training
- Starts in 9 days
- 2.5 hours on Saturday Mornings
- Learn the Details I just covered
- WV State University – EDC

Thank You!!

Additional Questions or Assistance

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