

## NAME OF COMPANY

(Logo if available)

(Slogan if available)

Business Plan

*Date*

Directions: Use charts provided. Replace all **BLUE** copy in *italics* with your own comments relevant to your company and your analysis

Prepared by:

*Name(s)*

## NAME OF COMPANY

### Executive Summary

#### Business Concept

*Insert an abbreviation of your new business concept here. Two or three sentences which state: Who will buy, why they will buy (what is the customer benefit) and how is this product/service differentiated from competition*

#### Organization Plan

- *Identify the legal structure of the organization and why chosen*
- *Key manager roles and who will fill them (if known); otherwise identify key characteristics you want in those individuals*
- *Summary of proprietary position (patent, first mover, single source, other)*

#### Marketing Plan

- *Key demographic and psychographic definitions of end users (if B2C); buyer and influencers (if B2B)*
- *Channels of distribution (how will product service reach buyers/end users)*
- *Primary market strategy (vehicles to generate awareness, trial and usage of product/service)*
- *Budget (both \$ and % of sales, initially and ongoing)*

#### Financial Plan

- *Sales estimates for Years I and V (in \$)*
- *Net Profits in Years I and V (in \$)*
- *Gross Profit Margin (% of sales) in ongoing year*
- *Year when Breakeven is achieved*
- *Cash needed (assume 1.25 \* total of startup expenses)*
- *Source and uses of cash needed*

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### Product/Service Concept

*Insert your complete new business concept here.*

### Social Benefit of Product/Service

*Every venture must provide a return to its stakeholders (owners, investors, employees, suppliers). But it must also produce a value to society.*

*How will your new venture benefit society? Include specifically who will benefit, why that group and how this will make a difference in their lives.*

### Addressable Market

- *Identify the industry, size and trends in which you will compete, relevant to your marketing/geographic area. Cite source and date of data.*

Addressable Market	Years		
	*		
Size of the overall market (Market Name: )	\$	\$	\$
Size of market segment in which you'll compete (Segment Name: )	\$	\$	\$
Growth trend of your market segment	%	%	%
Projected Share of Market of your product/service (ie: venture sales/market segment)	%	%	%

\*start with most recent year for which published numbers are available, show years before left to right

- *Identify what, if any, barriers to entry exist and you plan to address them.*

Barrier to Entry	Plan to Address

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**Competitive Analysis**

- *Identify primary direct competitors.*
- *Research (from customer interviews) key drivers of customer purchase decisions (purchase reasons in below chart are examples only, find relevant purchase motivators for your category).*
- *Rate (from customer interviews and self-analysis) perceived performance of your offering (as described in concept) vs. key competition, on 5 point rating scale (5 high, 1 low) on the drivers of customer purchase decisions*
- *Provide conclusions of your assessment (competitive strengths you've identified in this analysis which you'll use in your marketing positioning for your new business).*

**Competitive Evaluation Model**

Your Offering/Key Competitors	Primary Reasons for Customers to Purchase Products/Services in this Industry <i>(you choose the purchase drivers relevant to your competitive space)</i>					Total Scores
	Reputation	Variety	Location	Uniqueness	Customer Service	
Your New Venture						*a
Competitor A						*b
Competitor B						
Competitor C						
Competitor D						
Totals						*c

\*will be used as input in Pricing Model

**Business Model Canvas**

*Use the canvas provided at the end of this business plan template to identify your hypotheses (guesses) and validated pivots for each component. Conduct customer and secondary research to confirm, reject your hypotheses. Keep refining until you have developed a business model which you believe maximizes the likelihood of new venture success.*

*Insert a one or two word summary of your approach in each of the lean canvas segments. Show your original hypotheses (guesses) and each pivot (change) you make based on your interviews with potential customers, using a strikethrough to show the evolution of your input based on your progressive customer discovery learning. Attach your completed customer interviews and use a page following the canvas page to more fully explain your evolved thinking.*

Project Name: _____				Date: _____
Customers' Problem	Product Solution	Unique Value Proposition	Competitive Advantage	Customer Segments
	Key Metrics		Channels	
Cost Structure		Revenue Streams		

Lean Business Model Canvas  
(adapted from Ash Maurya's Lean Canvas)

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### Lean Business Model Canvas (continued):

*Use the Lean Business Model Canvas template at the end of this business plan to input your hypotheses and validated pivots.*

- Customers' Problem
  - *What is it? (Be sure it has been validation via customer interviews and is a big, important and frequently occurring problem).*
- Unique Value Proposition
  - *Identify the overall deliverable of your product/service: why should the customer buy your product? (UVP is a single, clear, compelling message that states benefit your product provides).*
- Customer Segment
  - *Who is the primary buyer of your product/service? Identify user if different than buyer and if more than one segment target is required (ie: multi-sided).*
- Product Solution
  - *What feature of your product/service will provide the benefit you described in the UVP?*
- Competitive Advantage
  - *How is your product/service differentiated from competition? Does that difference provide a compelling motivation for the potential user to switch from current brand usage?*
- Channels
  - *Identify how you will reach your buyers and/or users to generate awareness, interest and deliver sales. Where will the user buy the product, how will it get there?*
- Revenues
  - *Identify pricing strategy (at/above/below competition) and sources of revenue (ie: asset sale, subscription, licensing, leasing, brokerage, advertising, other). Identify secondary revenue sources if available.*
- Key Metrics
  - *What measurements will you monitor to assure you're successful (not revenues and costs)?*
- Costs
  - *What are the primary uses of cash (cost of goods, labor, marketing, etc.)?*

### Marketing Plan

- Communication
  - What are your product/service:
    - Benefits *(the customers' reason for purchase, (in order of their importance to the customers' buying decision):*

- 1.
- 2.
- 3.

- Features *(corresponding to each benefit above)*:

- 1.
- 2.
- 3.

- Which feature/benefit combination is not already duplicated in the marketplace by a competitor? \_\_\_\_\_

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Marketing Plan (continued):

- Your positioning statement *(the single-minded message that you want your users/buyers to know about your product/service, based on the unique benefit/feature you provide)*:  
\_\_\_\_\_  
\_\_\_\_\_

- Media

- *How you will deliver your communication message depends on the number of potential customers who will receive your message (reach), the number of times they will receive your message (frequency) and the cost of the media vehicles you use.*
- *Your mix of media vehicles should reflect:*
  - *The media behavior of your users/buyers. Select the communication medium (ie: print, radio, TV) that is the most efficient delivery vehicle to reach your target audience.*
  - *The context of the communication message (does your product need visualization, long explanations, reminders).*
- *For budgeting purposes in your Income Statement, use the following guidelines:*
  - *For a B2C product, your budget: in year 1 and 2 marketing budget should = at least 20%-25% of sales; out years at least 7%-10% of sales. For a B2B product, media spending (excluding selling related expenses) should approximate 10%-15% of sales in the initial years and 5%-7% of sales in the out years. Be sure to budget for website.*
  - *Remember, social media is not free: websites cost \$3K to \$100K to design, \$1K-\$5K/month to maintain; web ads cost \$2 to \$7 for each 1000 viewers; social media requires someone or agency to supervise and respond to tweets/placements*
- *Is the total cost of your proposed media budget sufficient to generate the sales you've projected?*

- Pricing:

*This pricing model assumes that your product performance relative to competition is the sole determinant of your price point. Actual price point determination of your new venture's product/service will depend on several additional factors (degree of competitive pressure, variability of supply and demand, costs and breakeven goals) and strategies (skimming, penetration) all of which should be*

integrated into your price point selection. Start with the following relative product performance chart to help guide you and identify your pricing approach.

	Scores from Competitive Evaluation			Superiority/Inferiority vs Comp A or Comp Average (you/comp)		Current Pricing		Suggested Average Pricing for Your New Venture
	You	Comp A	Comp Avg	Comp A	Comp Avg	Comp A	Comp Avg	
Example (calculation)	20 (a)	15 (b)	10 (c)	1.33 (20/15)	2.00 (20/10)	\$150	\$125	\$200-\$250 (\$150*1.33 or \$125*2.00)
Your New Venture								

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### Financial Plan

If you use the bottom up method of forecasting sales (recommended) first determine your Year I expenses using the Income Statement in the Appendix (note: the list of expenses is exhaustive, you may not have an entry for each expense item). If your new venture is like most, you will not generate profits in Year 1 so you can assume \$0 in profits in that year. Since Sales = Expenses + Profits, your Year I sales will therefore equal your Year I expenses, which you've already calculated. Having determined Year I sales, then apply the normal sales curve to approximate sales projections of years II through V. For this calculation you may assume, like most new ventures, that sales increases at a declining rate so use the 3, 2, 1.5, 1 multiplier projection approach (ie: Yr2=Yr1\*3; Yr3=Yr2\*2; Yr4=Yr3\*1.5; Yr5=Yr4\*1). This will produce a normal sales curve (where sales increases annually at a declining rate; if sales performance of new ventures in your market segment demonstrate different growth patterns use that behavior). Expenses in Year II through V will increase but not at the same rate as sales thereby producing profits in each of those years. Finally, Input Pre-Launch expenses from your Startup Expenditures form.

#### Summary Income Statement

	Pre-Launch	Year I	Year II (=Yr I*3)	Year III (=Yr II*2)	Year IV (=Yr III*1.5)	Year V (=Yr IV*1)
Sales						
Cost of Goods/Services						
Gross Profit Margin						
GM % (GM/Sales)						
Expenses						
Net Profit						

Determine how much cash you will need to start your venture by adding up all the expenses you will incur before launch (use the Startup Expense schedule in the Appendix). To this amount add any losses you project for year I (if you've assumed breakeven in year I as per the above approach you will have no losses). Since projections aren't accurate to the exact dollar, add a cushion to the amount of cash you'll need to start the business by adding 25% to the total from Startup Expense schedule. Calculate your company's Cash Flow from Operations using Net Profit from the Income Statement; add any equipment purchases you expect to make in Cash Flow from Investing Activities and add or subtract any capital raised or loans paid in Cash Flow from Financing Activities. Your beginning cash position for each year is equal to the Net Cash Flow of the prior year.

#### Summary Cash Flow Statement

	Pre-Launch	Year I	Year II	Year III	Year IV	Year V
Beginning cash position	*					
Cash Flows from Operations (profits)	0					
Cash Flow from Investing Activities (equipment purchases or sales)						
Cash Flow from Financing Activities (capital raised, loans or dividends paid)						
Net Cash Flow						

\*Equals 1.25X Start Up Expenses.

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*Identify from where you will source the capital you need to start your business, how much you will obtain from each source (first column on following chart) and then what use you will make of the capital raised (second column). Sources and Uses are only examples, change to be relevant to your business:*

Sources		Uses	
Personal, Friends, Family	\$	Marketing	\$
Equity	\$	R & D	\$
Debt	\$	Personnel	\$
Total Funds Needed (TFN)	\$	Total Funds Used (TFU) (TFU must =TFN)	\$

*Finally, provide reasons for investors to invest in your new venture. They may relate to large and growing market, a unique and differentiated product or other distinguishing and attractive element which helps to reassure the investor of the likelihood of a return of the invested capital with an attractive gain on the investment.*

#### Reasons for Investment

Provide at least three compelling reasons why someone should invest in this new venture:

- 1) \_\_\_\_\_
- 2) \_\_\_\_\_
- 3) \_\_\_\_\_

#### Milestones/Next Steps:

*What are you going to do next to commercialize your venture? Provide timetable for key next steps, in following chart:*



Activity: ↓	Date: →				

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### Appendix

*Startup expenses are incurred before the period in which selling effort is expended. For example, manufacturing equipment purchased to build inventory, renovations to a restaurant before opening, preparation of marketing and selling materials, labor hired to train in advance of actual customer interactions, etc.*

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Startup Expenses	
Item	Amount
Expenditures:	
Equipment	
Computer Equipment	
Other Equipment (specify)	
Furniture and Fixtures	
Leasehold Improvements to Rental Space	
Vehicles	
Buildings	
Other Expenditures (of significant cost)	
Sub Total Expenditures	
Pre-Opening/Pre-Launch Expenses:	
Salaries and Wages	
Payroll Taxes (assume 10% of wages)	
Benefits (assume 25% of wages)	

Insurance Premiums	
Beginning Inventory	
Legal and Accounting Fees	
Rent Deposits	
Utility Deposits	
Supplies	
Pre-Launch Advertising & Promotion	
Licenses	
Working Capital (Cash on Hand)	
Other Start-Up Expenses	
Total Start-Up Expenses	
Total Start-Up Expenditures and Expenses	

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Income Statement

Item	Pre Launch	Year I	Year II	Year III	Year IV	Year V
Net Sales						
Cost of Goods Sold						
Gross Margin (\$)						
Gross Margin (%)						
Operating Expenses						
Advertising						
Promotion						
Other Marketing						
Bad Debt Expense						
Bank Charges (if credit sale)						
Depreciation Expense						
Dues/ Subscriptions						
Insurance						
Licenses/Fees						
Meals/Entertainment						
Miscellaneous						
Office Supplies						
Contract Labor						
Payroll Expenses						
Salaries & Wages						
Payroll Taxes (10% of wages)						
Benefits (assume 25% of wages)						
Professional Fees						
Property Taxes						
Rent						
Repairs/Maintenance						
Shipping/Delivery						
Telephone						

Training/Development						
Travel						
Utilities						
Vehicle						
Other Expenses						
Other Expenses						
Total Operating Expenses						
Operating Income						
Interest Expense (from new venture start up debt)						
Income Before Taxes						
Taxes (if C Corp only; no taxes to firm if LLC, partnership, other)						
Net Income						

Note: Expenses are for example only, you may not have all of these or you may have others: just use relevant expenses.
