Business Plan

The Company AB

Your Logo

December 2021

# Executive Summary

The executive summary is the most important part of the business plan because if it doesn’t “wow” readers, they will stop—or at least “tune out”—at this point.

Suggested format is (and max 1 page):

Paragraph 1: Explain what your company does in very simple but seductive terms.

Paragraph 2: Explain the “magic sauce” that your company has that provides a believable competitive advantage.

Paragraph 3: Explain your current status, milestones reached, and milestones soon to be achieved.

Your plan is going to live or die, be read or be tossed, based on this section. It is 80% of what matters in a business plan.

You can have a call-to-action here; ‘we offer an investment of YYY MSEK in order to perform the following according to our plan; (i) xxx, (ii) yyy, and (iii) yyy.’ – but you can also keep this separate from the business plan and do verbally or in separate term-sheets docs.

# Problem & Opportunity

The purpose of this section is to create awareness that the problem you solve or opportunity you address is financially attractive. Avoid to rely only on consulting studies,this is ineffective because everyone makes similar statements: “According to Jupiter, the market for avocado farming software will grow to $20 billion by 2015.”

As a rule of thumb, the more citations you use, the less believable the opportunity. Customer quotes excepted.

The better method is to catalyse fantasy so readers make their own market estimate. For example, if your product appeals to teenagers, you’d like the reader to be thinking, “My kids and all their friends would love this. The market will be huge.”

How many people/organizations feel this pain or need this offering?

Provide some metric (kr, hours, …) on this (you will need this later to motivate price-model + assumptions on how customers will buy).

# Unfair Advantage

This section has to answer the very simple question: “Why you?” In other words, what makes your company so special that you will succeed where others will fail?

How do you solve this problem or add pleasure (mirror problem statement in previous section – you need to solve a pain or need)

What makes you special? Why will you win? What are your unfair advantages? Why is the field tilted in your direction? It can be technology, relationships, founders.

Each company can have a different answer to this question:

* Leading-edge PhD research
* High visibility and powerful connections in the industry
* Exclusive, perpetual intellectual property license

I’ll also tell you what doesn’t work: saying that you’re bright, energetic, hardworking people who really believe in what you’re doing. Entrepreneurship isn’t an elementary-school play where everyone gets positive feedback.

Frankly, you may not have an unfair advantage then what you should do is delay raising money and bootstrap your company until you can show that the “dogs are eating the food.” If I had to pick the best unfair advantage, it would be that you’re already shipping, and customers are flocking to you.

# Sales and Marketing

This section explains how you’re taking your product to market—particularly during the introduction phase. You must show an understanding of direct sales, channels, or freemium marketing to be credible. You must show you understand how customers buy today – and where/how/why you have chosen to fit in.

Also, you should make it obvious that the cost of acquisition of a customer is far less than the revenue you’ll reap from each customer.

Specificity is everything here. Blowing smoke such as “we’ll use viral marketing” is an insult to the reader’s intelligence, same ‘we will have 10 MUsers and then sell ads’. Going viral is an outcome, not a strategy. A sophisticated reader will want to know your tactics at the ground-level — not a 50,000 foot view.

# Competition

There are two goals for this section. First, to provide an overview of what competition your company faces. Readers truly want to know what you will be up against. Second, to build credibility by showing that you are aware of all the major competitors and understand how to do battle with them.

Many screw up this section by claiming there is no competition. Anyone whose money you’d want will conclude one of two things if you do this: you don’t know how to use a search engine or you’re going after a market that doesn’t exist (there is always the competition from the fact that your target market just will not care).

The best case for this section is that you create a chart that shows what you can do and your competition can’t and what you can’t do and your competition can. Finish off by showing tactical ways to defeat the competition.

# Business Model

Explain exactly how you’re going to make money in this section. Will you be selling licenses? Boxes? Virtual goods? Advertising? There are a limited number of options here, and I wouldn’t try to invent a brand-new business model.

Take your best shot and run with it. The most important thing to explain is the assumptions in your business model and how they determined the financial projections in the previous slide.

Show how your ‘engine’ works (metrics)

Take your best shot based on your marketing and sales strategy and what other successful companies have done. Avoid just listing a bunch of potential business models. Then it looks like you’re clueless and barfing out possibilities.

# Financial forecast

The heart of this this section of your business plan is to tell your story with numbers/metrics/conversion-rates etc.

The elements of this story include the opportunity, required resources, and checkpoints.

Honestly, no one is going to believe your numbers 100%, and this is okay because it’s true of all pitches.

What you need to communicate is an overall picture of the economics of your business, the trends in the market segment, and an understanding of your business == how will your sales engine work.

# Team & company details

This is the infamous team section of the business plan. It’s the section that entrepreneurs think make or break the plan. Many experts would disagree with me, but it’s not the most important part of the business-plan document. The Executive Summary is because if it’s not great, readers will not care, or perhaps even get to, the team section.

Frankly, most team sections are weak—almost by definition. You are, after all, a young company seeking funding. If you truly had a proven team, you wouldn’t be seeking funding because you’d be using your own money or you could call up investors in prior companies who would fall all over themselves to fund you.

So what you want to do is to have catalysed fantasy with your PowerPoint, demo, and previous sections of the business plan to such a degree that the reader is thinking, “This is such a great idea that we can help build the team,” as opposed to “This is such a great team that surely they can do something great.”

Then this section should demonstrate that you have at least two people who are dedicating their lives to making the company a success and that they have relevant experience. You and your co-founder are probably not famous, but hopefully you’ve worked for companies that the reader has heard of.

You heard it here first: well-known corporate logos are a proxy for a good team. If not corporate logos, then college logos will suffice. If you can furnish neither, then we’re back to the best testimony of all: you are already shipping, and the dogs are eating the food. Real customers are the best “proof” of viability.

This is also the place where you can add some details on ownership, company structure etc.

# Status and Milestones

The purpose of this section is to “tie a bow on the present. Reiterate all the progress you’ve made “without any outside funding,” how the customers are eating your stuff up, and how the trend is your friend. Then create some clear milestones for next months or year.

You build trust on that you can deliver on your plans, by showing what you have executed so far.

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# Appendixes

The previous chapters need to be clear, as-short-as-possible. If you feel the need for any of them to be longer then 2 pages – you really need to move stuff to an appendix or separate docs.

