

Reader Exercises

Step 1: Storyboard Your Plan

Creating a compelling, seamless story about the focus and promise of a new venture is your objective here. Planning the different parts of that story and how they connect is the purpose of storyboarding. Use Figure 11.2 as a template. Convene at a large whiteboard if possible and fill out with just a few bullet points each part of that chart. Sit back and assess. Do the parts fit? Does the story flow? Can you give a two-minute elevator pitch that captures the essence of the storyboard for each section?

Step 2: Write the First Draft of the Sections and Assemble

Assemble all of your materials from the prior chapters and write the first draft according to team roles and responsibilities. Each section should be no more than two to four pages, single-spaced, with several lines as paragraph breaks. The financial statements are attached at the end of the plan.

Step 3: Review and Critique

We have provided typical questions that investors will raise at the end of most of the sections of the business plan. Organize a team meeting and work through these questions, section by section. Role play if that is helpful. Having a “devil’s advocate” is a tried and true method for improving projects. Remember that it often takes more work to make a section of text shorter and more powerful than it typically takes to write it. Leave sufficient time for such editing.

Step 4: Get Even More Specific on the Assumptions for the Financial Section

For the financial section, pay particular attention to the list of key assumptions for revenue, expenses, cash flow adjustments, and capital expenditures. Assume that the investor or an analyst working for the investor will pore over your financial statements back at the office. This part of the business plan must be self-explanatory.

Step 5: Review “Funding Request With Details, Milestones, and Startup Costs” as a Team

Assess with team members and trusted advisers the strategies for reducing the time to achieve major milestones and the amount of money needed to accomplish these goals. The quicker you get to market, the quicker you not only produce revenue but also begin the essential process of learning from customers and sellers how to make a better product or service. Also, the less money you need to raise, the more equity you get to keep.

Step 6: Polish—Formatting and Graphics

We recommend single-spacing, with several blank lines between paragraphs. Font size should be either 11 or 12, depending on the font selected. We also recommend that you start each major section on a new page. For example, the Business Model, Market Analysis, and so on should each start on a new page.

Financial statements should probably be no smaller a font size than 10 because anything smaller becomes hard to read. Landscape printing for the projections is totally acceptable. Please make sure that the numbers add up, and that the different financials integrate correctly for items such as operating profit, working capital adjustments, and longer-term investments. These come at the end of the plan.

Traditionally, documents of this sort have a Table of Contents. However, if your plan is short and focused, we don’t think that a Table of Contents lends anything to the plan. In fact, for some investors, it might make the document feel “academic.” Most investors know what to expect in each part of the plan and where those parts fit within the overall plan.

You might wish to include résumés of key team members in the back of the plan in an appendix. For biotech or other scientific ventures, this is mandatory because investors will want to see the backgrounds and research publications of technical leaders. Your authors vividly recall reviewing a business plan where the “plan” itself—calling for the development of a new generation of antibiotics by two brilliant professors at our university—was about 20 pages. However, the résumés in the back of the plan went on for over 100 pages! There were two key principles, and each had hundreds of publications and dozens of research grants. A patent was also included, as was the reprint of a seminal article in a leading journal.

We also strongly recommend that you incorporate a few choice graphs or charts into the business plan. Break up the text with some eye-candy. The Market Analysis section could use some type of industry analysis or competitive positioning chart, just as the Solutions section might benefit from a product/service architecture illustration or a development milestones chart.

Last, don’t forget to put your name and contact information on the front page! Also, put in a very small font, a correctly formatted copyright notice on the bottom of the pages in the text.

After this chapter and all the work you have done leading up to it, there should be no question about what to write. *Go for it!*

The next chapter—our last—turns to the PowerPoint presentation needed for investor pitches and that accompanies the business plan. As in this chapter, we will also share our thoughts on what to expect from investors in such presentations.

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