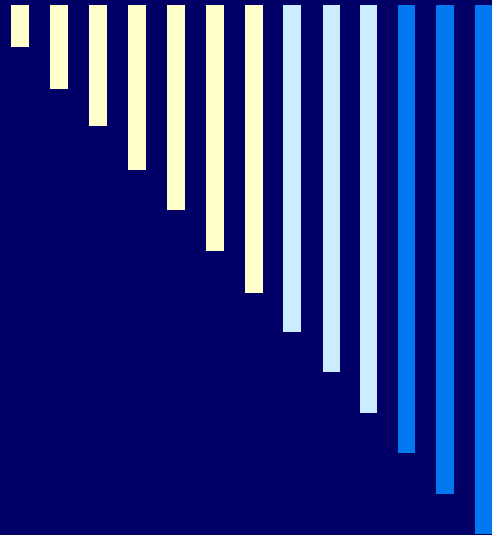




Sharif University of Technology

Graduate School of Management & Economics



BUSINESS PLAN (BP)

WORKSHOP

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Overview:

- Introduction
- One-Page Business Plan
- Full Scale Business Plan
- Other Suggestions and Comments



Introduction

- What is a Business Plan?
- Why a BP?
- Who reads the plan?
- Benefits of a BP?



One-Page Business Plan:

- Uses of the One Page BP
- Why the One Page BP works
- Main Ideas of One Page BP
- The Vision Statement
- The Mission Statement
- The Objectives
- The Strategies
- The Plans
- Conclusion



Full Scale Business Plan

- ❑ Writing a *Business plan*
- ❑ Introductory page
- ❑ Executive summary
- ❑ Industry analysis
- ❑ Description of venture
- ❑ Production plan
- ❑ Marketing plan
- ❑ Organizational plan
- ❑ Assessment of risk
- ❑ Financial plan
- ❑ Appendix
- ❑ The Elements Of A Business Plan (other two versions)



Other Suggestions and Comments

- Ten planning pitfalls.
- What factors do loan officers look for?
- Who reads the plan?
- Putting package together.
- Five Minute Reading.
- Guidelines to Remember
- Oral presentation of BP
- Why some Business plans Fail



Overview:

- ❑ What is a Business Plan?
- ❑ Why a BP?
- ❑ Who reads the plan?
- ❑ Benefits of a BP?
- ❑ One Page BP
- ❑ Parts of BP
- ❑ Proper preparation benefits
- ❑ Ten planning pitfalls
- ❑ What factors do loan officers look for?
- ❑ Developing a well – conceived BP
- ❑ Oral presentation of BP
- ❑ Why some BP's Fail



*Planning as a part of the
business operation*

Business plan:

Written document describing all relevant internal and external elements and strategies for starting a new venture



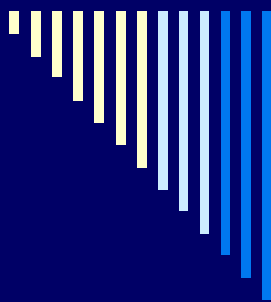
What is the business plan?

- The BP, the game plan or road map-answers the questions, where am I now? Where am I going? How will I get there?
- Potential investors, suppliers, and even customers will request or require a Bp.



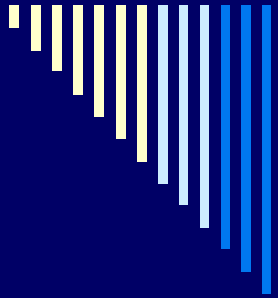
Why a business plan?

- ❑ It's more for you than anybody else
- ❑ It allows you to organize your thoughts
- ❑ It allows you to see what you are missing
- ❑ It shows others that you have a rational organized process
- ❑ It becomes a historical document to let you see what you were thinking at the time
- ❑ It is a money raising document
- ❑ It is a recruiting tool
- ❑ It keeps you honest
- ❑ It is a starting point for a tactical operating plan



Who reads the plan?

- It may be read by
 - Investors
 - Employees
 - Bankers
 - Venture capitalist
 - Suppliers
 - Customers
 - Advisors
 - Consultants

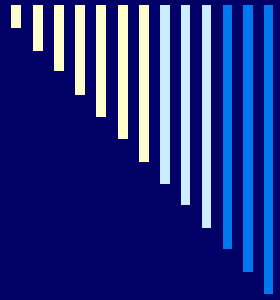


Benefits of a business plan

Business plan help you avoid paying the high tuition
Entrepreneur should prepare his own business plan

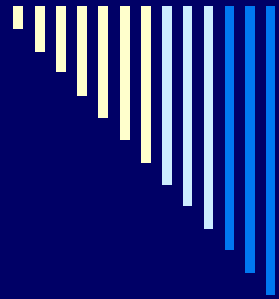
For the entrepreneur

For the financial sources



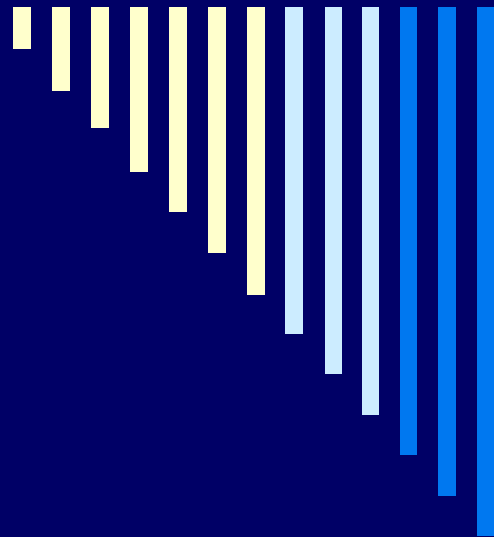
FOR THE ENTREPRENEUR

- View the Venture Critically and Objectively
- Close Scrutiny of Assumption
- Examine Operating Strategies
- Comparing Forecast With Actual Results
- Communication Tool for Outside Financial Sources



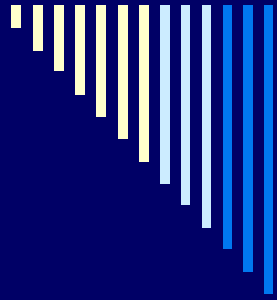
FOR THE FINANCIAL SOURCES

- Detail of the market potential and plans for securing share
- Illustrate the venture's ability to service debt
- identifies critical risks and crucial events with a contingency plan
- clear and concise document with necessary information and financial evaluation
- assessing the entrepreneur's ability in planning and managing



THE ONE PAGE BUSINESS PLAN

**Start with a vision, build
a company!**



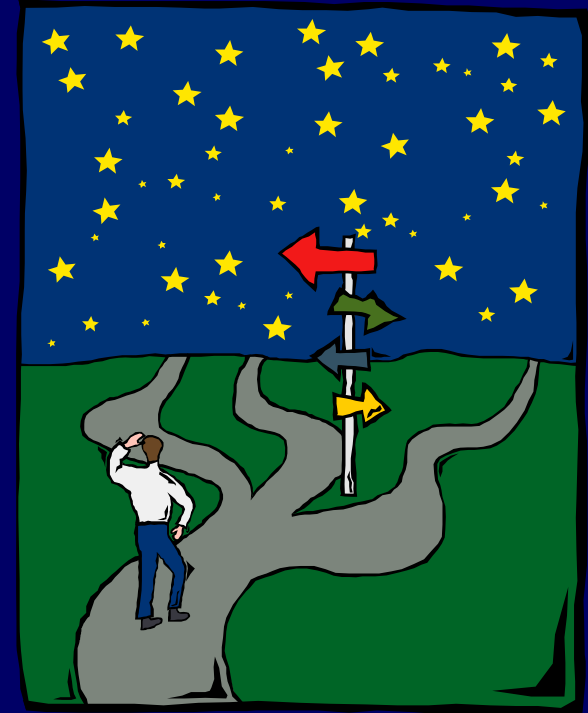
THE ONE PAGE BUSINESS PLAN





Writing
a

Business plan





Writing a Business Plan?

- Research, research, research
- Honesty, honesty, honesty
- Guts
- Determination that if it does not hold together, change the model or kill the plan
- Recognition that it is cheaper to kill a marginal idea than to try to make it work
- Do your financial homework
- Talk to your customers; Talk to your competitors
- Realize you can never do enough work on your plan
- Remember that it is a living document



Writing the BP

□ Introductory page

- A. Name and address of business
- B. Name(s) and address(es) of principles
- C. Nature of BIZ
- D. Statement of financing needed
- E. Statement of confidentiality of report



Writing the BP

□ Executive summary

Three to four pages summarizing the complete business plan



Writing the BP

□ Industry analysis

- A. Future outlook and trends
- B. Analysis of competitors
- C. Market segmentation
- D. Industry forecasts



Writing the BP

Description of venture

A. Product(s)

B. Service(s)

C. Size of business

D. Office equipment and personnel

E. Background of entrepreneurs



Writing the BP

□ Production plan

- A. Manufacturing process
- B. Physical plant
- C. Machinery and equipment
- D. Names of suppliers of raw materials



Writing the BP

□ Marketing plan

- A. Pricing
- B. Distribution
- C. Promotion
- D. Product forecasts



Emphasize the market

- o demonstrating user benefit
- o identifying marketplace interest
- o documenting market claims



Find out the market interest

- Having heard our pitch, will you buy?
- how can start-up biz gauge market reaction?

1th . Few customers use the prototype.

2th . Offer the product at price discount.



Writing the BP

□ Organizational plan

- A. Form of ownership
- B. Identification of partners
- C. Authority of principles
- D. Management-team background
- E. Roles and responsibilities of members of organization



Writing the BP

□ Assessment of risk

- A. evaluate weakness of business
- B. New technologies
- C. Contingency plans



Writing the BP

□ Financial plan

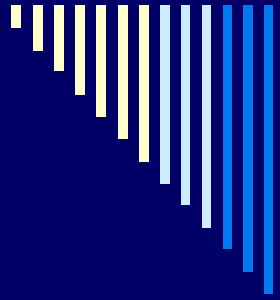
- A. Pro forma income statement
- B. Cash flow projections
- C. Pro forma balance sheet
- D. Break-even analysis
- E. Sources and applications of funds



Writing the BP

□ Appendix

- A. Letters
- B. Market research data
- C. Leases contracts
- D. Price lists from suppliers



The Elements Of A Business Plan

- Executive summary
- Company history
- Business profile
- Business strategy
- Product or service
- Marketing strategy



Continued:

- Competitors analysis
- Resumes of officers or owners
- Plan of operation
- Financial data
- Loan proposal
- Implementation timetable



Executive summary

- The purpose of financial request
- The dollar amount requested
- The way the funds will be used
- Plan to repay the loan

last section written



Company History

- For exiting small Business
- History of the operation
- Financial and operational events



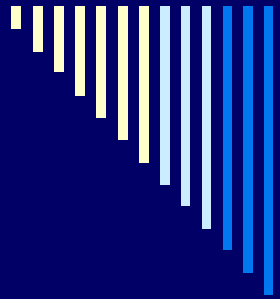
Business profile

- Nature
- General description of it's operation
- Influences by government regulation and legislation
- Overall mission
- Goals
- Objectives (time frame)



Business Strategy

- ❑ How you can run your Business?
- ❑ How you make your profits
- ❑ The ways your industry and Business are likely to change in the immediate future
- ❑ Anticipate the changes



Description of firm's product or service

- Their position in the product life cycle
- applicable patents
- manufactures
 - production process employed
 - strategic raw and materials required
 - source of supply used
- Honest comparison with competitors



Marketing strategy

- How we are going to attract enough customers?
- Showing marketplace interest
- Documenting market claims
 - target market
 - market size and trends
 - pricing
 - advertising
 - distribution
 - warranties, guarantees and servicing



Competitor analysis

- Red Flag to lenders and investors
- sources of data:
 - trade associations
 - customers
 - industry journals
 - marketing representative
 - sales literature



Resume

- Individual education
- Work history
- Relevant Business experience
- They are look for the
 - **experience, talent, and integrity of the people who will breath life into the plan**



Plan of operation

- Functional organizational chart
- Key positions and the personnel occupying them
- Employment contracts, share of ownership and perks
- Form of ownership



Financial data

- The dollars and cents of the proposed deal
- monthly projected financial statement
- cash flow



Loan proposal

- Purpose of the loan
- the amount requested
- plans for repayment



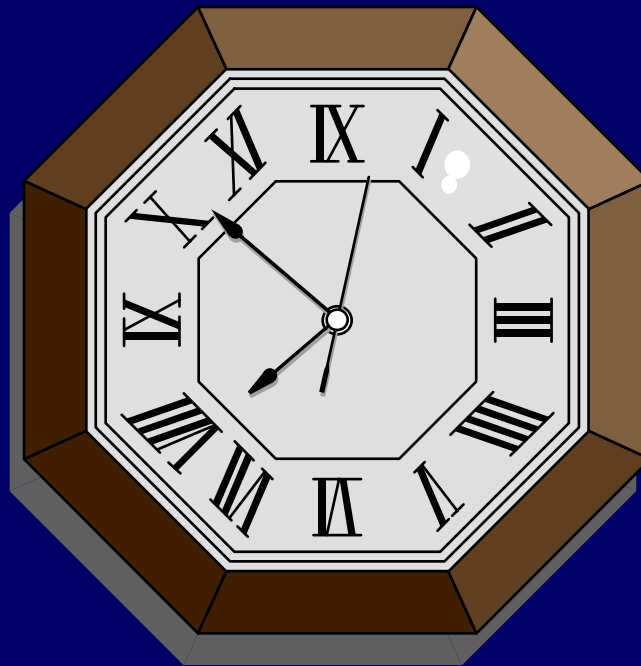
Implementation Timetable

Market

Money

Methodology

Management

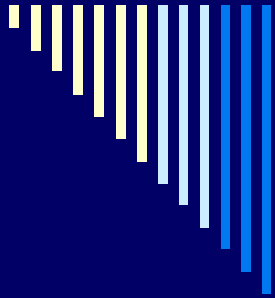


Menaces



Ten planning pitfalls

1. Single-purpose use
2. One-person commitment
3. Benign neglect
4. Unworkable document
5. Unbalanced application



1. Single-purpose use
2. One-person commitment
3. Benign neglect
4. Unworkable document
5. Unbalanced application

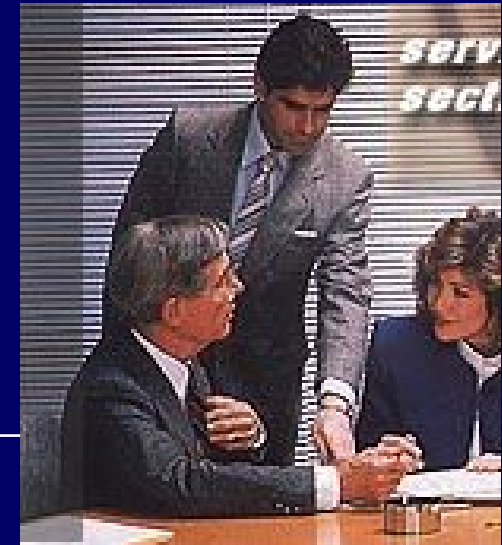
6. Disillusionment
7. Too action-oriented
8. No performance standard
9. Poor progress control
10. Early consumption



What factors do loan officers look for?

5 C's

- Capital
- Capacity
- Collateral
- Character
- Conditions





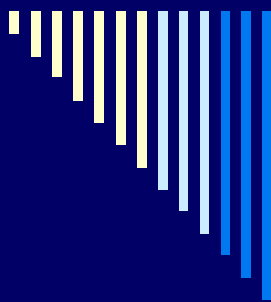
Developing a Well-conceived Business Plan

Who reads the plan?

Putting package together

Five minute reading

Guidelines to remember



Who reads the plan?

Three main viewpoints

The entrepreneur's

The marketability

The financial forecast



Putting package together

Appearance

Length

The Cover and Title Page

The Executive Summary

The Table of Contents



Five Minute Reading

- Step 1: characteristic of the venture and
it's industry
- Step 2: financial structure of the plan
- Step 3: the latest balance sheet
- Step 4: the quality of the entrepreneur
in the venture
- Step 5: the unique feature in this
venture
- Step 6: read the entire plan over lightly



Guidelines to Remember

- Keep the plan respectably short
- Organize and package the plan appropriately
- Orient the plan toward the future
- Avoid exaggeration
- Highlight critical risks
- Give evidence of an effective entrepreneurial team
- Do not over diversify
- Identify the target market
- Keep the plan written in the third person
- Capture the reader's interest



Oral presentation of BP

- Answer the fundamental questions as discussed in the preceding section on the body of the BP
- Keep the presentation under a half hour
- Be sure to catch the audience's attention in the first 60 seconds
- Stand without using a podium
- Move around but don't pace
- Maintain eye contact with everyone



Oral presentation of BP

- Use visual aids
- Make sure the key members of the founding team are involved in the presentation
- Do a demonstration of the product or service where possible
- Practice the presentation in advance for a small group of friends
- Anticipate questions that may be asked by founders and determine how they should be answered



Why some Business plans Fail

- ❑ Goals set by the entrepreneur are unreasonable.
- ❑ Goals are not measurable.
- ❑ The entrepreneur has not made a total commitment to the business or to the family.
- ❑ The entrepreneur has no experience in the planned business.
- ❑ The entrepreneur has no sense of potential threats or weaknesses to the business.
- ❑ No customers need was established for the purposed product or service.



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TODAY'S ENTREPRENEUR



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