

Writing a Winning Business Plan

The Entrepreneurship Program

CEO-Entrepreneurship Program SuperCharger

October 12, 2007

Pros and Cons

Pros

- Analytical framework that insures concept has been evaluated with discipline
- Marketing document for potential investors and strategic partners
- Required for participation in business plan competitions and for Lang Fund Final Event and Greenhouse Admissions processes

Cons

- Takes time and energy to develop
- Static
- Often differs vastly from how business eventually develops

Questions Addressed

A winning business plan answers these questions:

- Who are the customers?
- Is there a market?
- Is there a product?
- What is the innovation?
- Is there any competitive insulation?
- Is there an annuity?
- Are the risks manageable?
- Is the potential payoff worth the gamble?

Business Plan Components

- Executive Summary
- Market
- Products and Services
- Competitors
- Sales Strategy
- Management
- Financials
- Exhibits

Executive Summary

- The Executive Summary tells the story in 3-5 pages
 - Market
 - Product
 - Competitors
 - Sales Strategy
 - Management
 - Financials
- Critical to opening the door with potential institutional investors; many will never read more than the summary

Market Opportunity

- Size
- Growth
- Trends

Why is this important?

- Need/Wants Satisfied
 - Benefits
 - Costs
 - Current options
- Segmentation
 - Who?
 - Demographic/geographic/lifestyle
 - Ability to pay

Product/Service

- Differentiation
- Competitive Advantages

Competitors

- How many?
- Market share
- Strengths
- Vulnerabilities

Sales/Marketing

- What, Why, When, Where, How, Who
- Distribution Channels
- Advertising and Promotion

Management

- Key people
 - Management
 - Board of Advisors
 - Board of Directors
- Experience
- Availability
- Incentives

- Summary
 - Sales, Profits, Cash Flow, Required Capital
- Assumptions
- Financials
 - Sales projections
 - Break even analysis
 - P&L, Balance Sheet, Sources and Uses of Funds

Marketing Your Concept

- Executive Summary
- Full Business Plan
- Elevator Pitch
- Investor Presentation

Opportunities for Columbia Business School MBAs

Opportunity

- Fall Venture Fair
- Greenhouse Admission (second years)
- GSVC
- OBPC
- Lang Fund Final Event
- ECVC
- Other national/global competitions

Needed Tool

- Executive Summary
- Full Business Plan/Presentation
- Executive Summary/Full Business Plan
- Elevator Pitch/Presentation
- Full Business Plan/Presentation
- Executive Summary/Full Business Plan
- All of the above