

FIN 398 - Business Project Instructions

One sentence description of the idea.

Contents

Description 3
The Company 4
The Business 5
Financials 6
Investor Pitch 7

Description

One paragraph elevator pitch for the idea. If someone only had 30 seconds of attention, and this is the only thing they read to get interested, what would you tell them? Think about what key points might excite a prospective investor, and what about the "why" behind the idea makes it most compelling.

The Company

Enterprise Name: XYZ Inc.

D/B/A: Vandalay Industries

Location: Delaware C-Corporation

Organization Document: Link to Articles of Incorporation

Shares Authorized: 10M

Shares Issued: 2.5M

Shareholder	Shares Held	Ownership %
Jane Doeski		
John Smith		
Art Vandalay		

Discussion of Shareholder roles in the enterprise:

Describe who does what, including titles and basic roles.

Description of Intellectual Property and Regulatory Requirements:

Discuss any IP the company has or will seek to have, including trademarks, copyrights, provisional patents, patents, etc. Discuss any regulatory factors that will be unique to the business such as licenses, registrations, or certifications etc.

The Business

Focus your business plan on being clear and concise, but be sure to adequately describe your business and execution plan. Use qualifying examples, links, images, mockups etc wherever helpful. If you have files elsewhere, link them in this section to either a google doc, sheet, slide. If you need to share another file type, either share it from google drive or some other file sharing/linking service.

Most businesses will be able to structure a plan around the following basic themes:

Problem:

What problem(s) are you solving for your customers? Prove to advisors and potential investors that you understand clearly.

- Why are you sure you're solving the right problem?
- What makes you sure the problem needs solving?
- What hidden factors/motivators/subconscious drivers are behind the problem?

If you're solving more than one problem, try to limit it to the top 3.

Solution:

What is your solution to the stated problem? This should walkthrough and describe your product/service. What is the minimum viable product for your solution? Describe, list and defend the absolute minimum feature set you need to validate your solution(s). Attach any wireframes, process flows, and product designs. Think about whether there's any way to simplify further before continuing. The more complicated the minimum viable product, the more work, funding, and investor risk will be required.

User or Customer Base:

Define your user or customer base in as much detail as possible. Illustrate how well you understand their needs and motivations and describe the ways you validated it. Ask yourself if the segmentation can be even more specific. Depending on the uniqueness of each segment, you may need to address each separately in the other sections of the business plan too.

- Who are you creating value for?
- How big is the market?
- Are they people, businesses, something else?
- Where are they and how do they think?
- Highlight how you acquired your customer insights (trials, surveys, studies, pilots, personal experience etc).

Competition:

How are your potential users/customers solving the problem now? Prove you've done your homework on the competition and the threat they pose. What are their weaknesses and their strengths? Even if you're in a completely new industry, never believe there is no competition. How are people solving their problems or meeting the same underlying needs in the absence of your new product/service?

Unique Value Proposition:

What gives you your edge? If close competitors exist, you may need to provide a solution that's an order of magnitude better to compete. Even if there are no close competitors currently, if your model works, expect competition. You need an edge that cannot be copied or bought. Investors will pay close attention to this. Do not move further in the plan until you can make a strong argument in this section. If you have multiple parties involved in your business model – for example, a marketplace with buyers and sellers, what is the unique value proposition on each side of the transaction.

Channels:

Where are you going to find your customers? Be as specific as possible. How are you going to tell them about your solution? What activity(s) will they be doing and when you reach them? Which channels will be free or paid channels? Think about how you'll advertise and build a network/community. The bigger the network/community you can build, the easier it will be to raise capital when you need it. Be mindful of how you will track the size of your community and maintain engagement with them. Are there any partnerships you could pursue relationships with? If your business has a chicken/egg problem, how do you solve it? Some examples of channels:

- Sales promotions
- Social media and social media advertising
- Influencers
- Affiliate marketing
- SEO
- Viral marketing
- Speaking engagements and conferences
- Blogs
- Journalists
- Offline advertising
- Networking
- Direct marketing

Cost Structure:

What costs go into your business and producing your products and services? Describe how your most significant fixed and variable costs break-down. This is going to be useful for you and for investors. It will help you determine how much capital you need as you scale. Are there any unique risks that need to be addressed with expenses, like licensing, registrations, or intellectual property etc? Save the granular detail for your financial model, but explain general level details here.

Some cost examples:

- Production/manufacturing costs
- Marketing and sales expenses
- Office space or real estate expenses
- Hiring and labor costs
- Hosting, web, storage costs
- Legal expenses
- Accounting expenses
- Monthly service fees
- Insurance
- Regulatory or licensing fees
- Licensing
- And, of course - Your own time

Revenue:

How will you make money? Explain how your revenue model works.

Some types of revenue models:

- Subscription
- Ads
- Freemium
- Pay per product
- Fee for service
- Fixed rate
- Commission
- Referrals
- Royalties
- Dividends
- Equity

Also, remember to include how you arrived at your price points and how you validated or can validate you've picked levels that aren't too high or low. Are there multiple pricing tiers? If you have multiple revenue streams, how do they fit together?

Success Metrics:

What are the most important metrics you need to track to drive the success of the business and hold yourself accountable to improve results? There's a lot of things you can measure, but what's going to prove to you and your investors that things are on the right track? Focus on what's appropriate for the current stage of your business. Some guidelines:

- Early stage, still proving product/market fit – Focus on value metrics. Value metrics are what drives your pricing model. Value metrics connect what you offer to the need(s) of your customers. For example, if you're a SaaS company offering many features, which features are most important to the customer and how do you quantify those to track usage
- Already established product/market fit – Focus on what's driving growth: what's growing revenue from each customer, what's increasing the number of customers, and what's retaining existing customers

Financials

Link your financial model here. Different businesses will require a different model. There are templates available online to use as a starting point. Some examples can be found here. Much of a typical financial model ends up needing adjustment after the business begins operating, however the exercise demonstrates to investors your thought process, self-awareness and thoroughness in analyzing your business.

Include projections and describe your assumptions if applicable. Some examples:

- Break-even point
- Gross profit margin
- Life-time value per customer

The purpose of the financial model is to detail costs and projected revenues over a period of time so that you and your potential investors can determine your capital needs and potential returns on that capital.

Investor Pitch

A good pitch deck tells a story. The story is the most important thing. Use these guidelines as points to touch on in your pitch deck, but they do not need to be relied upon as a crutch. The same goes for images; start adding graphics after you've already got your headlines in order. Images should be used as support.

Brevity and clarity are important, and remember, there is a difference between a sales pitch and an investor pitch. This should be a pitch to investors.

Common themes used in investor pitch decks:

- User Problem
- Product/Solution
- Why now?
- Market
- Team
- Business model
- Financials
- Competition
- Fundraising