



RHODE ISLAND
**BUSINESS PLAN
COMPETITION 2018**



Make Your Business Case

*How to Use Business Planning for
Successful Business Growth*

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Derby Management Consultants
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Quick Agenda... Ok?

- A bit about me
- Stages of Growth
 - Where are you today & Where do you want to be?
- Business Plan Architecture
- You Must Tell Me
- The Rules



George Simmons

- **25 year veteran of early stage, entrepreneurial companies**
 - **CEO:** Industrial laser company
 - **COO:** Electric motors, Tech-Medical services, Tech-based packaging, Consumer-based, industrial products
 - **CFO:** Publicly-traded computer peripherals, multiple early stage companies, Capital raise-\$5M to \$10M, Numerous M&A
 - **Investor:** Launchpad in Boston, Cherrystone in Providence
- **Derby Management-15 years, specialist in...**
 - Business planning
 - Finance and financing
 - Sales Optimization Processes
 - Sales Management
 - Value Propositions





Just What is Business Planning?





Just What is Business Planning?

- Why bother?
- Everyone knows what to do?
- Seems like a lot of *extra* work?

Just 1 little word...



GROWTH

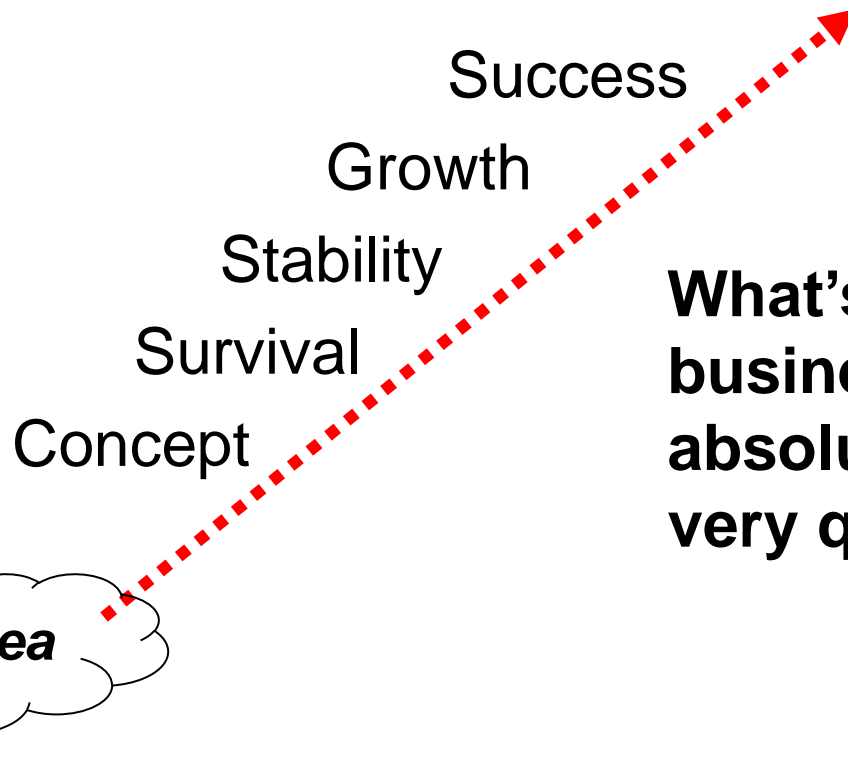


All Businesses *must* have GROWTH ...



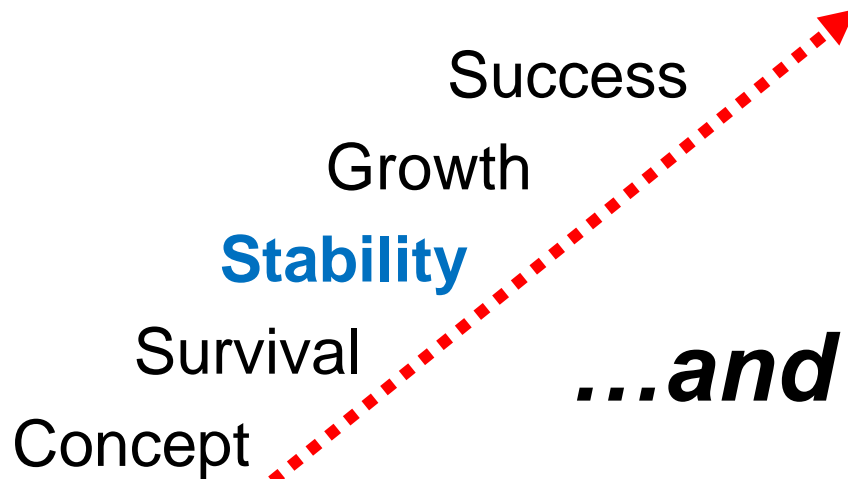
- Product growth *in any business*
 - Product evolution
 - Product extensions
- Sales growth *in any business.*
- Startup and emerging company growth

The Five Stages of ... GROWTH



What's the point that my business or my product absolutely needs to get to very quickly ?

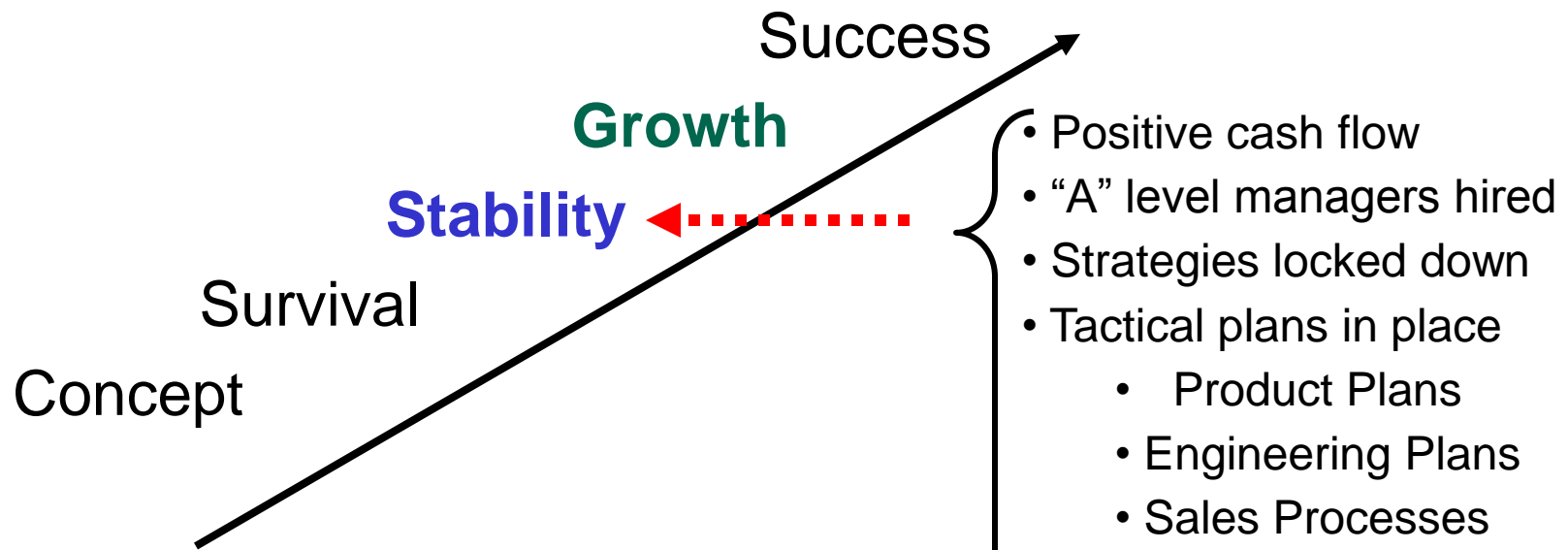
The Five Stages of **GROWTH**



...and why is that?



The Five Stages of GROWTH



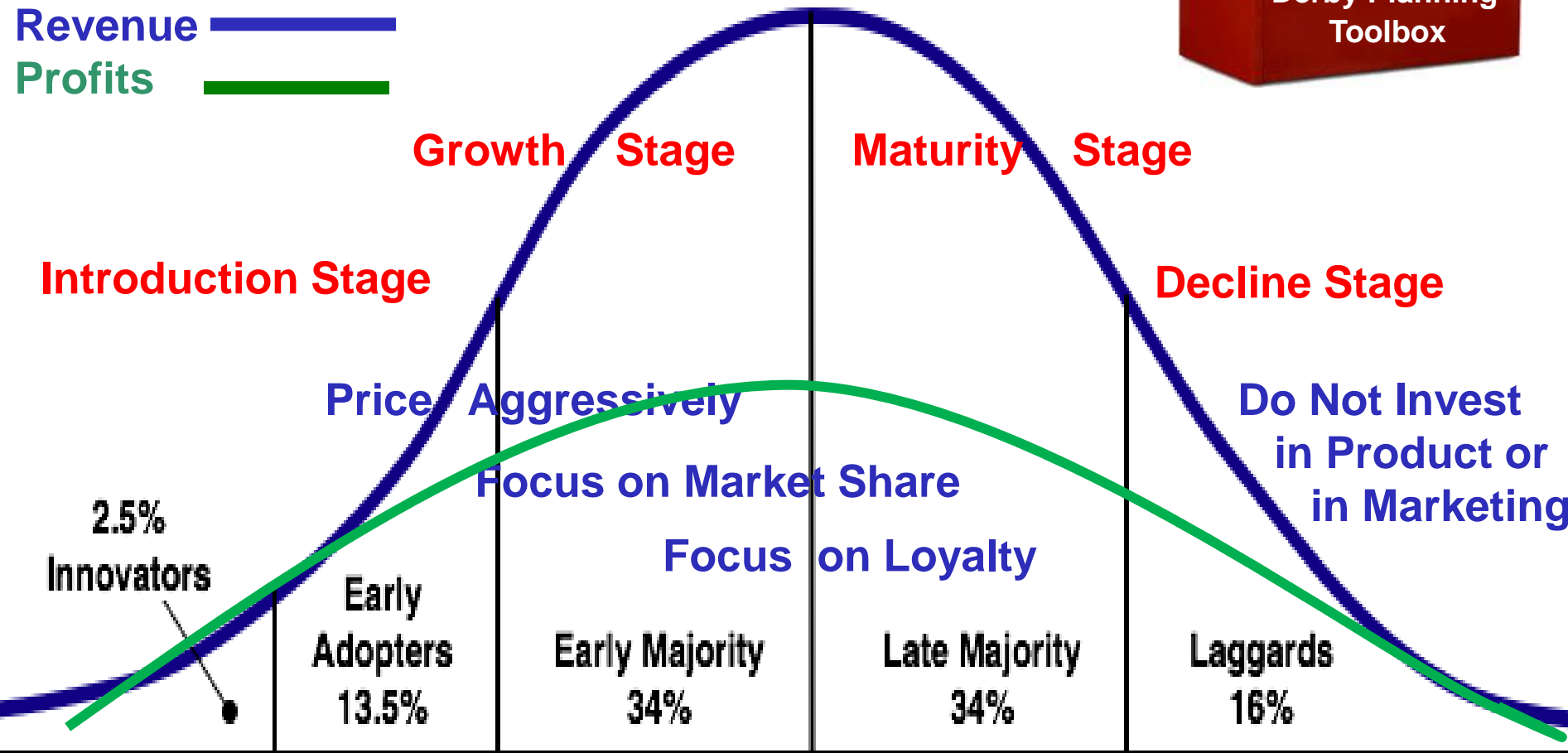
What this really means is...

- There must be metrics at every stage
- Products and the business must reach **Stability** at a minimum
- In order to succeed every business, every product **MUST** grow

Use a Classic Product Adoption Life Cycle



Revenue 
 Profits 

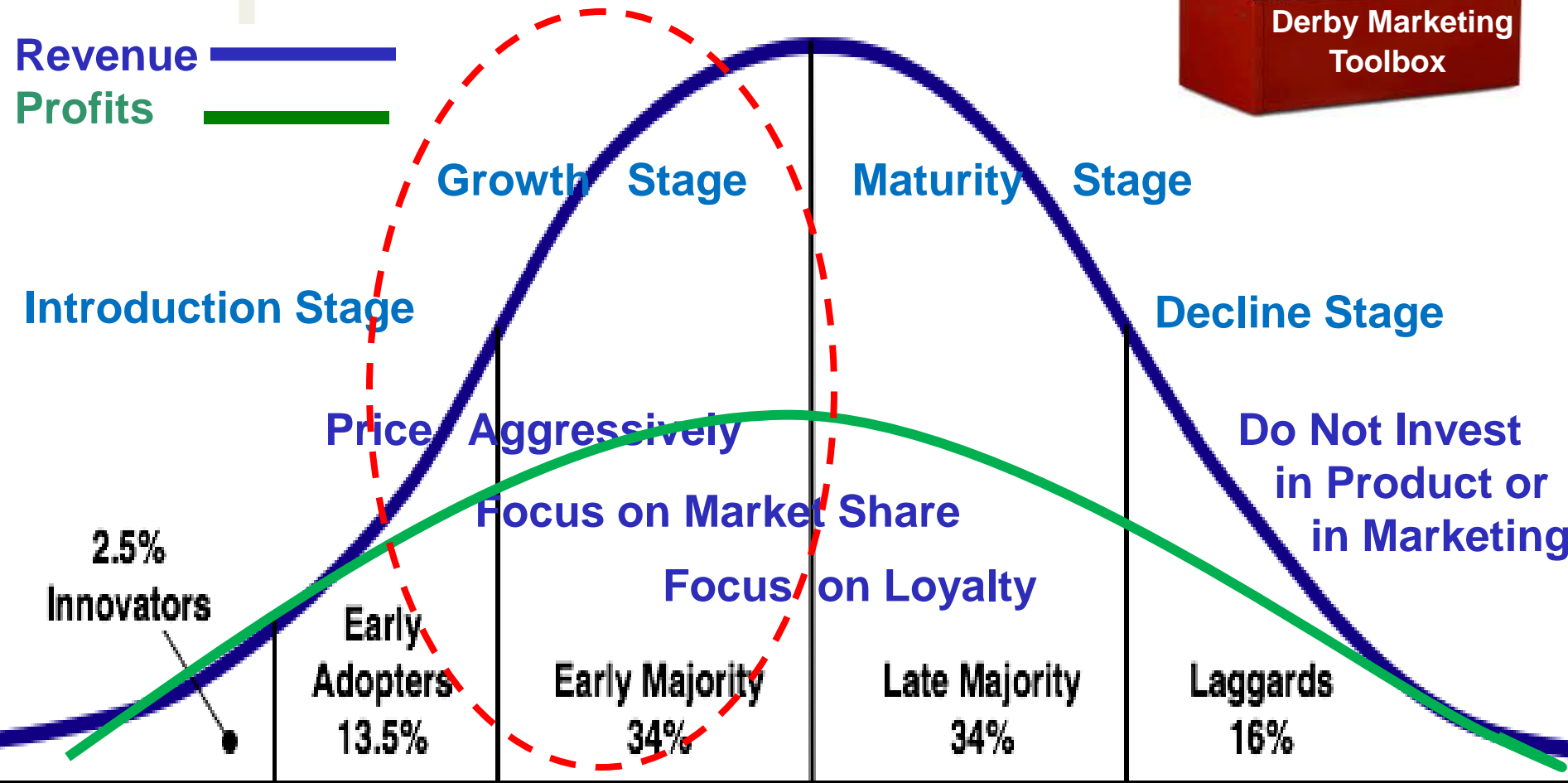


Source: Everett Rogers, Diffusion of Innovations model

Plan for the Growth Stage

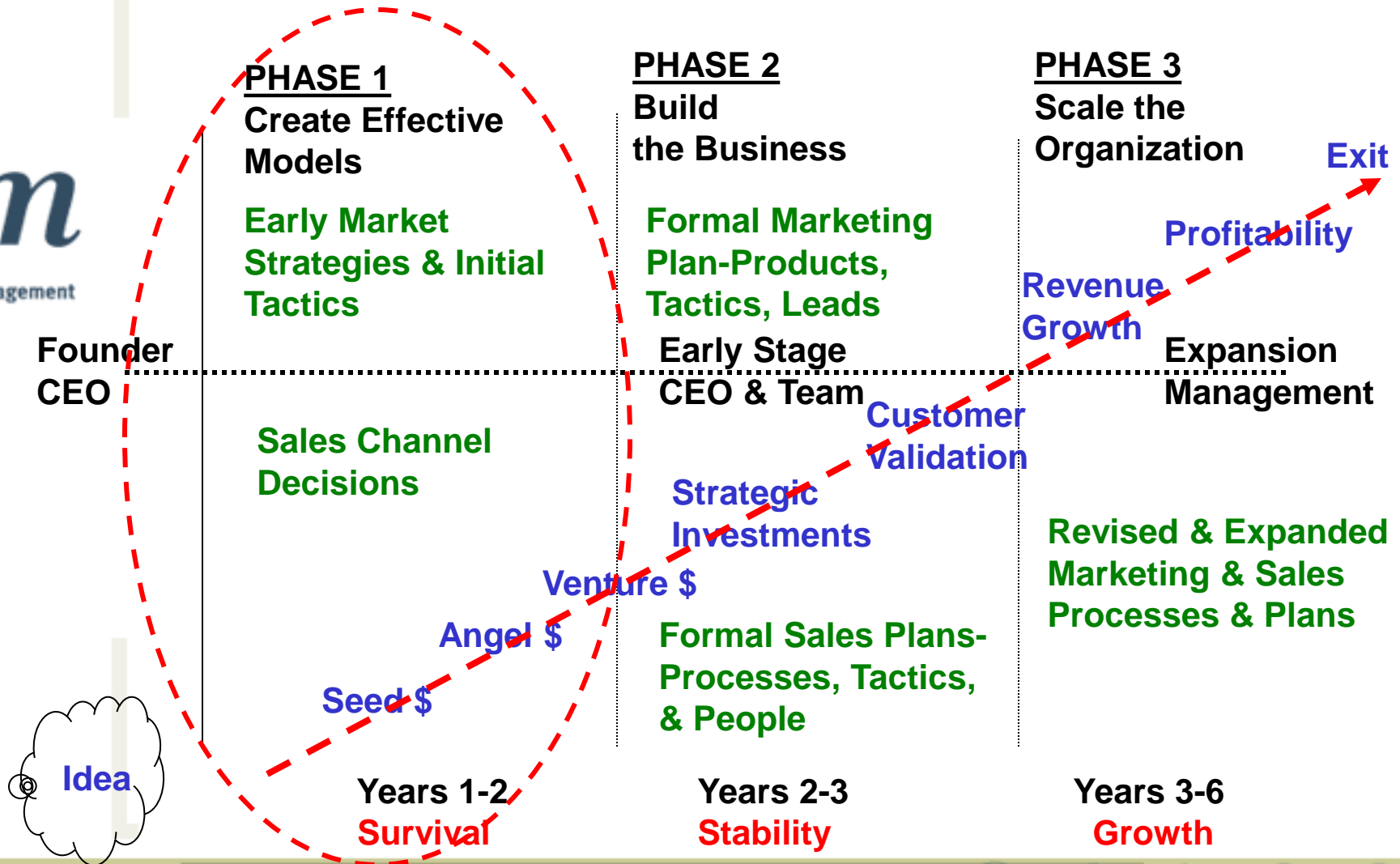


Revenue 
 Profits 



Source: Everett Rogers, Diffusion of Innovations model

Early Stage Value Creation Cycle...





The Five Stages of GROWTH

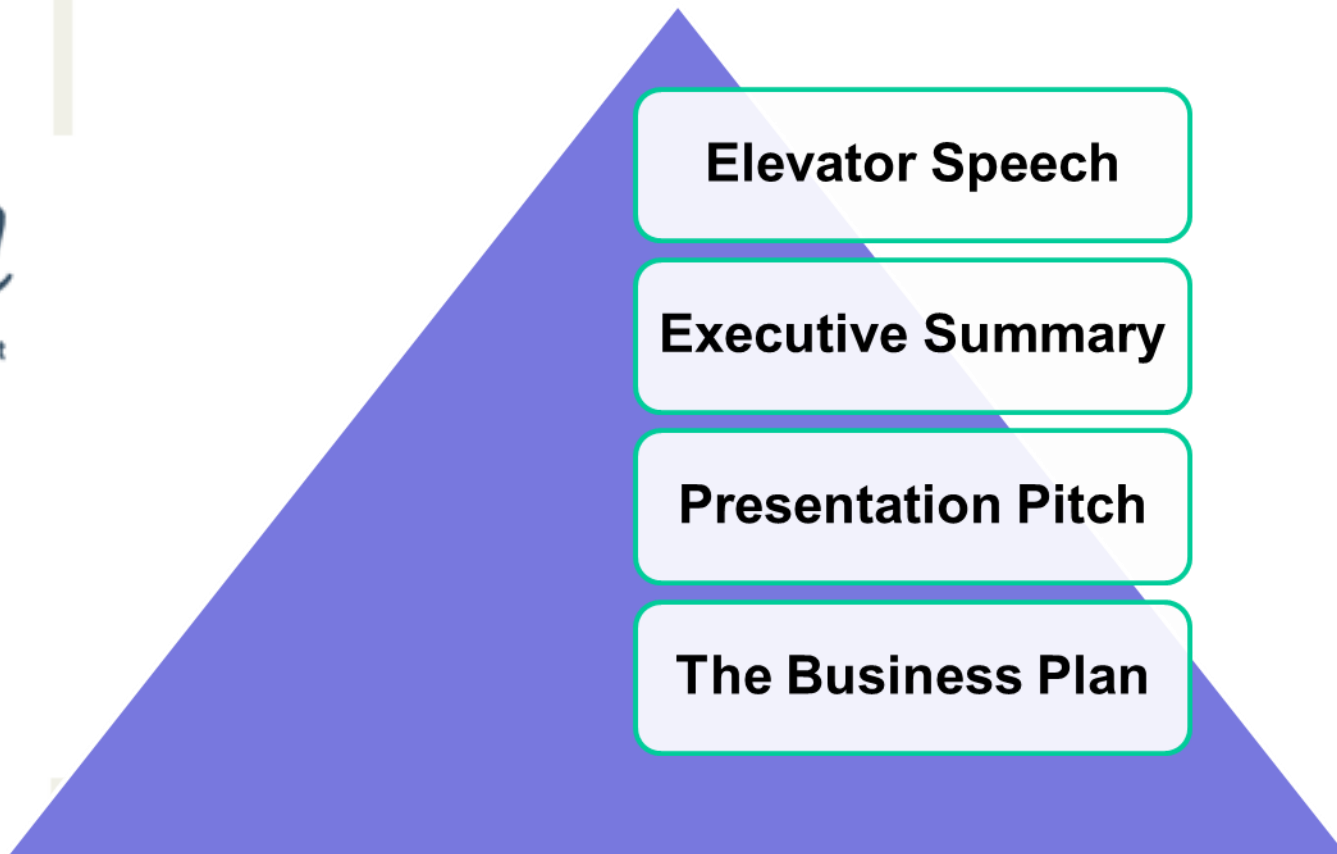
- Recognize also that this line is never straight
- Success at the start is merely surviving.
- **Must move your product and your business if you're a startup to Stability in 18-24 months**
- Success in the middle of your product's or company's life means increasing revenues year over year by X % and high EBITDA %
- Success at the end game means a high valued product and company tracking above the industry's metrics



GROWTH

A Way to Think About Every Company

A Business Planning Architecture



Planning Architecture...

Why do you need one?

...Just 3 reasons

1. Need to define where you, your managers and your business models are along the path to growth.
2. You need to balance month-to-month activities with Tactics, Strategies & Vision.
3. You must be able to easily communicate status

Elevator Speech

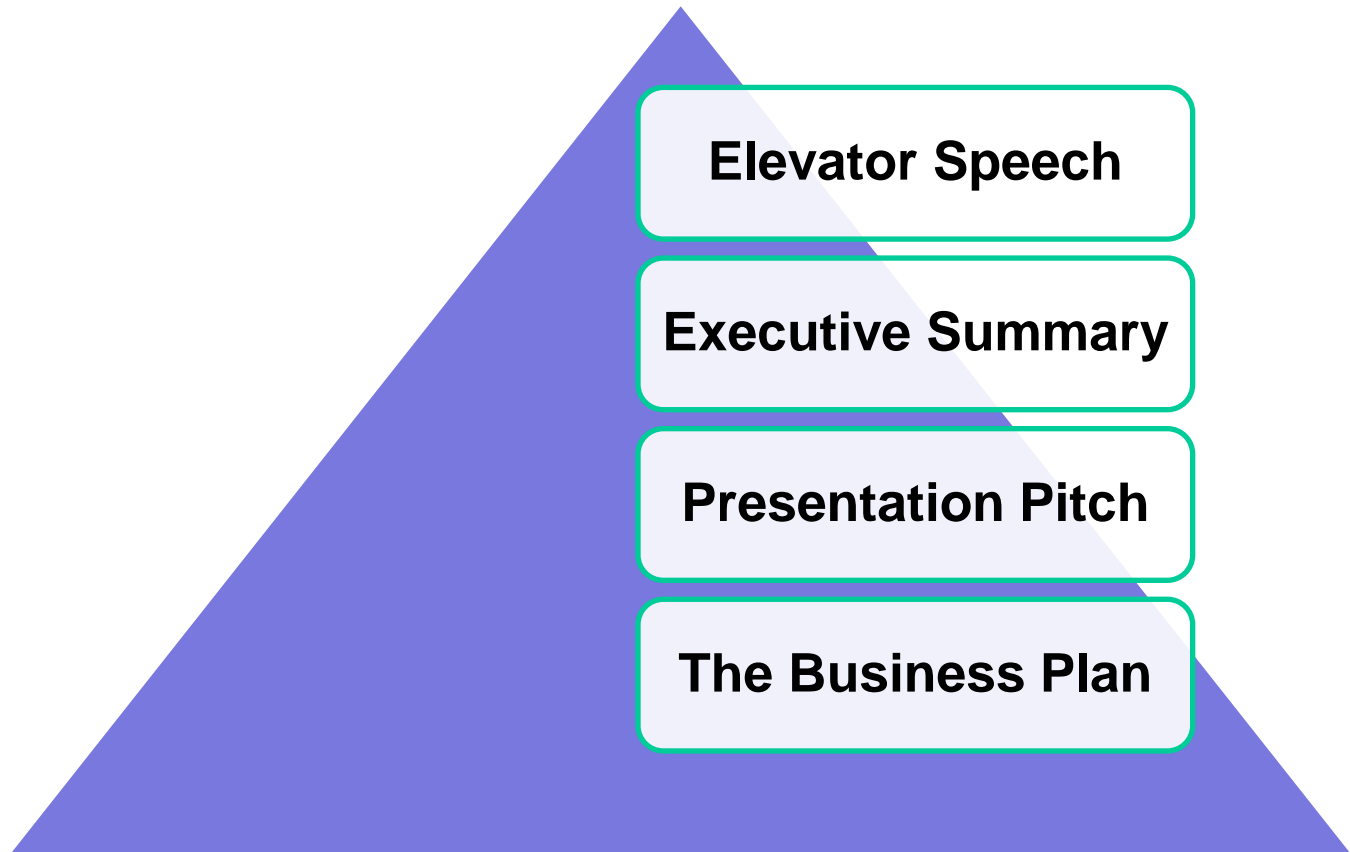
Executive Summary

Presentation Pitch

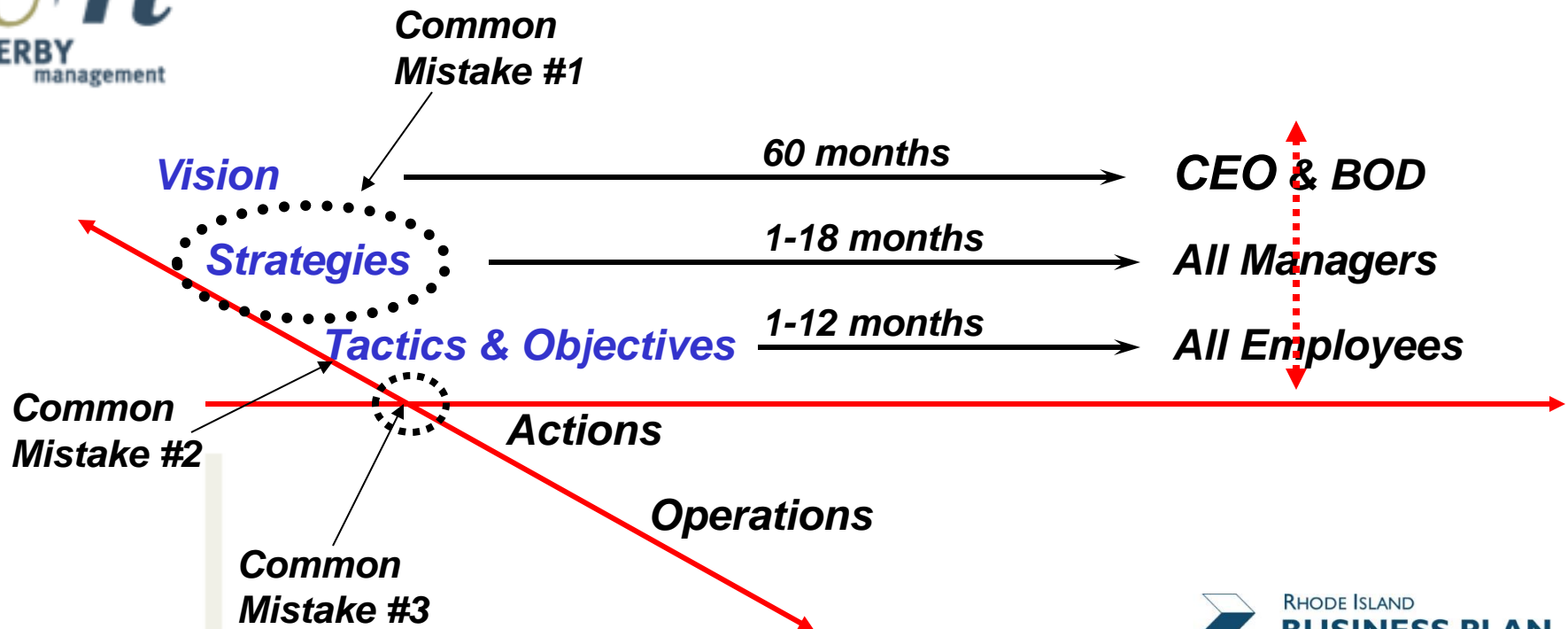
The Business Plan



Just What Are Business Plans?

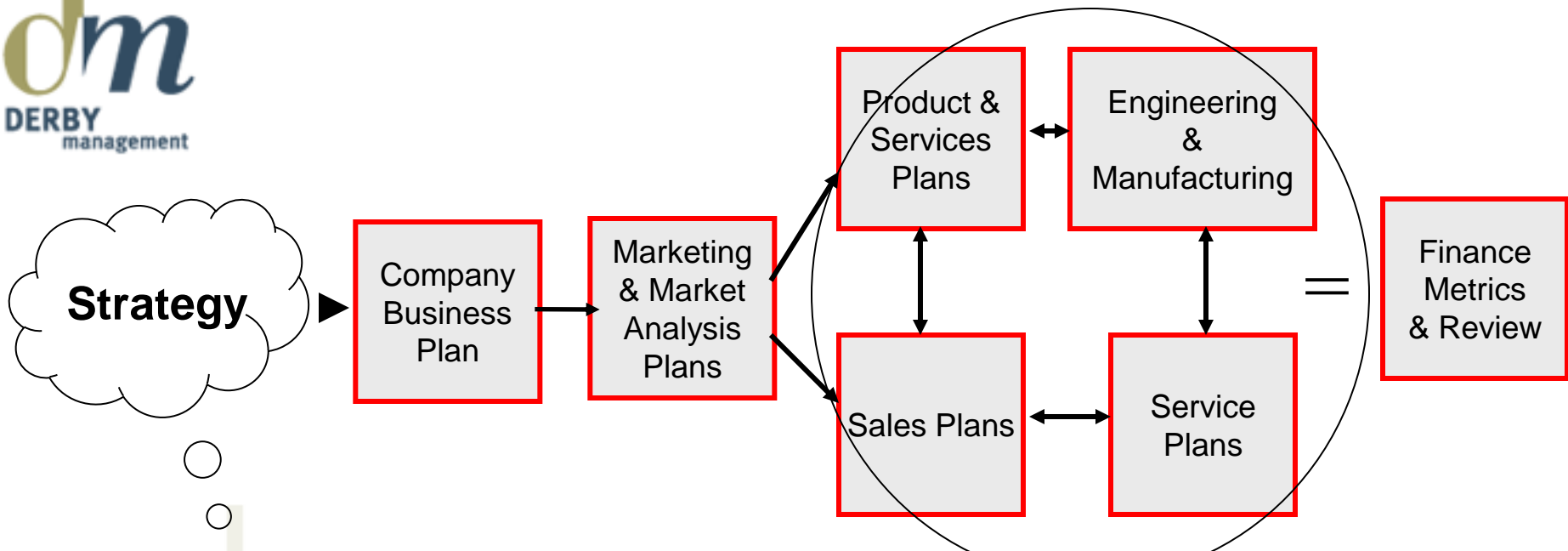


Business Planning Architecture





A Business Planning Architecture (Everything needs to fit)



The Management Team's Job is One Simple Thing

Must Create Highly Scalable GROWTH

Planning Architecture...

Common Business Planning Mistakes...

1. A lack of process and focus consistency
2. A lack of timely follow up
3. A lack of consistent (quarterly and annual reviews)

The **biggest mistake** is *always, always, always...*

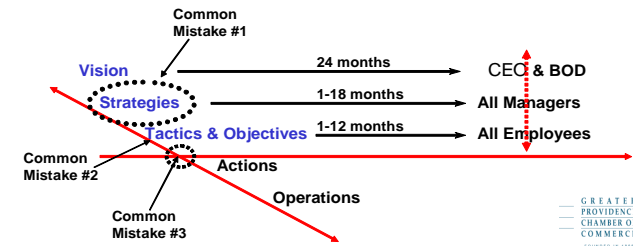
... a lack of focus on the part of the Senior Team



What's my responsibility?

Business Planning Architecture

So that at the end...



- **Vision** is totally aligned with **Strategies & Tactics**
- Your goals married with your managers & investors
- Your managers have accepted accountability
- There is a common architecture of metrics & rewards



You Must Tell Me

...at least these

6 THINGS



You Must Tell Me-1

6 THINGS

1. Target customers.

- Who do you serve?
- Ideal customer: industry, location, size, type
- Create personas of your target customer
- Craft messages that will resonate with them.
- Resonate and differentiate.

2. Need/business problem.

- What business problems do you address?
- How do you help?



You Must Tell Me-2

6 THINGS

3. Impact of solving need.

- What are the rational & emotional benefits you solve
- The major factor in whether or not you resonate.
- How are you going to Market, Sell & Solve that need?

4. Your offerings.

- What's your product and service approach?
- How do you solve problems & work with customers?
- First, Answer ***“Why does your Customer buy?”***



You Must Tell Me-3

6 THINGS

5. Proof of concept.

- Demonstrate your approach has worked
- Define similar solutions for similar problems
- How do you substantiate your claims?

6. Differentiation

- Why is your offering preferable to other options?
- What's special? What's differentiated?
- **WHAT IS THE VALUE?**



You Must Tell Me- 4.....

6 THINGS

Plus.....

- **cost to acquire one customer**
 - How much do I plan to spend?
 - How much is the customer going to buy in the first 36 months?
 - How many months until I recover my initial acquisition cost?
 - Based on Gross Profit \$, not revenue
- **Go-to-Market Plan: Now and in 24 months**
 - Define the Sales Model
 - Define the Sales Channel
 - Target the Geography



Why create a Business Plan?

For you as a company manager, it...

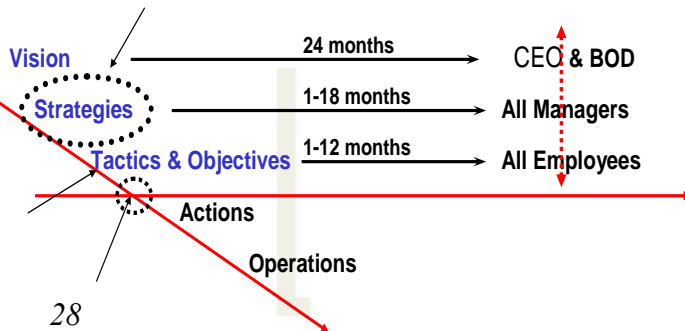
- Communicates your strategies
- Communicates your tactics
- Communicates your objectives
- Communicates your budget requirements
- Provides for common agreement & buy-in
- Provides common language

Elevator Speech

Executive Summary

Presentation Pitch

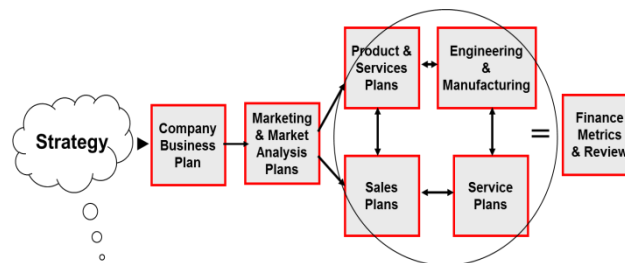
The Business Plan



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Why create a Business Plan?

- For you as an entrepreneur, it...
 - Provides the same as a company manager
 - And ...
 - ...provides an architecture for investors**



The CEO's Job is growth, guidance & review



For the Team...



Most importantly, for you & your team

The actual process of planning is the key.

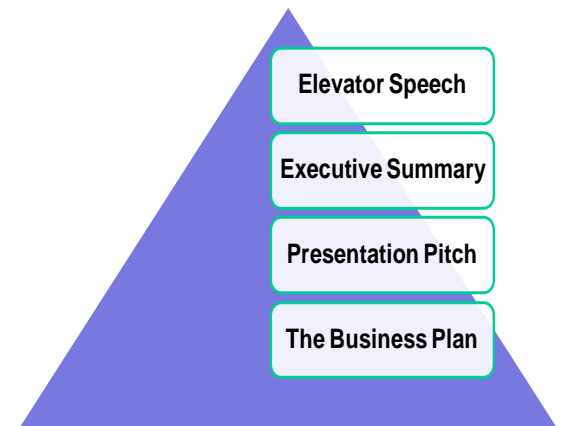
- It consolidates management direction.
 - It provides debate & finally consensus.
-
- It is a guide when speed bumps happen.
 - It is your company & personal scorecard.



No Business Plan, No Outside Money

Early & later stage companies

- Plans are the foundation for outside investors
 - Private angels
 - Venture capitalists
 - Corporate investors
 - Strategic partners



Very

Writing a plan is tough work !

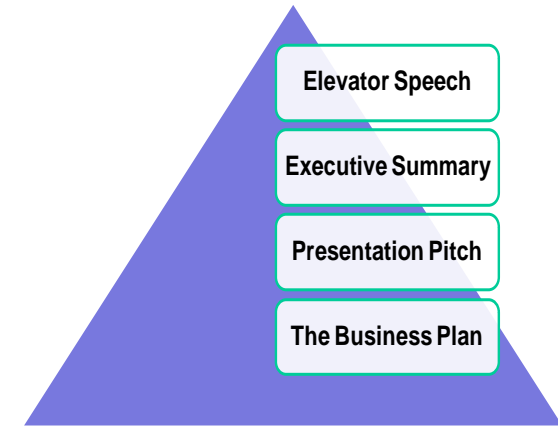
It requires disciplined balance

- It's visionary, but logical.
- It's financially perfect, but flexible.
- It's wrong & it's right.
- It's for today, but also for 3 to 5 years out
- It's a formal Plan, but it's easy to read.
- It's creative, but it follows *The Rules*.





- ✓ Rules
- ✓ Preparation
- ✓ Start Writing





The Traditional Business Plan...

- An Executive Summary
- 7-9 sections
- 20-30 pages with financials

- Provides clear details
- Brings out the richness of the business idea.
- Details the market opportunity & complexity
- Details the business and sales models

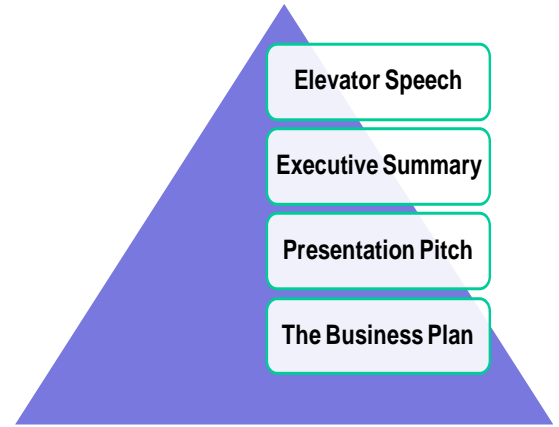




What's included?

- **7-9 Sections...**

1. Executive Summary
2. Introduction to the business
3. Definition of products & services
4. Overview of markets
5. Overview of sales & marketing plans
6. Overview of products and roadmap
7. Summary of manufacturing & operations
8. Management team bios
9. Four pages of financials



How do you start?



Pay attention to Writing the Winning Plan...

- Be compelling
- Be brief, focused, & deliberate
- Focus on the markets & on your customers
- Provide solid market research & hard data
- Be innovative and provide unique value
- Define an experienced management team

Rules...

Be brief & direct & detailed.



- Identify what the business is immediately
- Identify the business model immediately.
- Define the products & their technologies
- Detail the markets
- Identify your customers.
- Identify the sales model immediately

What?

Where?

*Who &
How?*



Rules...

- Be realistic with yourself.
 - This is your Plan, Career, Time & Money
- Define your 1 and your 3 year objectives
- Describe your 3 to 4 primary strategies.
- Always focus on...
 - the cash
 - growth in margin
 - growth in revenue.
 - the market changes
 - the customer changes



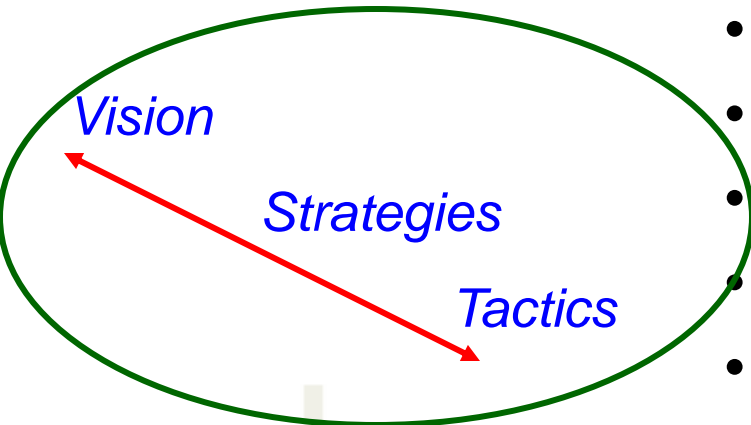
Don't just start writing...



Preparation = Key to Success

– Question everything...

- What is the business?
- What's our vision?
- Can we explain it to others ?
- Who are our customers in 3 years ?
- How are we going to sell them?
- Do we have a 3 year product map?



Business Plan Focus

Don't just start writing...

- **Preparation = Key to Success.**

- What do we really know about...

- Our market & customer targets
- Market data, trends, & forecast
- Competition?
- Sales channels?
- New technologies in development?
- *How many customers have we interviewed to confirm the intensity level of the problem?*



One more preparation task...

- **Analysis of financial assumptions...**



- Internally, what do we want for...

- Revenue, margin and profit growth rates
- Cost of goods
- Sales acquisition costs & Sales channel models
- Hiring rates and ramp speed
- Technology investment rates
- G&A expense % stages
- Receivables, payables, and financing costs

Now, you can start writing...

What you need...

- A quiet place and time.
- All of your data easily available.
- Start writing by yourself. Not a team effort.
- Get the content down quickly.
- Send a first rough draft to others quickly.
- Write draft after draft after draft after.....

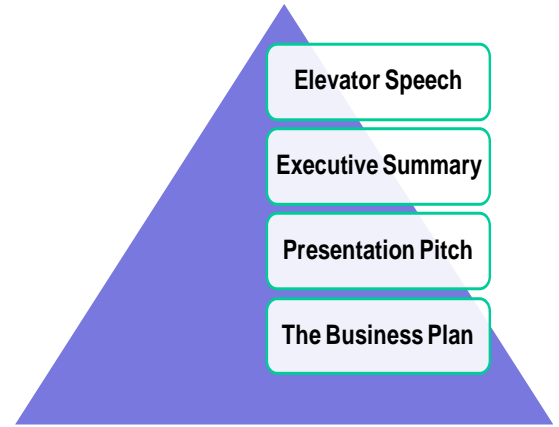




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So What Do I Do Now?

Simple...

• Read [Writing the Winning Business Plan](#)

- Thoroughly
- Give me a call when you have questions
- Send us your plans for review
- Let's get you funded!

