How to Gain the Advantage with Investors to Fund Your Business!

BUSINESS POWER TOOLS

www.BusinessPowerTools.com

Burke Franklin

"I hate it when good companies, products, and people fail!"

About the Author: Burke Franklin

Burke Franklin is the originator of the popular BizPlanBuilder® business planning software and the founder of Business Power Tools, the company behind a suite of successful business productivity software tools for start-up entrepreneurs, growth-oriented executives and management consultants.

With an extensive background in sales, marketing and management, Burke brings a very practical approach to everything he does. Burke was elected to the *White House Conference on Small Business* and nominated for Ernst & Young's *"Entrepreneur of the Year."* Burke is also an instrument-rated pilot, and a 2nd-degree black belt in TaeKwonDo.

"It's crucial that your innovations succeed in our world. This means that your business must be profitable and sustainable – without you losing control, your mind or your shirt!" says Franklin.

Burke's highly praised book, *Business Black Belt* draws parallels from the martial arts and is rich in hard-won advice for building a business today.

Making a Business Plan Work for You

That's what freedom is all about...
a chance to be better.
- Albert Camus

I've gone to many angel investor meetings. I've given many presentations to investors. (Yes, we have raised money ourselves!) I've assured SBA lenders that we would succeed. My parents have invested with me. My grandparents have invested. (I go back and forth thinking about which of the above were the easiest or the most difficult!) I've suffered through bankers scrutinizing my numbers and questioning my business. I've hired and fired people. I've interviewed countless suppliers and contractors.

And that's just the past 25 years! Ok, this can make you tired just thinking about all of it, but I can say that writing a good business plan will do wonders for your sanity as well as for dealing with everyone who you think can help you.

Are you risking your concept and future success?

There's more to it than $100 worth of software that may seem generic. Actually, you are betting your business, financial success and the next few years of your life on the results of this project.

If you are comparing software, really compare it. There's a lot at stake for you. You are investing far more than just $100 - $1,000 in a few software programs — these form the foundation of your business, so it's crucial that you are comfortable with your decision. There is so much to learn. So many things can go wrong. So many things can happen (many you'll want to avoid). And there are opportunities for success everywhere.

Here are some of the question we will answer for you:

- What can writing and having a good business plan do for me? (Is It worth doing?!?)

- Do I need a business plan if I'm not seeking financing?
- How do investors read a business plan, and what do they look for?
- What steps should I expect a venture capital firm to take with my plan?
- What are the components of a business plan?
- Should I hire someone to write my business plan for me?
- What about using business plan software?

What is a business plan?

A business plan is a written document used to describe your business. You can think of a business plan in many ways... Like a movie script, a blueprint, a brochure, a road-map… Ideally, a good business plan can serve you well in each of these capacities.

Each section in a typical plan has a specific purpose, for example, an overview of your company or of your products. A plan for a small, simple business can be quite short, perhaps as few as 8-10 pages. Certain sections can be as short as one page. Be reassured that each step of this process can be relatively painless and ultimately quite rewarding.

The value of a good business plan

How do we explain this? Of course a business plan is a good thing and very worth having.

A business plan precisely defines your business, identifies your goals, and serves as your firm's resume. It helps the business owner(s), its employees and its partners to understand why the business exists (its mission and your vision) and the direction the company will be taking to achieve its objectives. The importance of a comprehensive, thoughtful business plan cannot be over-emphasized. Much hinges on it: outside funding, credit from suppliers, management of your operation and finances, promotion and marketing, and achievement of your goals and objectives.

The basic components include a current and pro forma balance sheet, an income statement, and a cash flow analysis. It helps you allocate resources properly, handle unforeseen complications, and make good business decisions. Because it provides specific and organized information about your company and how you will repay borrowed money, a good business plan is a crucial part of any loan application. Additionally, it informs sales people, suppliers, and others about your operations and goals.

Despite the critical importance of a business plan, many entrepreneurs drag their feet when it comes to preparing a written document. They argue that their marketplace changes too fast for a business plan to be useful or that they just don't have enough time. But just as a builder won't begin construction without a blueprint, eager business owners shouldn't rush into new ventures without a business plan.

Before you begin writing your business plan, we always consider five core questions:

1) Why am I in this business and what do I want to achieve?

2) What service / product does your business provide and what need does it fill?

3) Who are the potential customers for your product or service and why will they purchase it from you?

4) How will you reach your potential customers?

5) Where will you get the financial resources to start and build your business?

➢ *NOTE: Although this paper is geared toward helping you obtain funding, ask yourself if you really need investors. It's a fair question. just because you are starting or expanding a business and you know you need money, doesn't necessarily mean that you need an investor. Investors want a return on their investment, and they sometimes want partial ownership. Is their help worth it? Can you channel the energy you would spend seeking funding into new selling efforts or reducing your expenses until you can generate the expansion money?*

Whatever you can do or dream, you can begin it.
Boldness has genius, power and magic in it.
Begin it now.

~ Goethe (1749-1832), German poet and dramatist

Why Write a Business Plan?

A sensible man never embarks on an enterprise until he can see his way to the end of it.

- Aesop

I get very excited when I see something cool, but it makes me sad (and sick) that so often the good stuff dies because the creator didn't know what to do next. Or, got crushed by a competitor. I remember reading *Popular Science* when I was a kid… where is that 300 mpg carburetor today?

Writing a business plan, if you've never written one, can be a daunting thought. Perhaps you've never even seen one. Perhaps you haven't enjoyed writing or don't know where to begin. Maybe you have some experience in business and know about business plans, but just want some additional ideas. Or, perhaps you don't see the need.

Many businesspeople apparently do not write or use business plans. Do you suppose that the guy running the local TV repair shop wrote one? Do you think your beautician wrote one? Well, if they got an SBA loan, then they did. Sure, you can do business without a plan, but consider the benefits of having one, such as obtaining funding from someone outside your family. Most of the businesses that fail have never written a business plan, while many studies have shown that companies with business plans have a higher probability of success.

Of the businesses that failed, 60% had no business plan.

- SBA Report

People write business plans for a number of reasons. Perhaps the one most important, but one usually left unstated, is to be taken seriously. Whatever the ultimate purpose of your business plan, if your business is not taken seriously, you won't achieve your purpose.

The most common stated reason for writing a business plan is to obtain funding. Funding, of course, is money that someone loans, invests in, or gives you because they believe you are going to be successful, and they want to share in that success. If you thought that funding only comes from banks, well, that is but one of probably several hundred sources of funding. Another paper available from BusinessPowerTools.com is *"65 Ways to Finance Your Business"* provide more background information on this topic.

With these points in mind, here are some of the major reasons and benefits of writing a business plan:

Obtaining funding as the basis for…

- Attracting key employees into your company
- Convincing key suppliers to give you credit
- Creating a brochure for a business broker to use in selling your company
- Designing a prospectus to sell stock in your company
- Attracting business partners
- Forming strategic alliances

To support the good management of your business…

- Ensuring that everyone in your company is working towards the same goals
- Convincing others in your company to allocate resources
- How to run the business, monitor its progress and make course corrections
- Managing your growth
- Obtaining input from employees and investors

Do I *really* need to write a business plan?

I don't need a business plan,
I'm already in business.

- An entrepreneur before her recent business failure

Perhaps you see that there are many good reasons to write a business plan, but is it required? Isn't it obvious that your business or product valid? Can't you just go to the bank and get a loan against your house or other assets? Sure, in some cases you can. But why limit yourself?

Consider this: If you are going to ask someone for money, even if its family or friends, a plan will certainly increase your chances. If you intend to go to a bank, even one who knows you, they are going to want some type of papers completed. If you go to an investor who doesn't know you, it's a must. If you are asking for funds from a government agency such as the

Small Business Administration (SBA) it is required. Even if you have an existing business, and you've been running it without a formal written plan, you will benefit from writing one. You will get a clearer view of your business; one that might surprise and even inspire you.

Simply stated, a business plan is a written document detailing the operational and financial aspects of your company. Like a road map, it helps you determine where you are, where you want to be, and how you're going to get there. If it's well written, your business plan will keep you in touch with your goals, potential risks and probable rewards. Moreover, it may be the crucial factor in convincing investors or company management to give you the financing you'll need to realize your dream.

Types of business plans

There are three general types of business plans, each written for different purposes or situations. In general, a Summary business and a Complete business plan are intended for readers outside your company. An Operational Business Plan is intended for internal usage in an ongoing business.

A Summary business plan is a much shorter document that highlights the most important information about your business and its direction. It should make clear the specific request(s) you are making of your reader and the purpose of the request. It is ideal when your request is simple or minimal, when you are strapped for time, or when you want to give your reader a preview of your business plan, to gauge if they would have sufficient interest to meet with you for a presentation and if interested further, they'll want to read your Complete plan.

A Summary plan is also effective for small to moderate bank loans, attracting key employees, or for persuading friends and relatives to invest a few thousand dollars. A Summary plan is usually about 1-2 pages long and is considered an Executive Summary including a table with a summarized 5-year Income Statement. Click here to see this example Summary Business Plan template.

A Complete business plan is necessary when you are seeking a significant amount of funding or want to give your external reader a full picture of your business. The Complete plan can range from 15 to 40 pages or more. Here you need to explain your business concept in detail to potential backers, strategic partners, or potential buyers of your company. It should clearly state the specific request(s) you are making with your business plan and what your company brings to the table should the request be fulfilled by the reader.

An **Operational** business plan is an important internally oriented document of your established company. It is used primarily by the management team, board of directors and your high-level professional advisors. It's excellent for focusing and aligning the efforts of key managers toward common company goals, and therefore should be updated at least annually. It is your master blueprint to which you tie your budgets and departmental plans. The key elements of the operational plan are the Company Direction, supported by sound plans for Products/Services, Marketing/Sales and Finance/ Administration. Writing a good operational plan is the hub of running a viable business and can do wonders for any executive's career.

What is Involved in Writing a Business Plan?

If you feel like you have a fair understanding about the format and purpose of a business plan, but just don't quite see where to start or what's involved, the points covered in the next several pages can help you. Of course, the length and depth of your plan varies with the complexity of your business. At the same time, be sure that you don't create a business plan more complex than it absolutely needs to be for your readers. You want to make sure you say just enough to grab and hold their interest.

Do I need a business plan if I'm not seeking financing?

For your business to succeed, you need to know where you're going and how you'll get there. Creating a business plan enables you to set goals, determine the resources you will need to carry out your plan, and foresee problems that might otherwise broadside you.

You can choose from the array of business plan elements presented on this site to create a business plan that suits your needs. For example, while management biographies are very important to venture capitalists, they are not critical to an informal plan. But a word of caution, be sure to make your business plan comprehensive enough that it will serve one of its most important functions—helping you to think through the development of your business ahead of time. The minimum any business plan, even an informal one, should include is: business description, target market, competition, positioning, customers, sales distribution and marketing, and a cash flow statement.

Government grants, guaranteed loans, or special Economic Development funds?

Have you thoroughly explored the possibility of grants, subsidized, or guaranteed loans? The government and private institutions have many programs to aid certain sectors of the business community. Perhaps you are only familiar with disaster relief loans offered by the SBA, but there are many more. You can find out about these types of programs through the government, trade associations, other business people, and through associations who specialize in locating these types of loans and grants. One prerequisite for these special grants and government loans is a business plan.

Your plan will surely be rejected if you don't do your homework. However, some agencies will help you with your plan. Be aware, though, that many, many people apply for grants in particular because grants do not require repayment and are very attractive. Your plan has to be very compelling and competitive. Be clever. Think about what all those other plans might contain, then highlight why you are better and more deserving.

Investors

So, what do we know?

Besides 27+ years of using BizPlanBuilder business planning software ourselves, talking with people every day and from feedback from thousands of business owners and consultants like you...

- We are members of the **United Inventors Association**.
- We are members of the **Silicon Valley Association of Start-up Entrepreneurs** (SVASE).
- We attend **Kieretsu Forum** presentations.
- We participate with the **Gathering of Angels**, **Golden Capital Network**, and many others' events.

These guys are tough and can be brutal on business plans... They're often investing their own cash and have seen many deals before! (Usually they say they want a short 2-3 page plan... that's because they don't trust anyone to get it right. Actually, they want to know many many things before writing a check!) We've been listening and watching for a long time and are revealing what you need to know to win at this game.

What Is an Investor? What is funding?

You are probably writing your business plan primarily to obtain money to either start your business or to enhance an existing business. The money you ask for is called funding. People who provide that funding are called investors. This probably seems obvious. However, the words funding and investor often bring to mind only a limited picture to many people. Perhaps funding means getting a bank loan and an investor is someone who buys shares of stock. But there are many other meanings.

Funding refers to the form of investment. It can certainly be a bank loan, but it may also be a grant, the sale of stock, or other types of secured and unsecured loans from finance companies, from government agencies, from individuals, from non-profit organizations, and more.

Each type of funding is granted and administered by one or more investor. For example, a bank has a loan officer: one person that you talk to but who may have to represent your business to a committee of people who make the final decision. But there are many more types of investors, each with their own unique requirements. These requirements include things like how much risk they are willing to take, what form of repayment they are willing to accept, and what sort of qualifications your business needs to meet before they will consider you. For example, the Small Business Administration has several very desirable loan programs, but they require companies to meet certain criteria with regard to size, ownership, and financial condition before they will lend money.

Also, be aware that when you seek funding, you may not be able to find the entire amount in one place. You may prefer to spread out your investment between several investors. Some investors cannot handle the total amount, and some investors prefer not to be your sole source of funds.

In addition to writing a business plan, you may be called upon to present your plan in person. That means you must be intimately familiar with your plan’s contents and be prepared to discuss things not featured in the plan but that underpin it. It is often a good idea to take along various members of your team to present the part of the plan they helped write and in which they have expertise.

Who are these investors?

Here is a list of some common types of investors. You may want to approach one for all your funding needs, you may want to approach different investors at different stages of your company’s growth, or you may want to approach more than one to come up with your total requirement.

- Associates and partners who can contribute funding
- Bankers and investment bankers (local, national, or international) who provide loans for equipment and expansion.
- Finance companies who provide loans, like banks, but who accept more risk. Some may also offer secured loans against inventory or receivables.
- Business Brokers who can help you sell your business
- Venture Capitalists (VCs) who specialize in high-risk, start-up companies

- Small Business Administration (SBA) and other government agencies who can guarantee or approve low-cost business loans. They also offer special programs for things like Economic Development Zones and for women and minorities.
- Government grant agencies who offer funding for the research and development of new technologies, education, and other published purposes.
- Stock Offerings that bring in money by offering part ownership in the company
- Suppliers who can provide credit for inventory and materials
- Angels who are patrons of your industry and fund promising companies, often through consortiums.
- Private foundations and charitable institutions who offer grants or low interest loans for charitable purposes such as community betterment or the arts.
- Family or friends who believe in you and your ideas and can chip in
- Yourself and your own assets such as the equity in your home, insurance policies, retirement accounts, or even credit cards.

Angel Investors

Angel investors are a special breed of investors. Whereas venture capital firms and funds invest other people's money in new business, angel investors invest their own money. Willing to take greater risks, they are the start-up entrepreneur's best friends. Angels most often assist a company when it may be little more than an entrepreneurs' dream. Frequently, they offer more than money; serving as coach, mentor, and champion, and often providing guidance from the point of view of one who has experience turning ideas into fortunes.

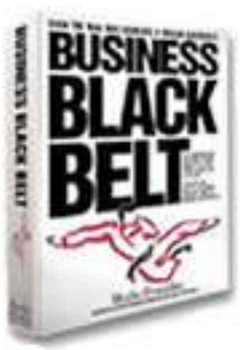
Introductions to angels can generally be arranged by your CPA, your lawyer, and investment bankers. Note: you do not need to hire an investment banker for angel money. Since the amount will be small, any fee they would earn would be negligible. Thus, under most circumstances, they will give you a list of angels they know at no cost to you (with the hopes that you will work with them in the future). Business Power Tools can help you make connections with angel investors.

Some interesting factoids about angel investors (Italics mine)

- 90% Men
- Median age: 49
  (They use reading glasses – print at least 11pt!)
- Average investment: $72,000

- Education: 75% College / 17% Graduate
  (God help you if you have typos in your plan!)
- 78% 5+ years experience
  (Hey! These guys can come in handy!)
- Expect a 34% ROI ARR
  (To bet their retirement on you, it had better be well worth it!)
- Close to home + participation
  (They want to invest in something they can get their hands on… and help!)
- - Survey by: Dee Power & Brian Hill

Choosing the Right Investors



Excerpted from Business Black Belt by Burke Franklin

Perhaps the single biggest obstacle to raising capital for your business is the idea that investors will be forever breathing down your back… they'll own you… your entrepreneurial venture, your freedom as you know it… will be over forever. So, the debate rages within your mind whether or not you really want investors and isn't there a better way to have the money to build your business and still do things your way?

No doubt you've heard many horror stories about investors' meddling. You aren't alone in this dilemma. Many entrepreneurs don't want to give up control and don't want to take money from people who will now tell them what to do.

What hasn't been explained is how to choose the right kind of investors. Without this knowledge, many entrepreneurs take money and endure the consequences. Howard Schultz, the CEO of Starbucks discovered the secret after many agonizing presentations to investors. He explains it beautifully when he says that the right investor (and for that matter any employee, board member of the management team member) at Starbucks "*must have a passion for coffee and the coffee experience.*" Can you imagine a tea-totaling investor who invested in Starbucks as a pure financial play? The phone calls… "What can't you buy cheaper beans?" "Why do we spend so much money on our stores?" Blah blah blah… On the other hand, if the investor loves coffee him/herself, they will inherently understand (or come to understand) the reasoning behind all of Starbucks moves. In fact, their phone calls and unsolicited suggestions would be in tune with the founder and taken as the real contributions that they are.

How can you find investors who have passion for your business and what you and your products and services are about? This is one of the keys to taking on investors who will support you with much needed growth capital, as well as (and often more importantly) all kinds of other support.

What do investors look for when they read a business plan?

Don't expect every person you will send your business plan to read it thoroughly. In fact, you really can only count on them to skim it. Investors know what they're looking for in a plan – they want to see a business that will grow rapidly and someday return a handsome profit. Venture capital firms, for example, expect to receive an average of five times their original investment within 5 to 7 years.

Keep in mind that investors rarely put money into a "product" – they invest in a business. Many great products have floundered because the inventors did not understand how to get people to buy them. So be sure to show that you understand how to market your product or service.

Your executive summary will likely be the first thing read. Make it stand out by highlighting the unique nature of your product or service, the strength of your management team, and why your business will make money. If the executive summary grabs their interest, many investors will move to the rest of the plan. But they probably won't read it in order. Some investors go straight to the description of the management team – they want to see if anyone involved with the company has had experience with successful start-ups, and has relevant experience in this industry. Others may go to the financials section to see when and how you plan to attain long-term profitability.

What investors want to know...

Building a business requires more than just an idea and a plan. For a moment (and you may need to refer to this moment often), put yourself in an investor's position... What would YOU want to know about a business before you invested in it? We often recommend investing an amount of money in a friend's business just to get the mental, physical, emotional, and spiritual experience of investing precious CASH in someone else's business. Now, more than ever, you must be convincing to the bone. And, expect that intelligent people with money will want to feel comfortable with you and your answers. You will find that, no matter who you are and what you are doing, you're going to need answers to these basic 20 questions:

- Who are you?
- Why are you in business?
- What is the opportunity / need / current situation in the world?
- How big is the market?
- What will you sell?
- How is your business structured?
- How will you make money?
- Who else is doing the same thing?
- How do you compare?
- Who are your most important customers?
- How will you reach and inspire them to buy from you?
- Do you have any strategic partners who will help?
- Who are the people running your business?
- What experience do you/they have?
- Who else are you working with?
- Who are your advisors? Who is on your board?
- Where are you today? / What traction do you have? / What have you accomplished?
- How much money do you need to start / grow?
- What will you do with the money? What's the deal?
- When & how will investors make their money back?

Investors likely have many interests. When you approach them with a complete plan A) you will have the above answers firmly in your head and you will be able to speak them with certainty B) your plan will provide written documentation that adds believe-ability C) having done the math, you will feel great about your prospects for personal wealth, as well as a huge payoff for your investor(s)(who may get richer then you do from your deal). But that's OK for now.

You never change things by fighting the existing reality.
To change something, build a new model that
makes the existing model obsolete.

- R. Buckminster Fuller

What do investors care about?

Pitching investors or applying for a loan is entirely different than selling your product or service to customers. People considering a financial interest in your business, while still needing to be convinced that your product or service will sell (and they may not be your ideal customer themselves), have many other considerations. Since their interest is in making money (some want social change, some want to save the world, some love backing a good idea – they all want to make money), they care less about the industry and more about your money-making capabilities.

Before you can write a plan that satisfies all the points that an investor cares about, you need some idea what those points are. The answer to this is really no secret. Investors want you to know what sort of businesses they are interested in funding. They don't want you to waste their time. Ask about investors and what they're interested in or research them in trade or financial publications.

First, remember the one common attribute shared by all investors: They all want to make money. This may seem obvious, but sometimes this fact gets lost in the excitement of your own idea. Often, investors have a portfolio of industries that they specialize in. Even charitable groups who grant money will want something in return such as local job generation. Your plan needs to emphasize how your business will pay off for the investor and that it pays off in the right kind of return on investment (ROI). Once you get that firmly in mind, you are ready to explore the differences between investors.

Remember, you are *not* selling your product or service to your investors...

You are selling a share in a money-making machine.

To give you an idea about the things you need to consider, ask yourself the questions posed below. The answers help you narrow your investor selection and help define how you need to talk to them through your plan. They want to know…

What business are you in?

Each type of investor has a certain portfolio they invest in. They have business expertise in funding certain types of companies in certain industries, and they tend to stick with them. For example, a retirement fund manager may limit his or her investments to low-risk companies. They are also probably well diversified having some foreign stocks, some utilities, some technologies, and so forth. You need to find out who funds your type of business.

How much money do you need?

Investors tend to have an average range of cash available for an investment. For example, credit unions and banks tend to fund loans for items in the car, boat, and home price-ranges while government contracts can be in the millions. The smallest investors are probably yourself, your family, and your friends. The largest investors are usually venture capitalists and certain government agencies.

Try to match your need to a funding source that is capable of handling the amount you need. Consider also that you may need more than one source, working in concert, which is perfectly acceptable in many cases.

What is your purpose for seeking funding?

Does your investor want security or collateral? The reason you are asking for money affects who you ask. If you are financing growth or expansion, you might look to stock offerings instead of a bank or an angel. On the other hand, if you have assets in the form of inventory or accounts receivable, you may find finance companies who will loan you money with that as security. As you pay the loan back, you can borrow more up to a certain limit. If your purpose is to purchase property or buildings, you might want to seek out certain government loans who prefer this type of security.

At the same time, consider leasing or renting. If you need money to buy capital equipment or other fixed assets, such as special machinery for production, you may want to explore leasing it from the manufacturer with a buy-out option.

Your plan needs to highlight the purpose of the funds throughout. Use this information to help you select the right investor.

How risky is your business?

The more risky your business, the more return on investment you need to offer to attract backers. You have to be able to offer them more return than they can get a less risky investment. For instance, if the bank is offering 5% CD rates, you have to either beat that or find a way to lower your risk.

Be sure to match the amount of risk you offer with the right sort of vendor. For example, in banking, they mark up the money they pay depositors by about .1%. This is called the "spread." Your project has to not only pay back the entire amount but the interest too. In the back of the banker's mind, he or she is thinking, what happens if you can't pay it back? You have to make up any shortfall and losses from profit not sales. How much profit can you afford to lose?

For the investor, it would mean losing all the profit they would have made on their loan to you, as well as on the profit they would have made had they loaned that money to someone else who didn't default. This translates into about a 98% assurance that they will get their money back.

In addition, be sure that the way your plan is written doesn't give the wrong impression about your risk. Be honest, but be sure your perceived risk is accurate and not expressed poorly. For example, one measure of risk is your Debt to Asset Ratio. Look at your plan objectively and ask yourself if you would offer funding based on your financial picture. You may need to pay particular attention to the way you present financial analyses and ratios to be sure your business looks as sound as it really is.

For how long do you need the money?

Each investor has a particular term in mind. Many investors have more than one way to finance. For example, banks offer different terms for different purposes and amounts. Car loans range from 1-5 years: the longer the term the lower the rate. But the longer the term, the more money you end up paying. Home loans work similarly. On the other hand, venture capitalists typically don't want to be paid interest at all. They want to be cashed out in a fairly short time with a fairly high return.

Your plan should be designed around this need. Does your investor want his or her money back in a short or long term? Do they want it back in cash, in interest over time, or in stock? Can you convert the first loan into a second with a new investor, and cash out the first investor?

Do you plan to grow the business and then sell it?

This is a question you need to answer fairly early on in your business planning. This is a fundamental goal, and it affects the way you conduct daily business. If your goal is to grow a company and then cash out, your plan needs to address how you intend to do that.

The way you structure your finances for this type of goal is different from the way you structure a company you intend to keep and run. If you plan to sell, how are you making your business more attractive to a buyer? What sort of equity position do you have, and what sort of equity position will your investor have? Will there be a market for your company when you intend to sell it? Do you have a business broker helping you? What sort of financial picture are you trying to paint?

Are you seeking all your funds from one source or from several sources?

As mentioned above, some investors, such as angels, tend to fund in groups called syndicates or consortiums. This is for two primary reasons. One is that they want to spread the risk around. The other is that they cannot individually meet the amount you are requesting. Find out what each investor's dollar limits are.

This rubs two ways... Some investors don't want to share the return and would not want to join such an arrangement. Similarly, if you have previous funding from somewhere else, try to find out in advance how your new and current investors would feel about your bringing another investor on-board. You have to spell out very carefully the terms, risk, and standing.

For some investors, bringing others on board is expected. For instance, corporations expect it and they sell stock for that reason. They care somewhat about how much stock goes to any one shareholder but, in general, they welcome new investors. Similarly, general and limited partnerships are often set up to attract new partners. Some real estate partnerships, for example, have a few general partners who run the business, but actively solicit limited partners who only invest funds by buying shares of property.

If you intend to solicit additional investors, your plan needs to be sent to the right sort of investor. It has to spell out exactly how that arrangement would work and how each partner or shareholder divides the equity and risk.

What form of payback can you offer?

This may sound obvious. People pay back investors out of profits, don't they? Well, no. Actually, investments are usually paid back out of sales. If you start tapping into your profit, then you have nothing to pay yourself or your employees with. You also eliminate your ability to reinvest in your business without the need for further loans. See Part Two: Business Plan Financials, for more information.

There are many ways to formulate a payback strategy. Furthermore, each investor has a preferred method of repayment. For example, a venture capitalist generally wants to be cashed out. You have to show that you can earn enough to do that. Will you be in a position to sell the company when the repayment is due? Will you be in a position to make a public stock offering that will cover the debt? Or, can you take on partners who will cover the cash out?

For these reasons, it is important to find out what sort of repayment plan (exit/payback strategy) your investor expects. Then you need to figure out if you can meet that need one way or another. If not, find another type of investor or change the way you do business.

Do you have any intellectual property or other unique traits?

Investors are favorably impressed by companies who have intellectual property such as patents or proprietary technology because that can be a significant business edge. Even if you don't hold patents, you may have some other unique attribute that is in demand. Perhaps you have developed an electric car battery that lasts for a week without recharging before anyone else. That might be interesting.

List these unique features prominently in your plan. Remember that what is obvious to you may not be obvious to your reader. Tell your reader why this is an asset, how it affects demand, and how long this advantage will be yours.

What form do you want this investment to take?

- Do you want to retain controlling ownership?
- Do you want all the money up front?
- Do you want a line of credit? A secured or unsecured loan?
- Do you want to offer stock?

Be sure that you match your investment requirements with an investor who can handle it.

What Venture Capitalists typically want

Large, strategic markets

A market opportunity (customer demand) sufficiently large enough to build and support a business with at least $50 to $100 million in annual revenues. One way to demonstrate demand is to use a software product like "Search Triggers" (available at http://www.SearchTriggers.com) to show exactly how many people entered a certain keyword or key phrase into the Internet search engines. This is current reality. People are actually looking for these things and you can list the number of searched in your plan as well as PowerPoint presentation. Try different variations of keywords and keyword combinations to make your case.

Early-stage

Companies that have developed the basic idea and business strategy, assembled a core team of people, and perhaps made some progress raising their own capital or financing from family and friends. These startups are typically interested in raising $2 to $10 million in a first or second institutional financing round.

An aggressive, growth-oriented business plan

The company's business plan should demonstrate its plan for rapid growth—startups that can become #1 or #2 in a specific market segment. Your plan must show how your company will become profitable and provide investors with a significant return on their invested capital in the near future.

Proprietary technology or other barriers to entry

Can't someone come along and blow you out of the water? That's one thing investors are afraid of. So, how will you prevent others from eating your lunch? Investors love patents, but those take time and often can be circumvented by a clever competitor, nevertheless, if you have a clear technological innovation that is patented or warrants a patent, then use it. According to a patent attorney friend of ours, "a patent just gives you the right to sue someone." Keep that in mind. Anyway, what have you done, what are you doing, and what can you do to prevent competitors from entering your market?

Strong management

Investors want to see entrepreneurs with relevant and successful business experience who are bright, talented and have a deep understanding of their market space and the business model driving their company's success. (Not necessarily a complete team.) Many investors have a golden rolodex full of potential management team candidates, who have made them money before, they've worked with before, or they trust to get the job done – investors can be a wonderful resource for recruiting the talent you need and, with them on board, it makes the investment more attractive to the investor who recommended them.

An exit strategy for the investors

Show/explain how they will get their money back + a significant return on their investment. Notice that we don't say a "reasonable" return on investment. Reasonable is no fun and certainly not worth the risk they are taking on your deal. Who can you sell your business to and why would they buy it? Going public (IPO) is a long shot, do-able, but statistically a very long shot.

A desire for advice and coaching

If you are an "I can do-it-myself" smart-ass, you are doomed to remain all alone… Investors will likely invest because they can see their way to helping you succeed (e.g.

assure the success of their investment). If they can make a few calls and get your product in to the Sharper Image Catalog, for example, they will feel more inclined to invest because they can help. Likewise, if they feel that you will utilize their wisdom, then you won't make certain catastrophic mistakes. Many angel investors have certainly been through a variety of harrowing experiences that they never want to see repeated, and they certainly want to head you away from them. Are you someone who pays attention and takes the right action? Remember, these people have lived for a while on our planet and can smell/spot/sense a self-righteous ego-maniac in a heartbeat.

The company valuation must fit within risk/reward expectations for the investment

How much is your company worth? They all will ask. Remember, the value of your company is based upon what it will be worth in 3-5 years, discounted by the cost of money and especially the risk (or doubt) of you making it. This is why everything you do and put in your plan must add up! You must eliminate or minimize all risks (recognize and acknowledge them, then explain how you will deal with them). Your management team are the people who will take the investors' money and use it to build the business. Do they know what they are doing? Your numbers must make sense. Everything you do, say, and demonstrate must build value in your business – provide the maximum certainty of success by years 3-5 in order to sell your business for a high multiple.

Use of Funds

You must be able to demonstrate how you will use an investment to *complete* at least some of the following:

- Proof of concept
- Prototype of its product or technology
- Patent filing (for broad patent)
- Product development
- Product launch
- Major contract or customers
- Management team
- Reduce other investment risks

Sample VC return rates from expected payoffs

Payoff	Compounded Annual ROI
3 X investment in 3 years	44%
5 X investment in 3 years	71%
7 X investment in 3 years	91%
4 X investment in 4 years	41%
3 X investment in 5 years	25%
5 X investment in 5 years	38%
7 X investment in 5 years	48%
10 X investment in 5 years	58%

Management should also consider that VC payoff requirements, and their corresponding ROI expectations, lessen with the maturity of the Company in which they invest. Examples of the ranges of ROIs that VCs typically expect for maturing private companies include the following (see The Venture Magazine *Complete Guide to Venture Capital*, Clinton Richardson, 1987, pps 183-184):

Company Stage	Compounded Annual ROI
Seed or Startup	40% and up
First and Second Stage	30% to 50%
Third Stage and Mezzanine	20% to 30%

What can I expect a VC to do with my plan?

The average venture capital company receives several business plans every day. That translates into several hundred plans a year. They invest in only a handful – under 1%.

Expect your business plan to go first to a junior-level person, who will scan your plan, perhaps highlight some important parts, and, if you pass, send it on to a partner. Maybe one or two out of ten get this far. If it interests the partner, you will probably be called in for an interview, or the partners will go and visit your place of business. If there's still sufficient interest (maybe one out of 100 of the original plans sent get this far), the partners at the firm will begin serious discussions and evaluations, and perhaps think about how to negotiate an investment. This is far from a guarantee of investment - most companies that reach this stage are subsequently turned down. If you pass this stage, you are on your way to securing investors.

What can your investor do to help besides investing?

As mentioned above, some investors can offer management advice, product guidance, or business contacts. They are often a great source of contacts with other businesses or people that you might benefit from knowing. Having a good relationship with your investor can also help if you ever get into temporary trouble and need some understanding. Ask yourself:

- How typically rigid are they about the terms of the investment?
- Does your investor have shareholders or government regulators to satisfy?
- Does your investor make his or her own decisions or answer to a committee?
- When do you want the money?
- Do you need it all right now or a little bit at a time?
- Can you coast along as you are?
- Some investors move more slowly than others, and some investment instruments take longer to implement. For example, if you are self-investing, you may have to wait until your CD matures.
- Am I willing to invest in this myself? Some investors are impressed by your personal involvement or by a list of others who have invested in your business. Putting your own money where it counts can be very persuasive.
- Do you want to offer a share of your revenue for a period of time (a “revenue royalty”)

Here’s a useful blog post

Psyching-Up to Ask Investors for Money – takes the above concepts and brings them home to the converations you’ll have with investors.

Real entrepreneurs don’t raise money?

What if you could build your business, round up partners, convince vendors to give you credit and bootstrap your company to profitability? Anyone can burn cash, hiring a team, doing market research and paying for a bunch of stuff you don’t need – all of that takes away value from your business. And you are no better for the effort. Look at all of the dot.com losers. No success. No money. And no respect either. The low road is cashing out early – before you’ve built anything worth buying. Businesses are built every day without investors. Listen to any entrepreneurs who’ve endured them. What if you could design the whole thing right here and see your way through to business success? Get your company off the ground or to the next level by just being smart. Build enough value in your company to really stick it to them. Really? You ask. Yes. I say. Learn to think and behave this way and you will tune your skills, psyche and spirit to be one of the few that really makes it.

Those who buck the odds by “bootstrapping” their own enterprises are rare, experts say.

“It’s a huge anomaly,” said Mark Walsh, head of innovation and investment at the Small Business Administration. He estimates that as few as one in 50 brick-and-mortar companies and one in 10 online companies could build their businesses into $50 million or $100 million enterprises on their own.

But taking venture capital can be risky. In their haste to get financing, start-up founders often fail to read the fine print and later discover that they have signed away huge shares of the profits. In some cases, founders may be removed by the board of their own companies by the time the businesses are rapidly growing or plan to go public. For these reasons, some founders opt to take debt capital from banks and investors instead of giving away equity.

Revenue Royalties

Contributed by Robert Steven Kramarz of **IntelliversityCampus.org**

Before explaining Revenue Royalties, it's important to understand why selling equity in your company might not work.

Most entrepreneurs believe the ideal way to finance their company at an early stage, before bank loans are readily available, is to sell stock or equity – that is, to sell a percentage of the ownership of the company. You can still do this in cases of very fast growing companies in some niches such as computer software. To do this, your investors have to be confident you have a good chance to sell the company (or take it public) within a relatively short period of time, typically three to five years. In other words, investors have to believe your "exit strategy".

This gives them a shot at a "home run" – i.e. very large returns on their investment.

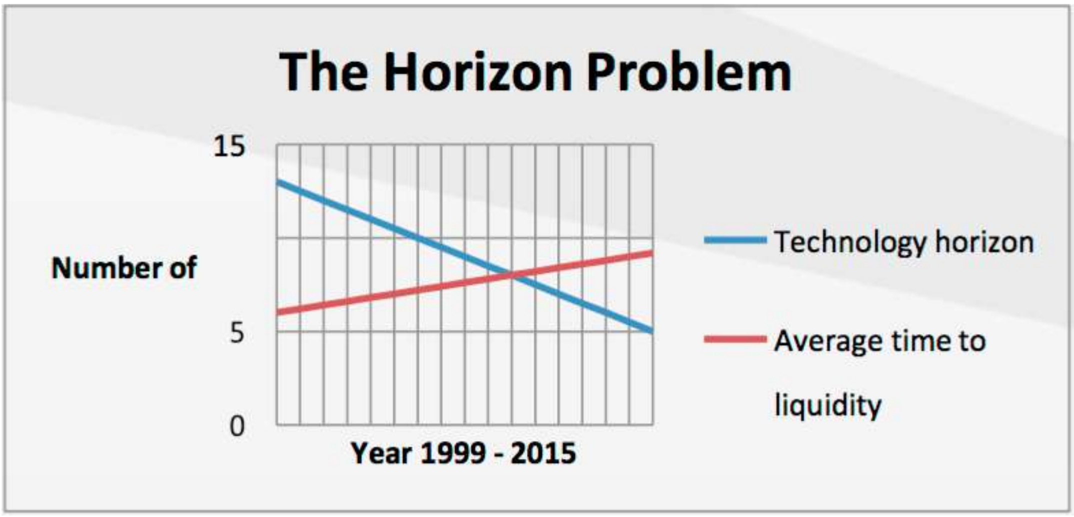
This still works in some sectors, the ones typically funded by venture capital funds today. Will it work for you and your business? Quoting Forbes Magazine, July 22, 2013, by Dileep Rao:

> "The reality is that most ventures do not qualify for venture capital and never will.
>
> According to the Small Business Administration, about 600,000 new businesses are started in the U.S. each year, and the number of startups funded by VCs was about 300. This means that the probability of an average new business getting VC is about 0.0005, and it also means that 99.95% of entrepreneurs will not get VC.
>
> Are your odds better if you are an existing venture? It does not seem to change much. More entrepreneurs may get VC, but the proportion seems to be about the same. Most VCs like to invest in ventures after the potential has been proven. In the first quarter of 2012, only three percent of VC funding went to startups. So about 97 percent goes to ventures on a post-startup basis, and the number of ventures funded increases to about 3,000-3,500."

What about financing by angels (high net-worth individuals)? These statistics vary widely, so we'll speak from our direct experience as members of Tech Coast Angels, San Diego chapter. (Both founders of Intelliversity have been members.) Over a period of years, we helped review about 30 deals a month or about 600 deals over two years. Total number of deals funded during that time by the chapter were about 20 – or 3%. 97% had to find funding elsewhere or never found funding beyond family, friends and personal resources. My guess is that no more than 10% of the companies that applied eventually found outside financing from some source, but it could be as low as 5%. Very few companies get angel financing from people they don't already know, let alone VC financing.

There is a way out of this quandary for many innovative companies (Revenue Royalties), but before explaining it, it's useful to answer the question, was this difficulty in getting outside financing for young companies always true? We can say from experience that these statistics were somewhat more favorable to entrepreneurs prior to the dot-com bust in 2000. What changed?

The change in the economy since then is not just a couple of recessions. It's more fundamental than that and more permanent.



The above graph represents our subjective experience, but we've verified this through countless discussions with other investors. The problem is simply that technology is changing more rapidly every year. The rate of change of technology is accelerating.

Think about it. Twenty two years ago in 1995 (if you were of thinking age at that time), you were probably comfortable (right or wrong) imagining the world ten years ahead in say 2005. The Internet was a dial up modem. Mobile phones were bricks. Most of us imagined these tools smaller and faster in 2005, but not fundamentally different.

Fast forward to 2015. Are you comfortable imagining the world in the year 2025? Robots everywhere building homes and fixing potholes? Cell phones replaced by inplants? We'll bet you're not comfortable betting on the world in 2025.

Yet, the average number of years it takes to secure a liquidity event (acquisition or public offering) has increased to nine years now and may continue to increase.

Some companies are purchased quickly for their strategic value (think Instagram) but most are forced to prove themselves. Usually, they're not purchased for their technology (as it's changing too fast) but for their customer base and their teams. Most new companies are never acquired; they become lifestyle businesses, which is fine for their owners and managers, not so good for investors.

So the bottom line is, investors can't predict when a company will be acquired, if ever. Most important for you, investors now know this. They know that buying equity in a company is usually a crap-shoot. Here's what the author recently wrote in an article for Angel Investor News:

"Knowing this, investors are increasingly insecure about every investment and compensate by assembling large portfolios and follow increasingly rigid standards of selection. We ignore most businesses presented to us because the odds of an exit seem too long. Then we demand large shares of ownership, knowing that most will never pay at all. In the end, your business probably does not receive funding. You're dreams lie in tatters.

"The answer is to stop selling equity. Start selling a share of revenue – a share of the future top-line revenues of your company.

Selling your future revenues instead of equity is known as "Revenue Royalties," "revenue participation," "revenue sharing," "synthetic royalties" or "revenue- based finance." This structure is now increasingly well accepted in the angel and fund communities.

"Why does it work in today's fast-paced world? With Revenue Royalties, investors appreciate that:

1. liquidity (i.e. cash coming back) begins almost immediately, and

2. liquidity does not depend on an exit event that may never occur.

"It's all about liquidity. Liquidity is built into the plan. Through built-in liquidity, Revenue Royalties turn long-term uncertainty into near-term certainty. This makes a real difference to investors.

"I've recommended Revenue Royalties to a number of companies in the last few years and more than half have succeeded in raising all of the capital they needed, and quickly. This can't be a coincidence. Investors do sit up and notice.

"In conclusion, purchasing equity in all but the most explosive or proven companies seems like a highly speculative gamble to most smart investors today. So they avoid it or offer unattractive terms to you, resulting in no funding at all. Most investors want a way to:

1. Reduce the likelihood of losing their investment, AND

2. Get the cash flowing back to them swiftly."

The conclusion you may draw from the above article is simple: many investors need and want to invest in Revenue Royalties. Your company can benefit from this movement.

You may not be convinced that this movement is large enough yet to put cash into your coffers. The primary alternative for most young businesses is selling equity (stock or ownership.) For that reason, before we present the details of Revenue Royalties as a way to obtain financing, consider the other reasons why selling equity in your business may be a problem for you now:

More problems with selling equity

Problem #1: Valuation

When they purchase equity, investors have to agree with you on what the company might be worth if sold at some future date, and what the chances are of being sold at that price. This is one key element that determines the current value of the company. Figuring this out is a process called "valuation." The problem is that this agonizing process can take four to six months even after you have located interested investors, and quite often you will never agree on the valuation. While they haggle, you and your team starve.

More times than you can imagine I've seen entrepreneurs who believe their company is worth about $10,000,000 right now, just after launch, while investors believe the company is worth only $2,000,000 or less. It takes a long time, if ever, to bridge the difference. Why the huge difference? See Problem #2.

Problem #2: Percentage of ownership

Ownership percentage has two main meanings to investors: 1) it gives investors some control over major company decisions, such as when to sell the company or take in other investments; and 2) it can give investors a big win on sale of the company, to compensate for the many deals that never perform as expected, and companies that never get sold. For these reasons, they want a significant share of ownership, usually above 20% and often

40% or more, and usually a seat on the Board of Directors as well. Do you want to give away that much now?

For the above reasons, investors typically know in advance what percentage of a company they want to own. This affects the valuation. If an investor wants to own only 10% of your company for $1,000,000, they will tell you the company valuation is $9,000,000 before the investment (the “pre-money” valuation.) However, if an investor wants to own 25% for their $1,000,000, then the pre-money valuation is only $3,000,000. This is why pre-money valuations seem to be much lower than what you think the value should be.

There is a natural disagreement about the percentage of your company investors should get: If they get more, you get less. If you have less, you have less to sell to future investors if you ever need them. You have less to share with key team members, and, most important, when you eventually sell the company, there is less of a reward to you at the end of the hard-fought game. It’s natural to want to hold onto as much equity as possible, or even all your equity, until later. So you may resist the unattractive deals offered to you, and this will delay or prevent receiving the funds you need.

The way around this disagreement is to offer alternative forms of investment that don’t involve selling equity at all, at least until the company is further along in growth. Selling Revenue Royalties is an attractive alternative.

Selling Revenue Royalties allows you to retain company stock until such time as you can attract investment without giving up a large percentage of equity – i.e. until such time as the company’s perceived valuation is much higher.

Revenue Royalties is a solution

A faster path to funding

The offer of Revenue Royalties attracts investors to companies, projects and non- profits that can’t sell equity, or can’t sell it at a price acceptable to you. Even if you can sell equity, Revenue Royalties eliminates the battles and the conflict. It eliminates the valuation process.

Even if you can sell stock, it’s faster and easier to find interested investors. They get repaid quickly and with reduced risk of losing their principal.

You get the money needed to survive and grow – win-win. Here then are the main reasons why investors often prefer Revenue Royalties over purchasing equity:

1: "Built-in liquidity" - Investors start receiving payments right away

Payments usually begin in the first few months or the first year or two, depending on agreement and when revenues begin to flow. We call this "built-in liquidity."

2: Investors experience less fear of loss

There's a lower probability that the principal investment will be lost because the investor does not have to wait for sale of company or public offering, which may never occur or which may take a decade or more.

When investing in Revenue Royalties, the investor typically receives back the principal in a relatively short period of time, often three to five years.

That is a shorter time in which the investor's capital is exposed to loss, and his exposure decreases each time he receives a royalty payment.

3: Investors need only believe your revenue projections

Investors need only believe your potential to generate revenues (or contributions and grants for non-profits.) They don't have to believe that you can sell your company or go public. They don't have to believe your exit strategy. You don't even need an exit strategy. Investors don't even have to believe you can make profits any time soon, though they do have to believe that you can sustain a revenue-generating operation; significant margins are needed to pay the royalties along with all your other expenses.

4: Investors do not need to agree on valuation or % of ownership

You will more than likely actually find investors with terms you can live with. With Revenue Royalties, you are not giving a percentage of the company, not 10%, not 40% – no percentage of ownership of the company at all. You hold onto 100% of the ownership of the company. So there's no need to agree on the percentage of the company the investor is buying or the value of the company.

This is assuming you are already generating revenue or have a very good reason to believe you will in the future. If so, chances are you can find investors who'll be interested in participating in a portion of your revenue. You don't have to be a rock star in your industry. All you need is revenues – now or on the horizon – and a believable plan to make them grow with financing. This means that your search for investors will probably be short, sweet and rewarding.

A caution of about profit margins: they need to be significant, in order for revenue royalties to work well. Paying a 5% royalty on gross revenues will cut directly into your operating margin, so a sound practice is to be certain that the investment you receive will more than recover the profit margin you sacrifice.

This could be achieved in many ways – for example through increased efficiency, expanded markets, through the development of new products and technologies, through acquisition of a competitor.

A company with very narrow operating margins that cannot easily be expanded should probably not consider revenue royalties as a method of financing.

5: If you do sell your company, investors get a home-run anyway

Every Revenue Royalty agreement should contain a home-run clause, often called a "redemption" clause. This allows owners to sell the company with compelling returns both to founders and royalty investors. More on this later.

Revenue Royalties are a proven investment vehicle!

Wall Street legend Arthur Lipper has been advocating this solution since the 1980's for innovative businesses. You can find it described in Mr. Lipper's landmark book, *Financing and Investing in Private Companies* (Probus Publishing, 1988.) In 2010, he received a U.S. patent on key methods of implementing this method, now called Revenue Royalties (or Revenue Royalty financing) as a powerful investment vehicle. So "discovery" is an accurate description of Intelliversity's relationship with Revenue Royalties. We hope you have the same joy of discovery while reading this short guide.

Download the free ebook from http://intelliversitycampus.org

Look for the ebook titled, ***"The Road Less Traveled."*** Author, Rob Kramarz further explains how revenue royalties work, how they can be structured, including several examples, as well as links to websites where you can play with a calculator!

The 4 Steps to Pitching Investors

The sequence of engaging investors goes something like this…

1. Elevator pitch
2. 2-3 page Executive Summary
3. 20-minute PowerPoint presentation
4. Comprehensive Strategic Business Plan

How to prepare… Do it in reverse order:

1. Develop a Comprehensive Strategic Business Plan
2. 2-3 page Executive Summary
3. 20-minute Keynote / PowerPoint presentation
4. Elevator pitch

The process of developing a comprehensive strategic business plan assures that you cover all the bases. I say 'strategic' because you must develop a business plan including your business model (how you will make money) that is actually a blueprint for what you intend to do — more than just a "document to get money". It will enable you to answer any questions thrown at you from investors.

Your financial model had better make sense and demonstrate a clear path to profitability and a high future business valuation.

Also, from here you can develop the Executive Summary highlighting the key features of your business and why it is a great investment. (Remember investors don't want to buy your product, they want to invest in your business. So it is is crucial that you focus on why yours will be a successful business.)

The 20-minute PowerPoint "pitch" enables you to quickly step through a logical sequence that sells your concept as a viable business. This will guide your agenda through your early meetings with investors. You will need to be quick to answer questions.

Lastly, your elevator pitch—as if you were in an elevator with an investor and had enough time to get their attention and generate some sincere interest in about the time it would take an elevator to go a few floors before they get out… you get their business card and a request that you submit your Executive Summary. The goal is to get a meeting to give your presentation.

The comprehensive business plan will be of interest as the investor considers your deal—before writing a check, they will want a comprehensive plan including your business strategy.

Then their due-diligence starts…

(This is where the investors check you out – and verify everything you say.) There is no 3-strikes and you're out – it's ONE STRIKE AND YOU'RE OUT! This is why it's crucial to really think-through your business and write it into a plan!

No matter which path to funding you choose, you still need a good business plan!

"I've never met Burke but am huge fan of his products and his company. In my various roles as a VP of Marketing at a $400M company, as an independent consultant, and as an entrepreneur, I have used several Business Power Tools programs. In sharp contrast to cookie-cutter, turnkey packages that promise much and deliver little, Business Power Tools products are clean, powerful, and effective. Based on applications you already know how to use – and tailored to specific issues, they enable you to ground your mission in reality while enabling your creativity to run free. I strongly recommend this man's company and products."

~ Carl D. Melville, Chicago, IL

Targeting Your Audience(s)

Nowhere is a man's imagination so fertile as in the discovery of new ways to say no to a man who asks for money.

- Joseph H. Shapiro

This chapter discusses the first step in writing your business plan—targeting and landing your audience. That means figuring out who you want to show your plan to, figuring out what that reader wants to know, and tailoring certain sections of the plan to ensure that it answers those concerns. This chapter also talks about some business writing techniques that can help you create a more professional, more interesting, and more inspiring plan.

Targeting Funding Sources

By now, you may have some idea of how much money you need to get your ideas rolling. Even if you don't know exactly how much you need, you should start thinking now about matching the type and amount of funding you want with the right type of funding source. Once you do that, you can find the specific investor or investors you want to send your plan to.

This exercise will not only clarify your thinking but can open your eyes to possibilities you may not have considered. You may actually find that you can get a better deal than you first thought possible, and you may find that your carefully chosen investor can turn out to be one of your biggest business assets in terms of management advice, secondary funding, and industry contacts. After all, once they are on board, they want you to succeed. Consider, too, that one of the major reasons for small company failures is under funding: not raising enough capital to survive the tough initial trials.

Writing a Plan that Gets Read

Investors tell one horror story after another about poorly written business plans. Although that may sound cynical, realize that you usually get just one opportunity to demonstrate your competence and the feasibility of your project.

With the information presented in this chapter, perhaps you now have a better idea who should read your plan. That selection alone goes a long way toward determining what information your plan should address. For example, you know that a venture capitalist expects a very different payback strategy from a bank.

Presume, however, that all you have learned is also known to your competitors: those other businesses who are also presenting plans to the same investor. Now, your only remaining edge is to write a more dazzling and communicative plan than they have. This part of the chapter helps you do just that.

Are you asking for first-round or second-round financing?

Some investors won't offer first-round funding. Instead, they specialize in second-round funding. Second-round financiers feel more comfortable funding companies who have proven that they can meet first-round goals.

Find out which type of investors fund companies at your stage of development. Your plan will be rejected out of hand if you don't choose wisely. Moreover, you don't want to go on record as having made this type of mistake lest you have to come back and ask for an investment from this same person or agency later on.

First round financing is usually a subject for venture capitalists, government loans and grants, and angels. Second-round financing, which typically goes toward expansion and growth, is the specialty of other types of investors such as banks, finance companies, and business brokers.

Imagine all the other plans your investor may also he considering. Is your plan competitive?

Think about which points make your business most competitive. Those are the points that make your plan competitive too. You are competing for funds that other companies want. Consider your strengths and illuminate them. For example:

- Can you offer a cash payback?
- Do you have other lenders involved so each one's share of the risk is smaller?
- Is your business is low-risk?
- Is your business high-risk but in a well-documented emerging market?

Put yourself in your investor's shoes

Even small companies should not overlook their ability to compete, although they often do. For example, if you can get space for your pizza parlor in a mall, you are probably more competitive than the street-corner pizza parlor asking for funding since you have the benefit of greater foot traffic found in malls. If you were investing, wouldn't you, all other things being equal, choose the mall company on that basis?

Tailor your material to your audience. You would not present the same sort of plan to a loan officer in a bank as you would to a venture capitalist, a grant agency of the government, or even to a potential key employee. This does not mean that every part of your plan must be different for each audience, it simply means that you rely on your research about what sort of things your loan officer or your venture capitalist cares most about. Be sure that you have customized your plan so as to specifically address those different interests.

Often these differences show up in the Executive Summary, the Exit/Payback strategy, and in other financial sections. For instance, a venture capitalist is interested in higher risks because of their higher gain potential and wants cash as repayment. The loan officer in a bank wants almost the opposite: a low risk, modest gains, and will accept other forms of payback. Read more about this in the section, "65 Ways to Finance Your Business."

The Components of a Business Plan

The plan is nothing.
The planning is everything.
- Dwight D. Eisenhower

There may have been a day when people read business plans cover to cover. Not any more. When they get close to giving you the money, they might, but first you have to grab their interest and answer their questions. We recommend organizing your business plan like a reference guide allowing readers to turn directly to the information they want. Different people want to know different things; some things are more important to some people than to others.

To help you visualize a business plan, here is a list of the sections of a typical business plan, in their typical order, and a brief description of what each one contains. Don't be concerned if you don't immediately see how to write such a section for your business, or if it sounds like way more information than you could possibly generate. This is a standard format that can be adapted equally as well to the smallest one-owner shop as to the largest corporation. The components of a successful business plan and a brief description of each section are described below.

The core components of the business plan, which will place the "story of your business" on paper, are as follows. A plan, if done properly, will have addressed each of the areas:

Cover letter

Tailor and introduce your plan to a specific audience.

Title page

The title page of your business plan provides the name, address, phone number and email address of your company and the CEO. For your first impression, make a bold, clean visual statement about your company.

Table of Contents

Ideally, your business plan will be a reference guide to your business and not a novel or thesis. Number your pages. I highly recommend starting a new section on a new page. Colored tabs dividing each section makes your plan immediately appealing and easier to use. When I recently reviewed a number of plans during the University of Texas Moot Corp Business Plan Competition, I was immediately drawn to the one with the color tabs—the other judges admitted they were too.

Executive Summary

Your Executive Summary will either inspire an investor or not. This will only open the door to further discussion and exploration. The rest of your plan must provide the whole story with proof, logic, and the introduction to the people who will be response-able to build and run the business.

This is the synopsis of your business plan and summarizes the highlights of where your business is going and what it will look like when you get there. It is the portion of your plan that will be first read by investors. You had better get to the point and be interesting—explain why your business will make money and is a great investment. (To bankers, it should demonstrate common business sense and that you have the ability to pay back their loan.) If you lose readers here, forget having them read any further.

In 3 pages or less… summarize the value proposition of your business. What is the present situation in the world and how will your business solve the problem or provide what people want now? What is the status of your product or service? What management is in place? Finances? How much money do you need and for what? Who do you need to hire? Sales? Do you have any reference customers? (A wonderful indicator of viability!) Write this summary AFTER you have completed your business plan and keep it to no more than two to three pages. One VC told us he wanted to see a software package that could reduce a business plan to 2 pages!

Presume that the person receiving your business plan does NOT have time to read your full document. On average, the typical Venture Capital partner receives 3 to 5 business plans per week; he/she does not have time to read them all. Your executive summary is the vehicle buy which you hook the reader onto your idea and inspire them to want to read on further.

- The Business: describes the company, trade name, vision and mission

- Industry Analysis - trends, demand outlook, barriers to entry and growth, impact of innovation and technology, impact of economy, government and financial health of the industry
- Market Analysis - trends, size, competition analysis, projected market share, decisions on products and services
- Description of the technology required to develop your products;
- Summary of the resources needed to develop the product and bring it to market
- Capital requirements
- Incorporation of feedback you have received from those who have read earlier drafts of your Executive Summary.

Company Overview

This section provides basic information about your company: structure, management, staffing, operations, and business relationships. Include basic information such as its legal name, form (C Corp, LLC, etc.), current stage of development, and other information.

Tell your reader who you are and where you are headed as a business. It includes your vision and mission statements. This is the part that, throughout history, has made the difference between great leaders and failures. (Good or evil, selling their vision made the difference.) Your vision comprises your emotional drive to build your business to be something great that others can support and share in. State your objectives: Where are you going, what will it take, and what are you going to do with the money? Investors want to know how and when they'll make zillions on their investment in your business.

Market Analysis

Present research and conclusions about what industry you serve, who your customers and competition are, and why your products and services are competitive. This section helps you understand and define your market, the demographics and psychographics of your target customers, competitor's products or services, and both business and environmental risks. Who are the people out there who will buy from you? Why will these customers buy from you vs. your competitors? Find 10 people/companies who are prospects and find out what they need/what problems they are having.

- Industry - trends, demand outlook, barriers to entry and growth, impact of innovation and technology, impact of economy, government and financial health of the industry
- Market - trends, size, competitor analysis, projected market share, decisions on products & services

- *If we got just 1% of the xyz market…* NEVER SAY THAT! It reveals that you are lazy and have no idea how big the market is and how much of it you might reach.

Products & Services Strategy

Describe your products and services, why you chose to or plan to develop them, how they are made, priced, and delivered, and other information. This section reviews your current product or service and what makes it unique and competitive. Your future research and development and production plans are part of your product strategy. Engineer types have a tendency to overemphasize this section — save that for a demo when the investors request it-great products and services have died without a good business model and the right people to run it.

- Products & Services: outputs, sales mix, costs and profits, expansion of services and product lines and product/service lifecycle
- Define the value proposition of your products (how will you compete price/performance/lower cost-of-ownership)
- Anticipate what the competition will do once you introduce your product
- What Intellectual Property will you be developing Pricing
- Estimate the cost of your product. Is your product economically viable?
- Assess yourself: Do you have a competitive advantage?
- Assess yourself: Are you a company or just a product?

Competition

Denying the presence of competition is the easiest way to terminate your investor presentation. An overview of the competitors in your market place – WHY customers will want your product/service, instead of those from established competitors.

- Competitors prove the market
- Status quo? Competition comes from the current method is still better.
- Direct / Indirect Competitors?
- Forces working against you?
- Who loses if you win?

Marketing Plan & Strategy

The world will “beat a path to your door”... only if they know who you are, what you've got, and where to reach you. This section outlines, based on your market analysis and other plan data, how you intend to create awareness, interest and demand. It explains how you will actually sell your product to your customers and includes selling methods, distribution channels, advertising and promotions, pricing and profitability, public relations, and business relationships. How will you use an investor's money to efficiently sell to your customers? This should not be treated as something you'll work on later. It's a key component of your plan that affects everything you do throughout your business.

- Location, distribution channels, sales, pricing.
- Networking, circles of influence, Internet, brochures, sales systems and database

Management Team

What's a nice person like you doing in a business like this? How does your background and that of your management team uniquely qualify you for driving your business to success. Can you really relate to the customers of your business and deliver what they'll really buy? (Corollary: Start a company for which you are a customer.) Can you pull this off?

Who have you hired to do the job? In a way, you are providing a mini-interview with your management team members to assure an investor, banker, or corporate manager that you have lined up the right people to make your project go. This section is one of the most crucial. The only thing that will ensure success is the day-to-day activity of qualified people in the driver's seat following a plan toward a vision.

I recently was a judge for the San Diego State University business plan competition where 20 schools sent teams to pitch their business concepts. As I listened to their presentations and reviewed their plans, I was amazed at how these almost college graduates expected us to believe that they had the management experience and skill to run operations, marketing, and finance of their companies. It would have given them tremendous credibility if, instead of trying to convince us that they had enough experience, they outlined their intentions for hiring experienced managers to run key areas of their businesses. Although this was a college exercise, they were promoting real businesses. Put yourself in an investor's or banker's position. Would you give $50,000 to $5,000,000 to inexperienced people who try to convince you of their experience, or to people who demonstrated the sense to hire competent managers?

- Operations & Organizational structure, responsibilities and support (professional services)
- Implementation Plan - staff, staffing issues, systems, communication, bookkeeping, equipment, software, office, furniture, fixtures, land & buildings, research & development;

Present Situation / Traction

Give a snapshot of what you have accomplished so far. Patent filed, prototype working, etc. This will change as you work on your business. It gives an investor an updated starting point to understand where you are currently and what value you have already created. The idea is to continue building value in your business – the longer an investor waits, the higher your valuation.

Risk

Be the first to identify the potential risks and downfalls (liabilities, environmental issues, contract termination, etc.) and show how you plan to reduce or eliminate identified risks or threats. Identify the potential trends/technologies that could effect the development and growth of your type of business. If the investor uncovers the risk before you do, then you are on the defensive, looking as if you don't really know your business.

Financial Plan & Projections

Describe your current financial picture, your projections for growth, tells your reader what sorts of funding you need (how much, when, and for what purpose), and explains how you intend to pay it back. This section addresses your ability to make money in your proposed business and how much money you'll need. Your company's capital requirements and the profit potential are analyzed and demonstrated here.

- Revenue & Expense Assumptions
- Start-up costs, cash flow sensitivity analysis, cash flow, expenses, inventory, etc.
- 12-Month Budget, including your Start-Up Requirements
- 12-Month as well as a 5-Year Income (Profit & Loss) Statement
- 12-Month as well as a 5-Year Cash-flow Projection
- 12-Month as well as a 5-Year Pro Forma Balance Sheet
- Break-Even Analysis
- Cash Flow: Sources & Uses of Funds Summary
  (The most important financial schedule in your business plan:
  1) how much cash do you need?
  2) when do you get to break-even?".
- Sensitivity Analysis showing Pessimistic, Planned and Optimistic scenarios
- A projection of your company's value after 5 years is also very useful.
  (It's also amusing to see what your company will be worth after 5 years of effort!)
- Capitalization Table – How the shares of stock are allocated

Revenue Plan. Show in detail how you plan to generate your revenue. You can do this one of two ways. First, you can estimate the total size of the market you want to target and then estimate the share of this market you want to capture. This is commonly referred to as a “top-down” forecast. Second, you can identify the customers you want to target and then estimate the revenue you will generate from each of these customers. This is commonly referred to as a “bottom-up” forecast.

- Identify potential sources of funds
- Venture Capital
- Banks
- Angel Investors
- Large companies (“strategic investors”)

Are your financial projections believable?

I've never met an investor who believed in anything beyond five years -- their financial attention span is fairly short and they want to be out with their profit in less than five years. Investment performance, measured in return on investment, takes time into consideration-the more the sooner, the better they did. The idea is to get ‘em in, make ‘em rich, get ‘em out.

Supporting Documents

Here is where you add your collection of extra information that you feel is too detailed for the body of the plan but would help a reader understand some point or conclusion you’ve made. For example, it can include copies of various financial statements, product brochures, resumes, media kits and schedules, advertising, complete list of objectives, and more.

You may actually have more of this material than you think. You may already have a substantial amount of knowledge just floating around in your head, or written down on notes or memos, or written down as receipts and ledger entries, all just waiting to be organized into a plan.

You may even have one or more documents already written, like a budget or resumes, that you can use as-is or its contents can be inserted into the right plan section.

The information you already know or have developed to this point won’t go to waste! It will speed your plan-writing efforts. For example, if you have a product brochure, a profit and loss statement, tax returns, pictures of your site, even a checkbook: everything helps.

Your reader's perspective

In addition to providing a large amount of data, you must show your personality and spirit, and those of your management team. You're attracting interested people who can help you. The tone and credibility projected in your business plan will determine their response. How will your reader perceive you and your business and take action ($) on that perception? Remember this and be prepared.

Investors are often heard telling one horror story after another about a business plan "stubbing its toes" on its way into their office. One opportunity is usually all you'll get to demonstrate your competence and the feasibility of your project to your investors, senior executives, or clients. These are influential and powerful people. Don't waste their time, bore them, or leave them feeling dissatisfied with your work. Show them that you know what you are doing. Think in terms of return on investment. Show that you can project your company's earnings. Prove that you can execute your plan.

Notes

- You must proceed down the path to attract the opportunities you need.
- A business plan is a comprehensive brochure that sells your ideas.
- A business plan takes your nonlinear thinking and coordinates it into a logical progression of concepts following one after another.
- The description of your business, market, competitive position, and so on all provide credibility for your financial projections.
- The deal is won or lost in your assumptions and your ability to sell them.

Ten questions to ask about your plan

1) **Are your goals tied to your mission?** The goals you choose set your priorities and how your run your company. Your goals must be tied to your company’s mission so that you’re heading in the directions in which you really want to go.

2) **Can you point to major opportunities?** For your company to grow and prosper, your business plan must point out the major opportunities coming your way, i.e. technology, markets and distribution, and outline the actions your company intends to take now so as to be in a position to take advantage of those opportunities in the future.

3) **Have you prepared for threats?** Your business plan should point out possible problems that loom on the horizon, i.e. a market slowdown, new regulations, or increasing competition, and offer ways to prepare for them or even turn them into a real business opportunity.

4) **Have you defined your customers?** Customers should be divided into market segments. Each segment places its own demands on your company. You need to identify: Who is buying? What do they buy?; and Why do they buy? Your plan should explain how your company intends to serve those customers better than anyone else.

5) **Can you track your competitors?** Your business plan should cover what you know about your competitors and, more importantly, how you intend to keep track of them on an ongoing basis. Moreover, your plan should address how you intend to use what you learn to choose competitive battles you can win.

6) **Do you know your strengths and weakness?** Your business plan should list your company's capabilities and resources, from management skills or research expertise to operations and distribution strength or loyal customers. But the plan should go on to describe how each of these capabilities or resources is either a strength or weakness, given your business situation and the industry in which you compete.

7) **Does your strategy make sense?** Your company must have a realistic strategy that's logical and rational about what can be accomplished and how long it's going to take.

8) **Can you stand behind the numbers?** Your financial statements are your company's report card, so to speak. They should paint an honest picture of your company. Your business plan should include a realistic financial portrait, based on assumptions that you believe in and numbers that you trust.

9) **Are you really ready for change?** Your plan should acknowledge that you don't have a crystal ball, so present some options for the plans you've made. Ask and answer the question, "What if…?"

10) **Is your plan clear, concise, and Current?** Your plan is a living document, so make sure it's in a form that easy to update.

How long should my business plan be?

30-50 pages should suffice. Anything longer than that and you risk alienating a potential investor, or you force them to skim through the document rather than read it. You won't be impressing anyone by creating a 200-page document – what's contained in the plan is much more important than how long it is. The more concise and readable you business plan is, the more focused your business will appear.

Investors will tell you they want just a 3-page business plan. Give them your executive summary. If they get interested, they will ask more questions (see all of the above). The fact that you went through the process of writing a comprehensive business plan enabled you to write a concise summary. Now you can answer all of their questions – before they write a check they will want to read the 50-page plan. This is why we have heard so many success stories.

Focus on those details that tell your business' story, that set you apart from your competition, that make your business appear to be a good financial investment, and that show you will be profitable.

In terms of style, make sure your plan looks professional, but not flashy. There's no need to spend lots of time creating glitzy graphics and charts – just make sure that the ones you use tell your story and are easy to read and interpret. You also don't need to use multiple fonts - one or two standard business-like fonts like Times or Helvetica will do nicely.

How does a 14-hour a day, 7-day a week entrepreneur…

get his/her work done daily while at the same time write a detailed and meaningful business plan for expansion? We are in a chaotic business and every minute there is a new business issue to attend.

The two immediate paragraphs below will expand upon my answer. Seek professional assistance and both of you collaborate using the same software tool. This way you can do as much or as little as you can afford the time, plus you have a professional who is responsible and motivated to complete your plan for you, but you can easily monitor everything at a glance. BizPlanBuilder is a truly web-capable collaborative business planning software tool and you can find a capable consultant (either nearby or elsewhere) on our website.

Should I hire someone else to write my business plan?

It is essential that your business plan reflects your personality and your goals. As the small business owner, you need to decide what your business' short and long-term goals are, and you need to make the planning decisions. You cannot leave these decisions up to a surrogate, whether it's a business plan consultant, your lawyer or your accountant.

Moreover, creating your business plan is an extremely useful exercise for you to go through because it leads you to think about many issues many business owners often avoid -- your industry, position in the market, competition, development and manufacturing capabilities, pricing, risks you may face, and ultimately your profitability. Taking the time to ponder each of these things yourself will give you a better perspective.

Hiring a business plan writer may be very helpful, especially to provide more eyes, ears and ideas. Just make sure you are fully involved in the process. The writer should invest the time interviewing you to get your input and be familiar with your goals and personality. You need to be able to provide documentation for any statement you make in the plan and the finished document must express your objectives and provide the rationale for everything you want to do. It’s your business, so start acting like one by requesting extensive editing and rewriting if necessary to get it right.

If you are not confident in your writing abilities, you might want to hire a business plan writer to rewrite your plan after you've taken a stab at a first draft.

Finally, have someone review your plan for grammar and typos before you send it out to investors. Ask a colleague, friend, or spouse to read your plan.

A professionally prepared business plan uses the services of a business consultant who can pull this information from the business owner and articulate it in a way that he/she cannot do on his/her own. Some business owners have neither the skills, nor the time, to develop an effective business plan. Hiring a professional to make it happen can often be the best investment than he/she can make! Business Power Tools can provide referrals to a writing professional to assist in the formation of your business plan.

Should I use business plan software?

There are a wide variety of software programs on the market designed to help you prepare a successful business plan. These programs vary, but most include a dedicated word-processor, a detailed outline, and some interactive tools which can serve as a starting point for creating a plan.

Without software, even thinking about writing a business plan sucks. You would probably rather be out talking with customers. Tweaking your product. Floating in the pool on a hot afternoon. What good would a business plan do anyway? The real reason is that it saves you from having to explain yourself over and over again. Do this once, get it right, and get on with it. It's also a brochure that sells your ideas for a money-making machine to everyone you need to help you. The better job you do, the better deals you will make with all of them. For $100, BizPlanBuilder gives a lot of real world wisdom, mastery of the process, and a good explanation you can give just once.

Much like using a consultant, don't expect the software to write the plan for you. It is still up to you to make sure that the plan honestly reflects your business' goals. Also, be on the lookout for software that will generate a plan in a "cookie cutter" approach. You don't want your business plan to look just like someone else's. It needs to stand out from the pack to get noticed.

Making your business plan work

As you put your business plan into practice, stop and take a step back on a regular basis. Ask yourself the following questions:

- Do the procedures that you come up with make sense in terms of the kind of organization that you're creating?
- Does your leadership promote the sort of company culture that you'd like to see?
- Does the shape of your organization encourage the skills that you need your employees to have?
- Do the procedures that you put into place make your company culture stronger and more focused?
- Do the skills that you emphasize add to the leadership qualities that you want to develop?
- Does every last thing that you do support the business plan that you're working toward?

So, which business plan software is it going to be?

You probably have a small window of opportunity to get your plan done. (Even a smaller window for choosing which business planning software to use as your foundation.) You are smart to be using software. Worst case is that you download them all, try them out (Please read the actual text! – this is what you will start with and upon which what everyone will judge you.) If they suck, email for your money back.

We make writing a business plan worth doing

Without software, even thinking about writing a business plan sucks. You would probably rather be out talking with customers. Tweaking your product. Floating in the pool on a hot afternoon. What good would a business plan do anyway? The real reason is that it saves you from having to explain yourself over and over again. Do this once, get it right, and get on with it. It's also a brochure that sells your ideas for a money-making machine to everyone you need to help you. The better job you do, the better deals you will make with all of them. For $100, BizPlanBuilder gives a lot of real world wisdom, mastery of the process, and a good explanation you can use over and over again.

So, which business plan software should you buy?

You can start with a free outline from the SBA – we cover that and more. Besides, they don't give you any ideas for what to say. None. They even have a link to a site with sample business plans – I can't even begin to tell you how many complaints we get about that product (yes, it is provided by a competitor).

You want a wizard. OK, another option is to buy a program that builds your plan after you answer about 1200 questions, but these questions are all asked in a vacuum, meaning that they are one after the other with no sense of context where/when/how/why they will be used. Answers-in – **black box** – text-out. Then you export the entire thing to Word and edit. Ugh! Is this the plan you want to present to an intelligent investor, lender or friend? When people refer to cookie-cutter plans that scream cheap, this type of business planning software is what they're referring to.

In BizPlanBuilder, you read the text in a word document, edit the suggested variables (it's like multiple choice, but you can change the answers), edit the surrounding text, move on to the next section… easy.

In school, you would get kicked out for cheating if it were this easy!

BizPlanBuilder user

Strategy… Organization… Cooperation… Capital!

This is the proven, professional business plan software recommended by thousands of bankers, consultants, entrepreneurs, and investors for developing, organizing, analyzing and presenting your business for financing.

Originally, we wrote plans for clients, then ourselves

From the very beginning, our goal has been to support people developing new products and services to help (save?) our world. We want best stuff to prevail! Entrepreneurs, inventors and others who offer something great, and must succeed in the face of extraordinary competition, overwhelming odds and tight budgets, need all the help you can get.

At first, we focused on other's businesses and helped them put together pitches to investors and lenders. The idea to turn our materials into software evolved with feedback. That was great for versions 1-5. Then we wanted an SBA loan (we used BizPlanBuilder and expanded it to address the SBA's requirements), then we wanted a line of credit (we used it and improved it to address all the bank's questions), we used it again to develop relationships with suppliers (we improved it further to address their concerns), and we added and refined it further to get investments from professional investors.

If you need to raise $50,000 – $50,000,000 right now, BizPlanBuilder is the most respected software system to build your case for financing with terms you want.

It covers the entire spectrum of what you need to organize your ideas and substantiate your case for the successful future of your business and return on investment:

- Elevator pitch worksheet
- Executive summary
- Business plan narrative
- Financial model (wizard-driven & Excel)
- Investor presentation / pitch deck
- Intro letters to Friends/Family, Angel Investors, Venture Capitalists & Lenders
- Due Diligence Checklist

BizPlanBuilder includes fully scripted sample narrative sections, integrated financial pro forma worksheets, and investor presentation templates you can easily customize for a perfect fit to your business.

Expert comments throughout, plus step-by-step video guidance make it easy.
Plus, we include all the supporting documents you need to raise capital!

"BizPlanBuilder is our BEST BUY because it cuts through the complexity of developing a plan and helps you produce slick-looking results. Its exhaustive template walks you through the every step from cover letter to appendix, with plenty of samples… BizPlanBuilder also offers a better collection of financial tables, ratios, and projections than any competitor." ~ Mike Hogan, *PC World* Magazine

"The questions and advice included with BizPlanBuilder are, in our opinion, the best part of the program. We recommend BizPlanBuilder because it gets you thinking about what it takes to start and run a successful business. And with a price tag of $97, it costs a lot less than a consultant." ~ *Jeff Dodd, Smart Computing*

"I have been using BizPlanBuilder in my own business, and in my capacity as a successful CPA/Consultant, for many years now. It is a terrific product, extremely useful, with output that is well received by lenders and investors."
~ Ernie Neve, CPA, CVA, CTC, CVO of The Neve Group,

What customers say after comparing business plan software…

- BizPlanBuilder is lot **easier to format…** I can just pour my own words into what has already been set up.
- [competitor] is not as detailed as BizPlanBuilder (PC World concluded the same thing.)
- The **spreadsheets in BizPlanBuilder are much more thorough and flexible**, and cover a wider range of possibilities. (PC World concluded the same thing.)
- BizPlanBuilder's **financials all interact together** ([competitor]'s are fixed.)
- I can modify the financial models in BizPlanBuilder (In [competitor], I cannot.)
- It's easier to print the BizPlanBuilder financial statements.
- BizPlanBuilder is **altogether much easier to complete**.
- BizPlanBuilder allows me to plug in my historical numbers and go forward [competitor] is like starting from scratch.
- [competitor] doesn't help me **calculate the value of my company and the stock give-up**. BizPlanBuilder does.
- While [competitor] may initially impress you with some technical bells and whistles, the end result that I show investors is dramatically superior with BizPlanBuilder from Business Power Tools.
- I have edited a number of business plans written from software, regardless of [competitor]'s many sample plans (which I had to reconstruct), BizPlanBuilder provides a far superior basis for a business plan. It is by far **better written, better structured**, and makes much more sense in the final analysis.

You're building a business… Lots to do… No time… Not enough money…
Can't afford *any* mistakes… You want it your way…
It's got to last… *We understand*!

www.BusinessPowerTools.com

Who and what is Business Power Tools?

Business Power Tools is a contemporary USA-based software developer providing project-specific, expert knowledge in mindful time-saving apps and templates that inform and support your thinking and decisions for launching, building and succeeding in business with minimal effort and BS!

More than electronic versions of the same old thing!

As entrepreneurs ourselves, we appreciate the blend of art and science needed to give you just the right amount of information in just the right format to get the job done—without burying you in details. More than 2,000,000 business owners, managers and consultants have used and trust Business Power Tools' products.

Cloud-based dashboard – Collaboration over multiple projects

Business Power Tools Apps Work Alike & Work Together!

Now it's easy for your team to work together. You can find other apps to do each of these projects, but then you'd all have to learn how to use each of them… Instead, Business Power Tools apps and templates are built on the same intuitive software platform — learn one and you've learned them all! Imagine your team and advisors all on the same page!

How much money do you need to fulfill your dreams?

Your answer may surprise you!
Your business is your money-making machine that will finance fulfilling many of your dreams – How much do you want?

How Much Will My Dreams Cost?

This handy spreadsheet tool will help you determine how much money you'll need to have/do everything you want.
Go ahead and have a little fun... now you'll know what your financial goals are!
You Can Change the Variables in Green - Black is the Calculations

					Financing			Maintenance	
What I Want to Have/Do	Description	Cost	Down Payment	Cash Required	Interest Rate	Term (Years)	Monthly Payment	Annual	Monthly
Home	Santa Barbara	$ 3,000,000	20%	$ 600,000	3.5%	30	$ 10,777	2.0%	$ 5,000
Car	Aston Martin DB9	$ 200,000	20%	$ 40,000	5.0%	30	$ 859	2.0%	$ 333
Car	Range Rover Sport SC	$ 85,000	25%	$ 21,250	7.0%	4	$ 1,527	5.0%	$ 354
Truck		$ 45,000	25%	$ 11,250	3.0%	4	$ 747	5.0%	$ 188
Airplane	TBM 900	$ 1,000,000	15%	$ 150,000	8.0%	15	$ 8,123	5.0%	$ 4,167
Airplane	Waco Biplane	$ 250,000	20%	$ 50,000	10.0%	15	$ 2,149	10.0%	$ 2,083
Membership	Country Club	$ 25,000		$ 25,000			$ -	25.0%	$ 521
x	All new appliances	$ -	20%	$ -	9.0%	3	$ 0		$ -
Tools	Complete Set	$ 20,000	20%	$ 4,000	22.0%	2	$ 830		$ -
Parties	4/yr	$ 20,000		$ 20,000	0.0%	5	$ -	100.0%	$ 1,667
Clothes		$ 50,000		$ 50,000			$ -	20.0%	$ 833
Furniture		$ 45,000		$ 45,000	10.0%	1	$ -		$ -
Travel		$ 50,000		$ 50,000			$ -	100.0%	$ 4,167
x		$ -		$ -			$ -		$ -
		$ -		$ -			$ -		$ -
		$ -		$ -			$ -		$ -
		$ -		$ -			$ -		$ -
		$ -		$ -			$ -		$ -
		$ -		$ -			$ -		$ -
		$ -		$ -			$ -		$ -
		$ -		$ -			$ -		$ -
		$ -		$ -			$ -		$ -
Usage & Upkeep Costs	Home, Plane, Boat						$ 19,313		
Additional Living Expenses / Month		$ 7,000					$ 7,000		
Total	*Everything You Want!*	$ 4,790,000		$1,066,500			$ 51,325		$ 19,313

Assumed Return on Invested Money: 10%
Assumed Tax Rate: 39%
Additional money you would need to invest such that the after-tax return on investment paid all of your monthly payments: $ 10,096,623

Your Number: $ 11,163,123

Note: No cash and 22% (it varies) financing presumes you'll put it on a credit card.

Visit BusinessPowerTools.com and download this free calculator!