



Finally, a business plan guide that asks *all* the questions investors want answered.

Rochester/Finger Lakes Business Plan Guide for Technology Companies



R·I·T **Venture Creations**



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Introduction

This guide is intended to serve as a common business plan template for use in all “early stage” startup activities in the Rochester metropolitan area.

This guide was developed for those:

- creating their first business plan
- finding it difficult in receiving uniform guidance as to what needs to be included in a business plan
- being requested to revise, recreate, and/or wordsmith their plan periodically to reflect nuances requested by various groups who would review their plans.

The intent is that this guide would eliminate these issues, thereby allowing the Rochester startup community to focus its energies on the companies and their prospects in a more efficient manner.

The value-added this guide presents is simple: we approached many of the area’s sources of capital – angel investors, venture capitalists and others – as well as business coaches and mentors, who told us what they want to see in a business plan. This is what the Rochester area’s technology investors want to know; this is your guide on how to give them what they want.

An outline format has been developed, guided by the belief that a wordier document would be less likely to be read/used.

This guide is just that, a framework that will require more or less detail depending on the maturity of the business and the intended use of the plan. For example, a plan developed as an application for admission to an incubator is likely to be less complete and perhaps less fact-based than one used to request funding.

For those developing their first business plan, the technology investment community realizes that many assumptions will be made that might prove incorrect based upon new information and that revisions are likely.

Bob Kot, High Tech Rochester

Rich Notargiacomo, RIT Venture Creations

Table of Contents

EXECUTIVE SUMMARY	4
MARKET OPPORTUNITY	4
PRODUCT/SERVICE/TECHNOLOGY	5
COMPETITION.....	5
SALES/MARKETING STRATEGY	6
MANUFACTURING/SUPPLY OPERATIONS (IF APPLICABLE)	8
FINANCIALS	8
COMPANY/MANAGEMENT OVERVIEW	10
SUMMARY	11
APPENDIX	11

Executive Summary

- 1-2 lines from each section below
- Include summary chart for revenue, expenses and EBITDA
- Include funding requirements to complete commercial product, alpha, beta, enter market ramp up sales etc.

Market Opportunity

- What problem are you solving?
- Who has this problem?
- How are they solving it today?
- What is the market size and growth rate
 - How did you determine this?
 - Specify total market and addressable market
- What macro-trends are affecting the business?
- How have you verified demand?
- What user feedback have you obtained?
- Where is the market?
 - Geographically?
 - Demographically?
- Which (if more than one) market opportunity do you plan to attack first?

Product/Service/Technology

- What is your solution?
- How does it solve the market need?
- What value does the customer derive from your solution?
- In what way, if any, will users have to change the processes or equipment they now use?
- Please describe a 'day in the life' of your potential customer before and after your solution.
- What intellectual property do you own or plan on pursuing? What, if any, licenses do you need?
- What, if any, approvals or clearances do you need from regulatory agencies, etc.?
- What is the status of solution – concept, prototype, beta or released for sale?
- What derivative products/solutions are you planning and why?

Competition

- Who is the (direct and indirect) competition?
 - Specifically – who are they and what are their revenues – how long have they been in this business?

- How does the competition distribute their product/service?
- Why is your solution meaningfully unique – not just 10% better?
- What prevents the competition from copying your solution?
- What barriers to entry currently exist?
- Develop and present a competitive matrix – identify those key solution attributes and compare your solution to your competition.
NOTE – be sure to consider indirect competitors as well.

Sales/Marketing Strategy

- How will you bring your solution to market?
- What support will your solution require?
- What is the average sales cycle?
- What is average cost of customer acquisition?
- What is the lifetime value of a customer?
- Who is the customer's decision maker?
- What sales channel will you use?
 - Direct sales – your own sales force?
 - Indirect – representatives, value added resellers, and/or system integrators?
 - Hybrid – start with one channel and grow into another?

- Internet and /or combination of all and if so, why?
- Sales rollout – national release or regional and why?
- Who are your potential strategic partners and why?
 - Supplemental distribution/support channels?
 - Additional engineering resources?
 - Potential investors?
- What is your marketing plan?
 - How do you intend to generate demand?
 - What types of social media do you intend to use (Twitter, LinkedIn, Facebook etc.)?
- What is your pricing strategy? Will you price at a premium, at parity, at a discount?
- What promotional and advertising elements are you planning to use, including but not limited to:
 - Trade Shows
 - Periodicals
 - White papers
 - Seminars/webinars
 - Trade ads
 - Consumer ads
- What is the purpose of your website?
 - Secure business directly?
 - Educate visitors?
 - Other?
- What requirements exist for ongoing customer service and support?

Manufacturing/Supply Operations (if applicable)

- Where will product be manufactured?
- Explain your methods of:
 - Production techniques and costs
 - Supply Chain
 - Quality control

Financials

- What does the financial picture look like for the next five years?
 - Revenue
 - Cost of goods
 - Gross income
 - Expenses
 - Engineering
 - Sales and Marketing
 - General and Administrative
 - Net Income

For example:

	Year 1	Year 2	Year 3	Year 4	Year 5
a. Unit Volume					
b. Average Revenue/Unit					
Revenue (= a x b)					
c. Average cost/unit					
Cost of Goods (= a x c)					
Gross Profit					
Expenses					
• Engineering/R&D					
• Sales and Marketing					
• Gen and Admin					
Net Income					

- Provide a break-even analysis
- Provide a cash flow analysis – the timing of sources and uses of cash
- What are your funding requirements?
 - Initial round
 - Subsequent round(s)
- What are the inflection points for each round – what will you have achieved after each round?

Company/Management Overview

- Brief overview of the company
 - Short history – key points
 - Legal form/status
 - Ownership (entrepreneurs/management team/others)
- Brief overview of the management team
 - If not a complete team (CEO, CTO and CSO), has additional senior management been identified?
 - Start-up and industry experience – emphasize:
 - P&L responsibility
 - Sales/business development experience
 - Capital raised
- Board of Advisors – what value/expertise does each bring?
- Funding Needs
 - How much capital are you looking to raise, at what times and in what form (debt/equity)
 - List potential investors you plan to/have approached.
- Exit Strategy
 - Who are potential buyers?
 - What has been the recent merger and acquisition activity in your market?
 - What have/are competitors selling for?

Summary

- Why should we invest, and/or admit you to an incubator, etc.?
- List a few compelling bullet points derived from all of the above.

Appendix

- Management/Board resumes or detailed profiles
- Relevant industry reports
- Company awards