Business Plan Basic

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RI Small Business Development Center

Presentation by:
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We exist to train, educate, and support entrepreneurs of both new (pre-venture) and established small businesses. Positioned within the nationwide network of SBDCs, we offer resources, key connections at the state and national level, workshops, and online and in-person support that equips us to help Ocean State entrepreneurs reach the next level of growth.
Do you need a Business Plan?

Andrew Mason
November 23, 2006

1. Think of idea
   ThePoint.com

2. Get someone to give me a bunch of money

3. Viral Exponential Growth!!

4. Buy lots of...
Why and who do you need a business plan for?

- Prepare for an investor meeting
- Hiring a new employee
- Method to your madness
- Prepare for the unexpected
How much detail is too much?

- Introduction
- Management Team
- Operations/UX
- Marketplace
- Competition
- Market Strategy
- Revenue
- The ask
Building a Business Plan
Introduction/Overview

- Tell me about your company
- 2 minute pitch
- Basic understanding
- Business name, structure, location, what do you do
- Mission
- Accountability (marketing/sales, operations, finances)
- Problem → Solution
Organizational Structure/Management

- Who is responsible for what?
- Do you have the people to make IT happen?
- Do you have experience in the industry?
- Work with industry experts
- Relevant education? Experience?
- Avoid: CFO, CTO, CMO, CEO
Operations/ UX

- How does your product/service work
- Suppliers?
- Results
- Impact
- Product Product Product
- 6 Step process (front end and back end for apps/digital product services)
Operations/UX: Process chart
Marketplace

- Become the expert in your industry
- Show you have full understanding
- The investor wants to make an informed decision
- Don’t make them do the homework
Competition

- Don’t worry
- Embrace it and study them
- Try to find competitors that are even loosely related
- How many?
Example 1:

<table>
<thead>
<tr>
<th>Feature</th>
<th>m.taobao.com</th>
<th>Youdao</th>
<th>Google</th>
<th>95e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Handset client</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
</tr>
<tr>
<td>Optimized Scan</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Mobile Blog</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
</tr>
<tr>
<td>Shopping Community</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
</tr>
<tr>
<td>Semantic based Query</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Rank by merchandize index</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
</tr>
<tr>
<td>Intelligence Assortment</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Real time data update</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
### Example 2:

<table>
<thead>
<tr>
<th>Go-to Market</th>
<th>SEPTA: Bus, Trains, Trolleys, and Regional Rail</th>
<th>UBER: Luxury/Private Cars/Existing Taxi</th>
<th>Lyft: Private Car</th>
<th>Taxi: Cab</th>
<th>Various Auto Types</th>
<th>Bicycles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Strategy</td>
<td>Dedicated availability on specific routes - schedule based</td>
<td>Free credits, celebrity endorsement, social media</td>
<td>Branding Moustache - App Available</td>
<td>Availability - (Standard Taxi Markings)</td>
<td>Company Branded</td>
<td>Availability in Tourist &amp; University Areas</td>
</tr>
<tr>
<td>Hiring Method/Tools</td>
<td>Route Pickup</td>
<td>Smartphone</td>
<td>Smartphone</td>
<td>Flag/Call Center/ App/Dedicated Taxi Queue</td>
<td>Smartphone/Web/Call Centers</td>
<td>Walkup Bike Stands</td>
</tr>
<tr>
<td>Payment Method</td>
<td>Cash/SEPTA Key</td>
<td>Cashless</td>
<td>Cashless</td>
<td>Cash/Credit Card</td>
<td>Cash/Credit Card</td>
<td>Cash/Credit Card</td>
</tr>
<tr>
<td>Fare</td>
<td>Second lowest cost - City versus Regional</td>
<td>Cheaper than traditional taxi</td>
<td>Cheaper than traditional taxi</td>
<td>Higher than SEPTA / Uber/lyft</td>
<td>Highest Cost</td>
<td>Cheapest Cost</td>
</tr>
<tr>
<td>Advance Booking Option</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Surge pricing</td>
<td>No</td>
<td>No Limit</td>
<td>Cap at 200% i.e. 3x fare</td>
<td>Standard Fee and Mileage Rate</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>
Market Strategy: Roadmap

- Address how your market strategy is difference/better than competition
- How this strategy is generating sales
- Demographics: age, income, residence
- Psychographics: interest, desire, fears
- Size and location of these target market
Revenue from your Product

- Product/Service Description
- Costs to you
- Cost to public
- All revenue streams
- Average sales
Ask: The point of a business plan!

- How much?
- When?
- For what?
- No unrealistic promises
Timeline for yourself

- Milestones
- Tracking budget
- Keep yourself on track
- Your own goals
- Your own deadlines
What can accompany your Business Plan?

- Elevator Pitch? Two sentence pitch?
- Pitch Deck? Financials?
- Do you need it?
- Who is for?
Rounding Up
Business plan essentials

- I have an idea
- I have a team who help me achieve this
- This is how it works
- I am an expert at it
- Here are a few people who also do it
- Here’s how we stand out against and will make money
- This is what it costs
- This is how much I need
Questions?

Type your question to the chat box

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