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**[Company/Project Name]
BUSINESS PLAN**

[month and year issued]

[Name of point person in financing]
[Title]
[Address]
[City, State ZIP]
[Phone, Fax & Email] [WebSite URL]

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Business Plan #: _____

Provided To: _____

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Company: _____

Date: _____

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Here's a sample Table of Contents. Be sure to modify the page numbers when you've finished your Business Plan. Refer to the Sample Graphic Templates in Section IX for ideas for incorporating and summarizing key information.

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Notes on Format Options:

Before writing the full IT business plan, decide whether a scaleable plan is appropriate or necessary. In most high-tech environments, it is recommended.

A scaleable business plan contains:

An Executive Summary - a very brief overview of the plan and business model intended to capture investor interest, generally two pages.

A Condensed Plan - Designed to complement the Executive Summary, a Condensed version is an abbreviated, stand-alone version of your plan about 8 - 10 pages prepared for broader distribution than the full plan. It's objectives are two-fold:

It is created as a first-level screening process to allow the potential investor (and you) to determine fit and suitability with his/her investment fund goal.

It is used to protect the confidential proprietary nature of the detail contents of your full IT business plan. Once a potential investor has qualified his/her interest, the full plan can be released. Note: many investors will not sign a non-disclosure since this agreement might present a potential conflict with current or future investments. The Condensed Plan also solves this problem.

Often written first, the Condensed Plan can be the framework for the full business plan, but must be written with this approach in mind. It contains a paragraph of two on each of the technology, products / services, an opportunity sizing, the value proposition to the buyers, the business model, risks, the management team and the intended use of funds.

A Full Plan - The full plan is generally about 30 (start-up) to 40 / 50 pages (existing business with history of alliances, mergers, etc. It is intended to answer all the questions an investor might have about management, marketing, technology and the financials. The production of the plan is a real asset to a company or organization as it forces the entire management to think through its strategy and to take a hard, unbiased look outward. It is also used as a valuable internal communications vehicle.

An Appendix - Include helpful references in the appendix and use it to keep the main body of the plan clutter-free. Many entrepreneurs

overcommunicate in their business plans this is viewed negatively by the investor. Refer to the Appendix in your plan to ensure the document is concise, netted and contains only the essential text required to qualify you and your project.

I. Executive Summary

If the executive summary doesn't succeed, your business plan will never sell investors. We recommend that you write the summary first and use it as a template for the plan as a whole. Since one of its primary functions is to capture the investor's attention, the summary should be no longer than two pages. The shorter the better.

Mission & Business Model

Our company's mission is to [insert your mission statement here].

Our company is a [start-up, high-profile developer, value-added reseller of x, etc.]. The legal form of [your company name] is [Sole Proprietorship / General or Limited Partnership / Corporation / Subchapter S-Corporation, Limited Liability Company], located in [give primary business address].

In the most recent [time period], our company achieved sales of [x], and showed a [profit, loss, break-even]. With the financing contemplated herein, our company expected to achieve [x] in sales and [x] in pretax profits in 19XX and achieve [x] in sales and [x] in pretax profits in 19XX+1]. We can achieve this because the funds will allow us to [describe what the funds will be used for, such as a) marketing for your new product, b) build or expand facilities to meet increased demand, c) add retail locations or others means of distribution, d) increase research and development for new products or to improve existing ones].

[The company] produces the following products; [list products here briefly, in order of highest sales or significance in product line].

Briefly answer questions like your existing market position (*Position your company in the industry vis-à-vis competition or technology, etc.*) and market opportunity. (Total market projected to reach \$XXX in revenues in 199X, climbing to \$XXX in 199X and XXXX in 2000 fueled by growth/demand for YYY).

Now [your company name] is at a point where [what you need or want to do next]. To implement our plans we require a [loan / investment] totaling \$[x] for the following purposes:

Be clear -- why do you need the money?

To build development/manufacturing facilities and ramp up production and inventory to meet customer demands.

To increase sales with an extensive campaign to promote our products / services.

To add distribution channels / retail locations, regional marketing / sales offices, produce an electronic / direct-mail catalog, etc.

To improve Customer Support services to handle the increased demands created by the influx of new orders and broader coverage of existing accounts.

To recruit staff to support prolonged growth under the new marketing plan.

To increase R&D to create follow-on products as well as improve our competitive advantages.

Our Products/Services

Tell us about your product / service in simple terms we can understand. What problem are you trying to solve? What is the cause of problem? How do you solve it? What are the value propositions? Why are you (your team) the right company to solve it?

[Your company name] currently offers [x] products: [list products and resources]. [Y], our principal product, consists of [z]. Overall, our existing product line is in the [introductory / growth / maturity / growth] stage.

The technology in our products consists of [a] operating on [platforms].

Presently, our [product/service] is in the [introductory, growth, maturity] stage. We plan to follow this [product/service] with extensions to our line which include [list extensions].

Critical factors in the [production of our product, or delivery of our service are x, and y]. Our [product/service] is unique because [list reasons] and/or we have an advantage in the marketplace because of our [patent, speed to market, brand name, etc.].

Market Definition

We define our market as [manufacture and sale of writing and drawing instruments, low fat cheese, etc. define your market]. This market was approximately [\$x] at [wholesale/retail] last [period available], according to [site resources], and is expected to grow to [\$x] by the year [x], according to [site resources].

Who are your customers?É Today and in the future? Where are they, and how do you reach them? What is the buying criteria? Are they buying your product / service from someone else? How will you educate customers to buy from you? Why will they care? How will you penetrate and make money in this market?

Competition

We compete directly with [name of competition]. or We have no direct competition, but there are alternatives to our [product/service] in the marketplace. Our [product/service] is unique because of [x] and/or we have a competitive advantage because of our [speed to market, established brand name, low cost producer status, etc.].

Management Team

Our team has the following members to achieve our plan. [x] men and women who have a combined [x] years of experience; [y] years in marketing, [y] years in product development, and [y] years in [other disciplines].

Capital Requirements

We seek [\$] of additional [sub-debt, equity or senior financing] which will enable us to [explain why you need the funds, and what makes this opportunity so exciting]. We can provide and exit for this [loan, investment] within [x] years by [a dividend of excess profits, recapitalizations, sale of company, or public offering].

Financial Plan

At this point the investor must have a clear idea of where your business stands today. If you bore him/her or make the information hard to find, you get canned. You must provide a snapshot of your financial position.

Sales Summary

Refer to the sample graphics in Section IX and the NorthPoint IT Financial Plan Template.

Last Year Current Year(CY) CY+1 CY+2 CY+3

Sales:

Gross profit:

Pre-tax (NEBIT):

Current Balance Sheet Summary

Assets:

Liabilities:

Book Value:

In [x] years we will provide an exit, which we expect to be in the form of [sale to a competitor, initial public offering, distribution of profits, etc.] or perhaps [z]. We expect to be able to achieve this in [b months / years].

I. The Company

No one understands a successful company's mission like entrepreneurs who have built successful companies themselves.

A. Mission

Our goal is to become [describe your ultimate goal, or insert your mission statement; example; the leading manufacturer and marketer of branded in-line skate replacement wheels].

We aspire to carry a reputation in the marketplace for developing and delivering [time saving, better-way products sold at a fair price for uses in the {x} market, etc.]. We can achieve this by [cutting edge product development, close understanding of market trends and needs, innovative and profitable merchandising and packaging, etc.].

In pursuit of our goal, we resolve to treat stakeholders, customers, and the community with [describe the reputation your company seeks]. These groups see our company as providing [describe the benefits to each group of being associated with your company].

To accomplish our goal, [your company name] needs [capital, management talent, larger, etc. list whatever you might need].

A. Legal Business Description

[Company Name] was founded in [date] and [describe what your business does, such as baby products manufacturer, provider of medical services, etc.]. The legal name of the business is [x]. Include dba in the legal name.

Include dba (doing business as) in the legal name of the company.

It is a [legal form of your company, such as LLC, S-Corporation, C-Corporation, Partnership, Proprietorship]. Our principal offices are located at [list primary address as well as any other facilities]. We have approximately [x] square feet of office space and [x] square feet of [factory or warehouse]. Our current capacity is [x] units per month. If we exceed [x] units per month, we will need additional space. We expect this facility to be adequate for the company's needs for [two years, a year, a week] after funding.

Government Regulations can cut now if inapplicable.

Regulations and permits- cut now if inappropriate.

[Your Company Name] operates in the [toxic waste, weapons and armaments, genetic engineering, explosives, etc.] industry, or [uses controlled substances in the manufacturing process or delivery of service], and falls under the jurisdiction of the [name of government agency].

List licenses and permits required. Explain your company's relationship with relevant government agencies. How will these agencies regulate your business?

A. Strategy

Discuss the major opportunities your company can capitalize on. Can the current line of products and technological capabilities be leveraged effectively? What is the estimated cost of entry, time frame, and risk? Alternative distribution or technology licensing creating up / down market brands, etc.

The upside potential for [x] and our [product y] in [each of the currently addressed markets] over the next two years is [explain].

-- Or --

An altogether new application for this product would be tapping [y] markets. Further opportunity for our product exists in [z] markets.

The [COMPANY/PROJECT NAME] market strategy is to become established as the leading supplier of [identify] and related [tools] which allow [customer/users] to [do what? And how well?]. [COMPANY/PROJECT NAME] will leverage its [core technology, knowledge and expertise] in the [industry, market, market segment, niche] to dominate the [what?] market including (what segments?) (See Figure 1: Your Market, Figure 2: Broader Market & Figure 3: The Components). [Number] strategic product lines are identified which will enable domination of the target market / niche. The product lines all share [core technology, suppliers, differing in platforms, packaging and distribution channels].

Below, use one paragraph to describe each goal/objective. Develop and use graphics (refer to Section IX for template examples). A picture is worth a thousand words and it helps finalize your positioning and launch strategy.

1. Product / Service A

[A] represents a relatively new market segment for [what?] which can be [what problem does it solve?] and can address the needs of the entire range of [target customers]. *Discuss attributes and size of target markets.*

1. Product / Service B, etc.

[B's] are extensions of [what?] that can be add-ons and packaged as [what?]. [COMPANY/PROJECT NAME] will be [first] to market with [product / service] and is / will be considered by industry experts to be "Best in Class." *Describe as above.*

1. Custom Contract Development/Training/Consulting, etc.

[COMPANY/PROJECT NAME] is currently under contract with [company] to [describe current contracts, commitments]. This line of business provides incremental revenues to [COMPANY/PROJECT NAME], helps to establish a more formal relationship between [COMPANY/PROJECT NAME] and [company] and ensures [COMPANY/PROJECT NAME's] knowledge of [product / service] is current. [COMPANY/PROJECT NAME] expects this line of business to represent a declining / increasing portion of [COMPANY/PROJECT NAME] revenues.

A. Technology

1. Proprietary Technology

Our products are [description of proprietary technology] and are protected by the following [*list relevant patents, copyrights, trademarks, etc.*].and technology transfer strategies.

1. Technology Relationships

For our [x] [technology / capability] we have [explain licensing or royalty plans] with [y] as follows: [give general terms of agreements].

[COMPANY/PROJECT NAME] has fostered relationships with other significant research centers, including [academia, foundations, organizations] and is a participant in [COMPANY/PROJECT NAME]'s University Grant Program and has a source code license of [product name]. The [university grant] program provides [COMPANY/ PROJECT NAME] with first rights to commercialize any [derivative works].

Other technology developments include [identify products and companies]. Efforts with [company] have included [projects]. [COMPANY/PROJECT NAME] has rights to commercialize [technology].

[COMPANY/PROJECT NAME] is currently in a research effort to [define the environment/enabling technology/platforms] which enables [advantages and extensions].

A. Value Propositions

Describe the value propositions offered to the customer, e.g.:

Improved revenue

Improved gross margin
 Improved productivity
 Lower cost of IT
 Reduced inventory
 Reduced skills, etc.

Quantify and state difference/improvement over today's solution (yours and the competition's).

A. Management

1. Management Team

It's clichéd but true: investing is a people business. Tell us not only about your managers, but how they work together as a team. Investors like ventures where the management was previously successful as a team.

[COMPANY/PROJECT NAME] maintains a world class management team with direct knowledge and experience in the [industry, markets, market segments, niches]. It is composed of:

Officers and Key Employees

Age

Stock

Frankly, if you have more than a few people filling these positions, you're lucky. Tell us who you have. Provide brief responsibilities of your company's key positions.

[A], President	[i]	[q]
[B], Vice President of Marketing	[j]	[r]
[C], Vice President of Sales	[k]	[s]
[D], Vice President of Finance	[l]	[t]
[E], Vice President of R & D	[m]	[u]
[F], Vice President of Operations	[n]	[v]
[G], Controller/CFO	[o]	[w]
[H], Corporate Attorney	[p]	[x]

Of the [y] people who make up the corporate staff, there are [z] founders, who hold the following positions:

[a]

[b]

Stock Allocation

The company has authorized [x] shares of common stock, of which [x] are issued and outstanding. The following persons or organizations are significant owners of the company;

1. Outside Support

Additionally, our outside management advisors help make decisions and enhance creativity.

[X], Accountant/CPA

[Y], Corporate Attorney

[Z], [Type of] Consultant

1. Board of Directors

An external Board of Directors, including qualified business and industry professionals and experts, will assist our management team in making appropriate decisions and taking the most effective action; however, they will not be responsible for management decisions.

Use this page to highlight the backgrounds of your Board of Directors. Put each director's actual resume in the Appendix section.

A. Organization, Alliances and Relationships

Describe internal organization structure, management process. Either here or in the Supporting Documents section, include an organizational chart describing relevant business functions and relationships.

The leverage from relationships can be appealing to investors. Explain how you work with (or plan to work with) others to improve your performance. Be clear about why they were selected and whether they have yielded revenues to date. Don't forget global distribution plans.

[Your company name] has formed important and beneficial relationships with major companies in the [x] industry. A list of these relationships follows:

Joint Marketing Agreements

The leverage from relationships can be appealing to investors. Explain how you work with others to improve your performance.

[Company Name] has developed important and profitable strategic alliances with the following larger, more established business; [describe each company individually, it's position in the marketplace, the details of the alliance, and what risks are involved in the alliance]. For example, we have developed marketing agreements with [x], the [market leader in processed cheese spread] which will enable us to sell, along side them, our [highly enriched white bread].

Third Party Supplier Agreements

We have a strategic relationship with a number of suppliers. In exchange for a blanket commitment to purchase [more than 80% of our supply of a specific raw material from them], they have agreed to [not make it available to the market at large for six months, or to give us a preferential price].

Joint Development Efforts

Another type of strategic relationship that benefits the company is our development joint venture with [name company]. We would never be able to fund the research of the new [high top sneakers], but with access to their prior research in [low top sneakers] we cut our development time in half. By using some of their [equipment, or people] who we not being utilized fully, we were able to avoid the expense of [major capital expenditures, additions to the payroll]. We have agreed to pay a royalty of [x] to this development partner for their role in this products ultimate success.

OEM Relationships

[Company Name] also has strategic Original Equipment Manufacturer relationships with a number of customers. This allows us to sell a large and steady volume of [foil wrapping] to [energy companies, who use them to make solar panels]. This gets many units of our product out in to the marketplace, however, it provides little or no brand awareness for us.

A. Intellectual Property Strategy

The Company plans to protect and exploit its proprietary core technology [description]. It will rely on a combination of copyright, trademark and trade secret laws, and contractual provisions to protect its intellectual property rights in its products. The Company does [does not] currently hold patents for its techniques [but will most likely choose to file applications in the future]. *Describe any possible legal or technical, competitive conflicts.*

A. Facilities

Detail description of needs and cost of expansion. Include lease obligations.

Our [headquarters / development / manufacturing / distribution] facility [is / will] be located in [x].

This location will provide needed space for [initial / current] production and expansion to meet projected demand over the next [give time frame]. Our current production capacity, including internal and external production, is [y] units per [week / month / year].

If we realize increases in demand up to [z] units per [week / month / year], additional facilities will be needed by [date]. Selection of the future site will take into account the following:

A. Risks

Assess the major risks in your business (including management, marketing, technology and financial): limited operating history; limited knowledge, skills, resources; limited management experience; market uncertainties; production uncertainties; competitive threats, barriers to imitation, dependence on key management.

[Company] is dependent on [define dependencies that engender risk]. It is dependent on the vendor, in this case [name of vendor], for [timely dissemination of internal specifications and the ability to beta test prior to general release]. The Company believes that it will be able to keep up with [upgrades and product stabilization] and by [leveraging communications facilities such as the Internet and other on-line services will be able to support such products]. Future product plans are not as dependent on [describe]. The technical hurdles have already been cleared.

The Company's primary platform target will be [the newer versions of XXX]. The success and acceptance of these products at the enterprise level will be vital to the success of [COMPANY/PRODUCT NAME]. Recent sales figures of \$X million in the first month for [platform] indicate that acceptance is widespread and growing. Corporate installations will most likely be the growth segment for 199X. {Research Firm XYZ reports in July 1996 that [platform] has grown from 12% in 1995 to 30% of the [application server] market in 1996. [ABC Research Inc.] projects that [platform] shipments will increase from the estimated 150,000 in 1995 to over 300,000 by 1998, double that of [platform] shipments estimated for 1998. Current success and market projections significantly minimize the risk of this investment.

I. Market Analysis

Sad fact: this is the most crucial but worst-prepared section of most business plans. It's where most entrepreneurs lose their credibility!

What industries, markets, market segments, niches are you competing in? What are the market characteristics? How have you segmented the market? How does this differ from the market research firms or investment analysts? Be specific, or if a nascent market, say so and justify how you

built your projections. If you are in the application tools market making a application developer's performance tool for C++ on an NT platform, don't gush about the \$30 billion application tools market . You make a C++ tool -- not a multi-language, multi-platform tool -- for that market, so tell us how many C++ seats were sold last year, and how many of those are "real" developers and, of those, how many are your target market; and how much of the market is left after shared with your competition. Are there other markets/resellers/OEMs where you target your products?

Before you prepare this section, refer to the sample templates in Section IX for an easy way of describing your markets, segmentation, etc.

A. Market Description

We [expect to compete, are competing] in the [define niche] of the [define industry]. This market was approximately [\$x] at [wholesale or retail] last [period available], according to [site resource]. We believe, the major future trend in the industry will be toward [environmentally oriented, miniaturized, high quality, value oriented] product offerings.

Market research [cite source] suggests this market will [grow/shrink] to [\$x] by the year [19xx]. We expect the niche in which we compete to [grow, shrink, remain stagnant] during this time. The major forces affecting this change will be [falling cost of computers, explosion of home based businesses, tendency for baby boomers to have less kids- and pamper their pets, whatever.]. The area of greatest growth within the industry will be [x].

We define our market segment as [the writing and drawing instrument segment of the school/home/office products industry, the teenager product segment of the shoe industry]. This segment has been [volatile, steady] in the last few years. Industry experts [name them] forecast [x] for the industry in the next few years.

The area of greatest growth in the [y] market is [z].

Identify where you got this information, the date it was published and / or how it was compiled. And if your view of the market is different than the analysts, explain.

[COMPANY/PROJECT NAME] is uniquely positioned to enable [merchant classes] to easily incorporate [your product / service] into their [existing processes]. This allows for [explain advantages by segment]. Today, [merchant classes] in these categories face challenges such as [pressure to shorten time to market / escalating labor costs, etc.].

A description of each of the buyer category within market segment follows:

A. Target Market

How is the market divided among the major participants? What are the share-gain and loss trends? Explain your view of the trends and implied opportunities. Validate your market segmentation. Define your niche domination strategy.

We define our market segment as [x], [y], and [z]. Currently, the market is shared by [a] competitors.

A typical customer for our product is a person who current may use [other product or service] for [purpose]. They are motivated to buy our product because of [its value, its quality, its usefulness, etc.]. We know this from [customer responses, trade show input, ad inquiries, etc.] and feel our customers perceive our products as [good value, superior performance, great taste, any defining characteristic that makes your product stand out].

For existing businesses (your own or a recent acquisition) review: sales history; market share and position; industry trends; profits; marketing methods.

What do industry forecasters predict for the next two years? Multiple sources help validate your case.

The major market segments are:

[Segment a].

[Segment b].

List, in general categories, the types of customers you are likely to reach (retailers, electrical contractors, catalog buyers, etc.). Refer to Section IX.

The [c] segment of the market is based on [list products] with retail prices ranging from \$[x] to \$[y]. The majority of sales in this category will be handled by [OEMs, value added resellers, manufacturer's representatives, etc.], while the minority of sales will be conducted using [z].

Our current/future product has [a] handicaps. The only notable marketplace disadvantages are [b], due to [explain]. By 19XX we should be able to position ourselves as [c] and thereby reduce this weakness considerably.

Corporate weaknesses, at present, consist only of [x]. We are now taking the following steps to alleviate these problems: [explain]. Environmental threats [such as declining markets / trade barriers / consumer trends / changing economy] include [y].

Other known threats include [z].

A. Customer Buying Criteria

Identify classes of customer and customer buying criteria. Examples are ease of use, ease of implementation, provide new knowledge, make buyer more productive, etc.

The most typical customer for our product is someone who is in the [x] field who currently uses [product] for [explain application / purpose].

What motivates people to buy your product? What is the practical and emotional appeal? Why your product / service / company?

Explain your methods of research — focus groups, telemarketing, warranty cards, ad inquiries, etc. How are your key competitors perceived? How do customers perceive your company and its products? And how will they receive new products or what channels do they buy from (enterprise license, electronic form, bundled with [x], etc.)? How sensitive are they to pricing differences?

A. Distribution Strategy

[Your company name]'s marketing department plans to sell our [product] through diverse channels. These channels work because of:

The customer profile.

Geography.

Seasonal variations.

Efficient use of funds.

The feasibility of using channels of similar products already on the market.

Our competition uses the same [x] distribution channels. However, our distribution strategy allows us to [explain advantages over competition].

A partial list of [your company name]'s major current customer include:

List the top 5 to 10 customers. (If the customer list/installed base is sizable, include in Appendix.)

[COMPANY/PROJECT NAME] products are aggressively priced and distributed through multiple sales channels including a field direct sales force, in-house telesales, and indirect reseller sales channels throughout the world. In North America and Europe, [COMPANY/PROJECT NAME] maintains a direct sales presence. In Asia-Pacific and rest-of-world territories, [COMPANY/PROJECT NAME] uses specialized value-added-resellers. [COMPANY/PROJECT NAME]

reseller channels include OEM relationships with system vendors, ISVs (Independent Software Vendors) and ISPs (Independent Service Providers). Specific distribution agreements already exist with [company names]. Other IT companies such as [company names] license products for incorporation into [their products], resulting in long term residual royalty streams.

A. Market Penetration & Sales Volumes

Drilling down to each of your market segments, how will you reach the buyers in your market? A matrix can be used here to define by market segment, by year, the plan to reach the buyers and the assumptions made for sales volumes by year.

For each channel, identify the target volumes and assumptions over a five-year period. Examples of assumptions for each sales channel are as follows:

Direct (or Indirect) Sales - 5 Year Plan

Advertising/Publications Target Number

Effective Reach %

Adoption Rate %

Market Share %

Potential Buyers/Users (number per year)

Products Purchased per Buyer

Total Units Sold

Average Purchase Price

I. Competitive Analysis

A. Competition

Tell us about key competitors in regard to product, price, market share, location, promotion, management, differentiators and financial strength. Incorrect or incomplete information here translates as dishonesty and negligence to investors, bankers, etc. Do not delude yourself (or your investors) about your competition. Most entrepreneurs believe they have no "real" competition - they're always wrong.

Look on DataPro, Computer Select, Nexus/Lexus. Look in the industrial directories at your local library. Search on-line databases that provide competitive profiles of other companies. Read industry magazines and look for advertisers. Call/survey the competition's customers. Trust us, somebody is out there [quietly or boldly] doing what you are doing.

[Your company name]'s products offer [x] in [y] situations.

Companies that compete in this market are [competitor a], [competitor b], and [competitor c].

Provide a sample profile of each. For example: Acme Inc. is a \$3 million sales developer and marketer of application development performance tools in the C++ market niche. Acme Inc. is a division of Acme Corp., a public company with \$800 million sales. The division sells performance, testing, and other development quality tools. The recent trend for the division has been static, as the parent has not provided working capital to port to new platforms and languages. Acme Inc. is managed by one Vice President who has been there for six months. The previous manager worked there for 11 months, etc.

The competition [does, doesn't] [use the same means of distribution as the company, advertise in the same trade journals]. *If the advertising is regular-it probably works!*

Our [product/service] is unique because of [x] and/or we have a competitive advantage because of our [speed to market, established brand name, low cost producer status, etc.].

Supplier and distributor relationship in this industry is [explain the effect of suppliers and distributors on your product]. Competitive threats today come from [other companies / industries / new or entrenched technologies / foreign countries / strategic relationships].

[Your company name]'s products perform in virtually all situations where [your features, benefits, or customers are likely to be]. [X]'s [competitive] product does not provide the same capabilities in a situation where [describe circumstances].

The [competition] advertises in [a], [b], and [c] publications.

Discuss results: if the competition advertises consistently and continuously there, it probably works.

[Competitor X]'s products only operate in a [limited, etc.] way.

-- Or --

This market segment is not shared with any direct competitors. Competition does exist, however, in [x] [industries / countries]. Competitors in these areas are [a], [b], and [c].

A. Competitive Strategy/Barriers to Entry

Discuss barriers to entry and barriers to imitation in your target markets.

Define any important academic relationships, standards initiatives, consortiums, strategic alliances or joint ventures which may be positive or negative.

1. Competitor [A, B, etc.]

Delivering a basic [product / service] that works with [other products, processes, environments] has [not] been difficult as evidenced by [explain]. With the availability of [your product /service], [COMPANY/PROJECT NAME] will be in the forefront of [explain value propositions].

The primary barriers to entry for [product] are time to market [proprietary technology, patents, etc.]. The time factor will allow [Company's] early entry into the market. It is estimated that the Company has about a fifteen-month lead over any of the potential competitors.

The second barrier is the [difficulty of producing and maintaining technology of this nature]. *Explain rationale for these barriers.*

I. Products and Services

Explain how your product works or how the service is used. What burning marketplace needs or demands are addressed by your product? What value do you add to the product? Include screen shots that make your product real.

[Company Name] produces the following products; [list products here, in order of highest sales or significance in product line]. Be sure to refer readers to product pictures, diagrams, patents, and any other descriptive material.

Or, Alternatively

[Company Name] delivers the following services; [list services here briefly, in order of highest sales or significance in product line].

Be sure to refer readers to brochures and material describing your service.

Presently, our [product/service] is in the [introductory, growth, maturity] stage. We first developed our [product/service] in 19XX and have made [x] improvements and redesigns since then. Provide a history of product developments, introductions, and improvements leading up to the present day. Table form may be appropriate.

A. Product Line Plans

What quality distinguishes your product or service? So what???

Convince us why you will satisfy the buying criteria over and above the competition. Will the current install base incur the switching costs necessary to use your product?

Others in the market are able to provide somewhat similar [products/services], but we are able to differentiate ourselves in the market because of [x].

We have [applied, been granted, licensed] a patent for [x], an abstract of which can be found in appendix [x]. We have integrated this into our process which others will not be able to duplicate. Our lead product, [x] addresses the following customer needs [x] and delivers [x] benefits to customers.

Tell us about the unique value-added characteristics your product line or process provides to customers and how these characteristics translate into a competitive advantage for your company.

The major benefits of [your company name]'s combined products are enhanced by [x], [y], and [z].

A. Research and Development

Our research and development is headed by [name of person or contractor] whose major objective is to use market input to [develop products that solve problems or provide superior benefits to customers]. Last [period], our R&D yielded the following products and innovations; [list products or innovations]. [Your Company name] has spent [% of revenues, or absolute \$] in the past year in R&D, and plans to spend [% or \$] in the next [period].

Examples include: relatively low investment requirements, positive return on investment, fit with present strategy, feasibility of development and production, relatively low risk, time to see intended results, buyer in common. Explain how and why your company arrives at its product development decisions. Is your target customer integrated into the process?

Our R&D occasionally yields innovation without input from customers or the marketplace. Our product selection criteria in this case is as follows; [relatively low investment requirements, positive return on investment, fit with present strategy, feasibility of development and production, relatively low risk, time to see intended results, buyer in common, etc.]. Our R&D will require additional resources in the future. These will include [people, capital expenditures] to [speed up development process, test results more efficiently].

A. Future Products & Services Plans

Responding to market needs, we plan to follow [product/service] with extensions to our line which include [x,y,and z].

Additional [concepts / plans] for follow-on [next generation] products include [a].

Discuss plans for your next generation of products. Discuss add-on services for future customer needs.

Our target introduction dates for these products are [x,y,and z], which corresponds with [a major trade show, industry event, etc.]. In addition, we plan to introduce the following new products in the upcoming season; [x,y,and z].

A. Production and Delivery

Tell us about the proposed organizational location, build vs. buy vs. license decisions, facilities, and logistics. Examples: use of capital, labor, and material resources; development processes; vendor relations; experience and distribution requirements. Statements should indicate initial volume and expansion requirements, as well as product or process complexity, uniqueness and costs.

If you have or plan to install software solutions to automate or improve your process, include your strategy here.

We produce our products by [describe]. Key factors in the [development / manufacturing / service delivery] process are [x], [y], and [z].

[Raw / prefabricated / packaged software / hardware] [materials / components / subassemblies] required for production are [a], [b], and [c].

Enumerate and explain capital equipment, material, and labor requirements. Are the above items readily available? Do you have multiple supply sources?

List quality and technical specifications. List inventory requirements. Identify security issues, hazardous materials or other significant safety factors. Are alternate sources or materials available? If so, describe them.

At [your company name] we [build / assemble / subcontract] the following [software / key parts / components / subassemblies]:

List components, etc., including information on vendors, lead-time, costs, etc.

A. Packaging

Especially important for consumer-end user products, packaging needs to convince store buyers and ultimate buyers that the products will fly off the shelf. Explain why the products are unique. How will packaging be done?

The message our packaging delivers is [explain your strategy]. Our competitors use [x type of packaging] as well, but we differentiate our products by [explain what is distinctive; include photos in Exhibits section]. These final steps in the manufacturing process [how done / who does] are critical for establishing a desired image in the consumer's mind.

A. Fulfillment

State how it is done today and where you are headed in future and why. Explain current and future plans for automation of the fulfillment process.

Product fulfillment is a critical component in customer satisfaction. [Your company name] utilizes [x group / external resource y] to monitor and manage the delivery, billing, repair, and warranty of our products to ensure customer satisfaction and repeat sales.

The fulfillment process [satisfactory / unsatisfactory] to meet future needs through [explain and justify future plans].

A. Service & Support

Customer Service

Our customers emphasize that service and support are major concerns, and they are constantly impressed with the support we provide. Hot line service is currently available to all customers enrolled in our [maintenance / support] program.

Returns and Adjustments Policy

At this time, general trade customers for handling returns are [describe how returns are generally handled]. We will use the following policies: [explain].

[COMPANY/PROJECT NAME] offers a full range of pre-and-post sales support and services. Pre-sales support is primarily provided by system engineers located in the field. Post sales support primarily through the [COMPANY/PROJECT NAME] hot line, located in [locations]. Together, these organizations ensure the successful application of our technology and satisfaction of our clients. These organizations provide complete product line support, ensuring fast resolution of problems or questions. [COMPANY/PROJECT NAME] has placed a major emphasis on electronic service and support, enabling efficient turnaround and low overhead. These services include an email forum via the Internet, fax-back and email tech support, and automatic email notification of product updates or upgrades.

[COMPANY/PROJECT NAME] is also planning to launch a technology/development/ inter-firm alliance partners program. The goal is to provide a free and efficient means for accessing our [products / services]. We also plan to offer a [premium support option] to ensure high quality support with access to our developers. The premium option enables you to see our products through the eyes of our [developers and technical content professionals], with access to [features / advantages / demos] long before they are released to the general public. [Developers] would also have access to our partners' mailing list and will be able to influence and participate in our development and design decisions.

I. Marketing and Sales

A. Marketing Plan

Type of business you want to found. Segment of the market[s] you plan to reach.

Distribution channels to be used to reach market segment: retail, business to business, OEM, electronic media, etc. Share of the market you expect to capture over time.

The overall marketing plan for our product is based on the following fundamentals:

The company will rely on a combination of our direct field sales, telesales, and re-seller channels with an emphasis on establishing a worldwide distribution network. The investment in a [global field direct, etc.] sales organization will have a positive influence in the [which] market [state why or what factors influence]. [COMPANY/PROJECT NAME] has also begun building a [telesales] organization for the support of the [product / service name] strategy.

[Field sales / channel type] is mandated because of the [technical nature of the sale, the high value of our product, the number of buying influences with a given prospect, the long term commitments made by the organization to our products even if the initial order is small] [, or because no other distribution channels are available for [cross-platform products / other characteristics]. In [Country], [COMPANY/PROJECT NAME] operates sales offices in [locations]. In [Country], [COMPANY/PROJECT NAME] operates a field sales office in [locations], covering [regions] and areas within [Country] where [COMPANY/PROJECT NAME] does not employ local distribution partners. Currently [COMPANY/PROJECT NAME] operates local distributors in the [Countries].

A. Sales Strategy

1. Current Selling Methods

Strategies used to sell your product. How do you promote the product? (Via direct calling, advertising, mail, radio, television, etc.). Provide any sample brochures, dummy advertisements, announcements, or other promotional literature in the Supporting Documents section. Detail the margins of safety allowed in sales forecasts.

[X] should be treated as a [long-term / short-term] product.

1. **Product Positioning**

How do customers perceive your company and product relative to competition?

A focus group is a great way to find out how on target (or off base) your product and market positioning is.

Our [product] is viewed by the consumer to be [explain]. Our product's unique [technical / quality / performance] advantages lead to the perception [x] in the consumer's mind.

In market segmentation, we can use [upscale consumers / platform targeting] to diversify our appeal.

A multi-tiered sales strategy:

Our sales focus is [two, three, four-fold]: first, penetration into the [market segments].

The second focus is on [distribution channel]. Systems vendors are primary targets for bundling [products]. [COMPANY/PROJECT NAME] is currently in negotiation with [company names] for bundled OEM distribution.

The third focus is based on developing cooperative partnerships such as [describe the characteristics]. [COMPANY/PROJECT NAME] is currently partnering with [company name] (traditional) in order to [describe objectives]. [COMPANY/PROJECT NAME] is also working with [suppliers], enabling a bundling of [COMPANY/PROJECT NAME] demos or limited use versions of our product to demonstrate [hardware applications / software and performance].

A. Distribution Channels and Partners

Our distribution channels include:

Distributors

Targeting of our distributors is a crucial element of our marketing plan. We will select pre-existing [work to build] distribution channels that are professionally staffed, stable and well regarded.

Direct Sales *(Do you plan or have an existing direct sales force. Explain its operation and future plans. Direct sales cannot be profitable if the actual contract value is low. Ensure your direct sales force will meet or exceed industry norms in productivity and sales per rep.)*

Retailers

What dealers want from manufacturers:

Price point: make it attractive and reasonable.

Profit margin: worthy of sales emphasis.

Technical support: an accurate and immediate response is needed.

Quality design, construction and packaging.

Advertising and public relations: customer awareness and demand should be maximized.

Effective sales materials to ease and expedite sales process.

Competitive advantages: features and benefits.

Stocking and delivery: the product should be available when needed.

Market stability: maintain profit margins and market position.

Manufacturer Representatives

Because manufacturers' representatives carry several product lines that are compatible with ours, we believe it would be appropriate to select manufacturers representatives carrying [x] and [y] complementary and compatible products [example: a vertical market (e.g., manufacturing industry) sales rep with expertise in establishments of under \$50M in annual sales, etc.].

Executive/Corporate Sales *(Describe major or large account direct sales)*

OEMs

With Original Equipment Manufacturers (OEMs) we can incorporate our [product] into their product line by [explain how your product can be included within theirs].

International Market

It's important to consider your worldwide opportunities from the start. List target countries in order of priority: rationale; language; usage of product; conversion plans, unique requirements, getaway plans if necessary.

Telemarketing

Look on the Web, in specialized directories or in the telephone directory under "Direct Mail" for mailing houses. Some also handle inquiries, and others provide an 800 number. Research what the successful competition does.

Direct-Response Mail

We will be exploring the benefits of incremental, coordinated direct-mail programs in the [provide time frame]. We anticipate a strong profit potential as we strengthen our direct response capabilities. We will be approaching this scientifically, as we improve our customer targeting ability. We propose [example: two 50,000-piece campaigns, each preceded by a 5,000-piece test] using the following [buyer groups]. *Define targets.*

Method of Distribution.

How your products are (or can be) distributed. Make a chart to show how they get to the end-user consumer.

The following organizations have a distribution relationship with [COMPANY/PROJECT NAME] or are prime suspects for enhancing existing relationships to include distribution capabilities.

[Company A]: [Company A] is the dominate supplier of [product / technology]. [COMPANY/PROJECT NAME] has a distribution agreement which enables [Company A] to offer stand-alone as well as integrated and bundled versions of [product] with [Company A's related products]. This is a [limited, royalty free] agreement designed to support [COMPANY/PROJECT NAME]'s [seeding, research and development] efforts.

[Company B]: Founded by [name], [Company B], is the premier [product] supplier. In 19xx, [COMPANY/PROJECT NAME] and [Company B] entered into a cross licensing arrangement based on the joint development effort for [initiative name]. This [non-exclusive] agreement provides [COMPANY/PROJECT NAME] with full rights to the [source code] on [platforms] on a royalty free basis.

Refer to the leverage, advantages, etc. of these channels. Include references to your products / services in the channels advertising, promotional activities, etc.

A. Sales Cycle

Describe the average length of the sales cycle by market segment, based on the education level of the buyer within each segment, the complexity of implementation, or other influencing factors of time and deployment. The length of the sales cycle is a common error of optimism so provide proof of point, reference examples, etc. Do your homework here - it reinforces your credibility.

A. Pricing Strategy

How do you set prices? Is there a policy? Is our pricing competitive? Are prices based on costs or standard markups? Why are they higher or lower than competing prices? How elastic (the effect of pricing on demand for product) is the market for these products? How do buyer preferences affect elasticity?

Is there perceived value (it costs more, therefore it must be better) inherent in higher prices? Can you value price? Can you use pricing as a strategic competitive weapon to quickly gain market share?

Our pricing strategy is [describe policy or, at least philosophy]. *Is this pricing based on cost? Gross margin objectives? Market?*

We arrive at our pricing based on [cost, gross margin objectives, market prices, perceived value].

We review this pricing [monthly, quarterly, annually] to ensure that potential profits are not squandered. Customers seem willing to pay as much as [x] because of [explain].

We feel that our customers will pay \$[z] because [explain purchasing rationale]. We plan to review our pricing and product margin every [z] months.

Should a new pricing policy be investigated? Are potential profits being lost? Do we have time for this?

1. Product / Service A

The pricing strategy for our [product / service name] is based on a skimming strategy as opposed to a penetration model. We believe that [specific product / service], not yet a commodity [in the enterprise, on the desktop, etc.] still justifies a premium price as compared to other [product types] subject to competitive pressure. [COMPANY/PROJECT NAME] products currently range about [XX-YY% above / below] the competition due to our [describe your position in the market with this product]. For example, our [product line] on [platform type] ranges from \$xxx to \$yyy, whereas [competitors] routinely sell their [products] for \$yyy to \$zzz.

[COMPANY/PROJECT NAME] currently generates about XX% of revenues from [identify revenue source, e.g., royalty fees]. [COMPANY/PROJECT NAME] plans to charge a [fee types] for the use of our products. To overcome objections by small customer sites and/or limited corporate developers, we will bundle a limited number of [preferred pricing / free] to balance the equities between establishment sizes. Quantities above [state amounts, tiering, etc.] are negotiated.

2. Product / Service B

[COMPANY/PROJECT NAME] employs a market penetration model where the objective is to create the maximum installed base in a short period of time. This model ranges from a no-charge seeding strategy for the [product name] to a [product name] control-priced beginning at \$xxx.

A. Marketing Communications

Your purpose: Enhance, promote, and support the fact that your products are out there and perform better. Remember: resourceful entrepreneurs find various ways to gain free advertising and promotion.

[Your company name] recognizes the key to success at this time requires extensive promotion. This must be done [aggressively / passively] on a [wide / selective] scale. To accomplish our sales goals, we require an [extremely capable / highly specialized consultant, advertising agency and/or public relations firm]. [Your company name] [plans to advertise / now advertises] in major trade magazines such as [x]. Upon funding, an agency will be selected and, with its assistance, a comprehensive advertising and promotion plan will be drafted. We will advertise both independently and in cooperation with [distributors, OEMs, retailers, and companies] that have joint [marketing / sales] relationships with us.

Our publicity efforts will position us at the leading edge in providing products for [y industry or market segment]. Enhance our reputation and [name / brand] recognition among [managers / buyers / customers] in [prospective companies / industries / markets].

We will communicate on a regular basis with the following:

Editors of major trade, business and local publications. Key management personnel in the existing customer companies Organizations of employees, user groups, customers, competitors, sales representatives.

1. Trade Shows

Target audience of the shows: will this get the message to our target market?

Geography: aim for a good mix of shows in [Country names] to reach [what market segments]..Time frame: preferably no more than {number of shows / seminars, etc.} per [month, year]. Past experience, if any. Participation in someone else's booth?

[Your company name] participates in three kinds of trade shows: [x], [y], and [z].

In 19XX, instead of [a], [your company name] will concentrate on [b]. In deciding on our plan for trade shows, the following factors have been taken into consideration:

Based on the above considerations, these shows have been chosen for 19XX.

The company has been involved in numerous programs to promote awareness of its business and products, including the following:

1. Advertising:

[COMPANY/PROJECT NAME] is developing print media ad campaigns targeted at journal with appropriate editorial emphasis as well as catalogs designed to invoke direct telesales. The current list of journals includes [identify trade journals]. The [name] catalog due out in [time frame] with circulation to over [circulation number] target customers includes a full page ad on [product name].

1. Press Releases:

[COMPANY/PROJECT NAME] has had extensive coverage and placement of news through our contacts in the media and well placed releases. (see Attachment G for Clip Book for review of press clippings and placements) [COMPANY/PROJECT NAME] is planning on employing under retainer, a full time PR manager to continue influencing the coverage of this cost effective medium.

1. Conferences/Seminars:

[COMPANY/PROJECT NAME] currently exhibits at several major industry forums including: [names] in [Country]. [COMPANY/PROJECT NAME] has also been successful at co-ops with marketing partners to increase our visibility without having to buy exhibit space. This included a presence at [names of conferences, shows, etc.].

1. Internet Promotion:

[COMPANY/PROJECT NAME]'s Web Site experiences a range of [numbers] hits daily, depending on recent news or special hot links. Our home page has become a source for reliable and timely communication, distribution and support for our customers and prospects.

1. Promotional Bundles:

[COMPANY/PROJECT NAME] is pursuing additional opportunities such as the [examples] with [Company and company product names].

1. Trade Journal Articles:

[COMPANY/PROJECT NAME]'s principals [names] are often sought out as a credible spokesperson for the industry, enabling inclusion in many articles discussing relevant products and markets. [Name] is also a contributing columnist to [journal name], enabling [frequency] coverage on important issues to both [COMPANY/PROJECT NAME] and its target customers.

1. Direct Mail:

In addition to our corporate newsletter, entitled [“title], [COMPANY/PROJECT NAME] develops direct mail campaigns targeted at specific circulation or subscription lists or user bases with targeted messages designed to invoke immediate responses and sales opportunities.

In addition to the above, [COMPANY/PROJECT NAME] maintains a professional collateral set including product data sheets, white papers and background information.

A. Certification Program

Outside certification of your technology, functionality, release strategy and plans is a very important sales tool and can increase acceptance and shorten the sales cycle. Determine the industry gurus, analysts, key customers or universities that are and can act as a respected source of certification for your products and services. These leaders in their fields must be willing to publicly state their support. Identify your certification plans.

I.

II. FINANCE

Want a World-Class IT Financial Plan Template? This plan contains a detail set of worksheets for building the "base plan" and assumes a "strategic" add-on revenue stream.

A. Financial Summary

A five-year profit and loss summary is included below. This demonstrates a return on equity in the XX% range with the third through fifth years. This assumes a \$X,000,000 equity placement in early 199X, which contributes the negative profitability in year one. It is anticipated that the company will be positioned for a liquidity event in the year XXXX. An Initial Public Offering (IPO) is the preferred exit strategy.

A. Revenue Sources

The following is a summary of the product revenue sources for fiscal 199X. The plan is based on the current [COMPANY/PROJECT NAME] [self-capitalization plan and no equity infusion] [first/second round funding - describe]. In addition a summary of product assumptions is provided for the years XXXX - YYYY. These assumptions support the revenue plans for that period of time.

A. Funding Requirements

Needless to say, this is important -- state what your capital requirements are.

We seek [\$] of additional [equity, sub-debt, or senior financing] to fund our growth for the next [two years, year, month, day, whatever]. At that time, we will need an additional [\$x] to reach a positive cash flow position.

The initial stage of funding will be used to [complete development, purchase equipment, introduce and market our new/next product line, fund working capital, acquire a competitor]. Here is a breakdown of how the funds will be spent;

complete development	[\$x]
purchase equipment	[\$x]
market our new/next product line	[\$x]
fund working capital	[\$x]

How Funds Will Be Used

Explain specifically how the loan and / or investment funds will be used.

The [loan / equity investment] proceeds will be used to [purchase / buy / build / develop / gain / acquire / finance] [equipment / facilities / working capital].

Exit/Payback Strategy

Define how much time you will require before you can pay back the loan or investors can convert their equity; in other words, when an exit will be possible.

Tell us about how repayment will be accomplished, or the strategy for converting investors' equity to cash (i.e., a public stock offering, sale of the business, etc.).

Your financial projections should indicate that the loan / investment funds will help generate the profits and cash required for payback and exit.

Discuss any significant increases in profits / cash flows that are expected as a direct result of financing, and how these increases help to pay back the funds.

We can provide an exit for this [loan, investment] within [x] years by [a dividend of excess profits, recapitalizations, sale of company, or public offering].

The increase in profits generated by [a] will provide funds to repay the loan in [months / years].

Conclusion

Don't wimp out now. This is the place to ask for cash. Do not be vague.

Based on our projections, we feel an [investment in, loan to] our Company is a sound business investment. In order to proceed, we are requesting an [investment, loan] of \$[x] by [date].

A.

B. Projected Income Statements

This portion of the financial plan should be excluded to unqualified investors.

Consider the following text for the Condensed Plan:

The remaining portion of this version of the [COMPANY/PROJECT NAME] business plan has been left intentionally blank. Please contact [COMPANY/PROJECT NAME] for the detailed financial plan and specific financial information required.

Assumptions

Tell us about the assumptions you made to develop your financial statements (your business assumptions, not the numbers you entered into the financial spreadsheets).

The financial projections are based on the assumption that the additional [equipment / facility / product lines] will generate an increase in profits of [x]% or \$[y] within [time frame].

The new equipment will reduce costs by \$[z], thereby increasing our profit margin by [a]%.

Cost of Goods Sold will be reduced by [b]% by taking advantage of volume discounts.

We plan to have a working prototype by [date]. Field testing of the product is to start by [date] and be completed by [date]. Initial market penetration is anticipated to be \$[c] at a margin of [x]%, and increase to \$[y] at the end of the first year and \$[z] by the end of the fifth year.

It is often assumed that your costs, including labor, will increase by the general inflation rate. Hopefully, costs will also be decreased by volume discounts and better negotiations with suppliers. Whether costs are shown to be level, increasing or decreasing, comment on that fact and the underlying reasons.

General inflation rates are assumed to be [z]% per year.

Financial Statements

Keep in mind that projected financial statements do not stand on their own. Anyone reviewing your financial statements will also expect to read a discussion that supports the projections that you made (your research on your market, competition, etc.).

Discuss briefly the summary/analysis results for each of the financial statements that you provide in the appropriate section of your business plan. Growth rates for sales and any large expense items should be discussed. Economies of scale should be noted. Any large fluctuation in a category should be explained. Volume-adjusted measurements are helpful to add perspective to the discussions. These include income subtotals as a percent of sales; inventory; accounts receivable and accounts payable levels in days; return on equity; etc.

The basic question to ask yourself is: What would I want to know to evaluate a business proposal before I would consider investing my own money? If you have answered all the questions that you would have as an investor, you are probably prepared for outside investors or lenders.

Income Statements

Comment on any large items or changes, such as R & D or marketing expenses, that will appear to be disproportionately large in your first few months of operation (especially as a percentage of sales revenue) but will taper off over time.

Consider building two Income Statements: one to reflect the first year by month, and the second to show annual values for five years.

A. Projected Balance Sheets

Comment on any large or unusual items, such as other current assets, other accounts payable, or accrued liabilities.

Consider producing two Balance Sheets: one reflecting the first year by month, and the second showing annual values for five years.

Break-Even Analysis

We can reach break even by the [x] month. Sales are expected to be at the [\$x] level by that date.

A. Cash Flows Statements

Consider building two Statements of Changes in Financial Position (Cash Flows Statements) in the Financial Plan. One to reflect the first year by month, and the second to show annual values for five years.

I.

II. Appendix

Exhibits

A common error is mucking up the body of a plan with too much detail. That's what the exhibits are for. Exhibits give an investor a better feel for the company behind the numbers. Be sure to include illustrative material such as:

- Product literature and brochures
- Sales sheets
- Customer list
- Media coverage
- Clips from industry publications
- Relevant patents
- Market research data
- Past advertising campaigns
- Useful photographs of facilities, warehouses etc.

Sample appendix content follows:

A. [COMPANY/PROJECT NAME] Background and Structure

This text may be necessary to explain the evolution of your company.

[COMPANY/PROJECT NAME] originated in [year] as the [former name]. The name was derived from [describe the folklore]. In 1986, the group released [new product], a [describe characteristics]. In 1987, in an effort to capitalize on [what?], the [division name] was spun-off and incorporated as a independent subsidiary of [corporate parent].

Any other spin-offs, merger / acquisition history, net loss carry forwards / tax shelter advantages, balance sheet advantages/disadvantages? Capital structure, stock swaps, asset consolidations, foreign / government anomalies, debt to equity conversions, Board of Director relationship explanations, ownership or other complications that must be known to potential investors.

A. Market Background

Describe here what's happening or has happened over time in the markets serviced. Fragmentation, convergence, influence on the new, enabling technologies, the communications-centric world, the Inter and Intranet, etc. Major shifts, maturity of segments, new or emerging standards, etc. and impact to your markets.

A. Management Team Biographies

Include resumes of management team and key technical staff.

A. Board of Directors

Include name, address and contact information for all Board members. Include resumes if available or, if not, provide a summary of experience and qualifications.

**[Jason D. Ushburn,
President and CEO, XYZ Corporation Inc.]**

[Jason D. Ushburn] is President and Chief Executive Officer of XYZ Corporation, Inc., a {describe company type} company, and Chairman of [other executive positions]. Mr. Ushburn is the Chairman of Company/Project Name, Inc. and serves on the board of directors of [name board seats held]. He is a graduate of [University] with a [number and types of undergraduate degrees] and received an MBA degree from [University]. Prior to the formation of XYZ Corporation, Inc. Mr. Ushburn was a Executive Vice President and President of [unit/division/function] for [Company name].

A. Professional Relationships

[COMPANY/PROJECT NAME] has developed a top-notch group of professional affiliations to support [COMPANY/PROJECT NAME]'s board and management.

Tax Accountants:

Legal Counsel:

A. Competitive Profiles: Companies & Products

Include useful reference materials of competitive companies.

A. Corporate Exhibits

Include capitalization structure, 10K, 10Q, Annual Reports (if public company) or other relevant reference materials helpful to potential investors. If private and not a start-up, include financial statements for previous years (if unaudited, specify, if audited, identify accounting firms).

A. Customer Exhibits

Provide a complete customer list, organized by market segment, SIC code, if possible. Include the results of any key customer feedback, satisfaction surveys, focus groups, user group meetings and sample agendas, etc.

A. [COMPANY/PROJECT NAME] Press Clippings and Releases

Include all major press releases, as well as all coverage in the past year or so.

A. Marketing Communications Exhibits

Include latest version of company collateral kit /brochures and any promotional materials such as videos, publications, surveys, education / training and seminar packets, or other company-relevant exhibits.

A. Glossary

Include a glossary of terms. Make reviewing your plan painless and as intuitive as possible. Many investors, especially "angels"(family and friends), do not understand your technical terms. They may want to participate in technology investments because of the potential payback, compared to other investment classes, so don't assume they understand your lines of business. Examples follow:

DLL (Dynamic Link Library) - a shared library environment where multiple applications do not require separate instances of development components.

DOS (Disk Operating System) - The single user, command line, 16-bit, single tasking operating system, which controls most IBM PCs and clones based on Intel's 80X86 multiprocessors.

GUI (Graphical User Interface) - An interface which allows a user to instruct a computer to perform a function by selecting a command from a menu or by manipulating icons. The Macintosh operating system first popularized the GUI. Other graphical user interfaces are Windows, Motif, Open Look and NeXTStep.

ISVs (Independent Software Vendors) - ISVs are companies whose primary function is to develop and distribute software. ISVs solutions are independent of and they have the freedom to select architecture, platform and hardware compatibility.

I.

II. Sample Graphics

Following are example templates that help consolidate descriptions which would otherwise represent complex text. Consider incorporating this type of graphic explanation wherever possible.

Market Segment Analysis	Projected Penetration %	Growth Rate %
Segment A	75%	53%
Segment B	37%	19%
Segment C	63%	80%
Niche X	31%	41%
Niche Y	60%	46%

Segment Type Buyer Classes	Projected No. of Seats (or) Now / Year XXXX	Percent of Market / Market Growth Rate
Class A	125,000	23%
Class B	150,000	27%
Class C	280,000	50%
Etc.		
Total	555,000	100%

Customer Focus Group Survey Product / Services Offered	Percent of Companies Surveyed
Type A	100%
Type B	100%
Type C	40%
Type D	12%
Etc.	57%

Sample Feature/Function Analysis Template

Feature/Function Analysis	Your Product	Competitive Product 1	Competitive Product 2	Competitive Product 3
<i>General</i>				
Highly graphical interface	ü		ü	
Easy, fun to use	ü		ü	
Low overhead	ü		ü	
Quick, doesn't require EE..	ü		ü	ü
Seamless integration with XYZ Environments	ü			ü
<i>Specific</i>				
Allows comparisons between successive runs	ü		ü	
Collects all run statistics each time the program is updated	ü			partial
Profiles third-party libraries and components	ü	partial		
Feature X	ü	ü		
Feature Y	ü		ü	
Feature Z	ü			partial
<i>Functions</i>				
Function 1	ü	ü		ü
Function 2	Release 2	ü		ü
Function 3	ü		ü	
Function 4	Release 2			
More EE.				

[COMPANY/PROJECT NAME] Product Overview

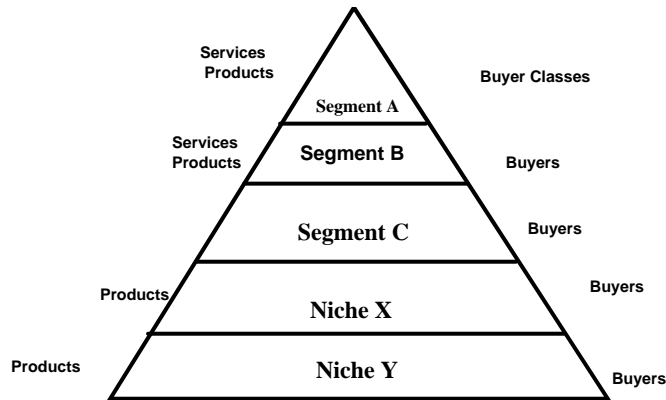
Platform	Product Type	Features	Future Extensions	Release Status
Platform 1	Yes All boards and models		Yes - explain	Released
Platform 2	Yes All models		No - explain	Beta Test
Platform 3	Yes Boards only		Yes - All Models	Alpha Test

Product Market Example

Competitive Product Focus	Competitor A	Competitor B	Competitor C
Hospital Information System		K	
Decision Support			
Electronic Data Interchange			
Physician Business Management			
Outpatient Clinical Data			
Etc.			

Note: M = Minor Market Position, A = Active Player, K = Key Position

Product and Market Segmentation



Financial Plan Summary

	1996	1997	1998	1999	2000
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Revenue	\$2.6	\$9.1	\$13.9	\$18.7	\$25.9
COGS	\$0.4	\$1.1	\$1.6	\$2.1	\$2.8
Operating Expense	\$1.5	\$3.3	\$5.2	\$7.1	\$10.3
Gross Profit	\$0.7	\$4.8	\$7.1	\$9.5	\$12.8
Net Income	\$0.4	\$2.9	\$4.3	\$5.8	\$7.7

Note: Net Income is after depreciation and taxes.

Balance Sheet Summary

	1996	1997	1998	1999	2000
Assets	\$1.1	\$5.4	\$7.8	\$10.6	\$14.2
Liabilities	\$0.5	\$1.5	\$2.4	\$3.2	\$4.5
Shareholders Equity	\$0.6	\$3.9	\$5.4	\$7.4	\$9.7

Sample Revenue Projection Graphic

