The Business Plan

www.VelocityTX.org
VelocityTX is like a mash-up of the best parts of a seed accelerator, an incubator, and an investment fund all in one non-profit organization.
Realistic? – Somewhat

This show is entertainment but:

Not far from the truth

- Hard questions
- Business focused
- Common format

Deal on the spot not realistic

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Valley of Death

80% Failure Rate
Business Plan: Its not the plan but the planning

Business Strategies
• Product Development
• Sales & Marketing
• Financial
• Other issues

Management in sync
(Equity Funding World)

Sell the venture
Due Diligence
Begin with the Problem Statement

Briefly describe the problem (not the market) that your product/service is going to solve

Objective is to “capture” the reader

- 8 – 10 seconds attention span
- average adult reads: 200 – 225 words/minute
- 10 sec X 4 words/second = 40 words

Sets up the remainder of the business plan/pitch
1. What is the Product/Service?
2. What is the value proposition?
3. Is there protected Intellectual Property?
4. What stage of development?
5. Are there barriers to development success?
What about the Market?

1. What is it?
2. How big is it?
3. Is there independent evidence of demand for your Product/Service?
4. Who are the competitors?
5. What is the differentiator?
6. What are the barriers to entry?
Who’s going to do this?

1. Who are you?
2. What domain expertise?
3. What entrepreneurial experience?
4. How much “skin” do you have in the game?
1. Where did the projections come from?
2. What is the deal?
3. When do I “cash out” and how?
4. What are the key milestones?
5. What is the funding strategy?
If you need to write the plan

• No proprietary warnings
• About 20 pages without exhibits
  • About 6500 - 7500 words
• 10 or 12 pt Times New Roman/Arial
• Spellchecker
  • Flesch-Kincaid Readability (Readers Digest = 65; Harvard Law Review = 30)
• Acronyms are taboo
• Table of Contents and page numbers
Biggest mistakes

1. Talk too much about the product/service and not the business.
2. Cannot articulate revenue/expense assumptions.
3. Failing to involve former entrepreneurs.
4. No independent validations
   (1% fallacy; “no competition”)
   (of course you think it works)
5. Failing to realize that investors want to ‘cash out’ - not get a share of profits.
• You know, Barbara, there is a big problem . . . .

• But the good news is, Mark, we have a solution to that problem . . . .

• Further, Kevin, there are a lot of people that have this problem . . . .

• Also, we have the team that can pull this off . . . .

• Lastly, most importantly, there is a lot of money to be made here . . . .
Plan on kissing a lot of frogs
Economic Development –

“the process by which a nation improves the economic, political, and social well-being of its people.”

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