CSULB Innovation Challenge
How to Write a Business Plan
Purpose of a Business Plan

A business plan for a potential venture reveals the business’ ability to

- Create or add significant value to a customer or end user
- Solve a significant problem, or meet a significant want or need for which someone will pay a premium
- Have robust market, margin, and moneymaking characteristics
- Fit well with the founder(s) and management team at the time, in the marketplace, and with the risk-reward balance
Steps in Writing a Business Plan

- Segment the information
- Create an overall schedule
- Develop a task list with due dates
- Conduct research and perform analysis
- Write sections of the plan
- Compile and revise the plan
Sections of the Business Plan

- Executive Summary
- Business Description and Vision
- Products and / or Services
- Organization and Management
- Marketing and Sales Strategy
- Financial Analysis
Executive Summary

This section should:

- Be written last,
- Provide an enthusiastic snapshot of your company, explaining who you are, what you do and why,
- Summarize the important information covered in the plan,
- Be 1-2 pages in length.
Executive Summary

Be sure to include the following:

- Target market and projections
- Competitive advantages
- The team
- The offering
- Financial summary
Business Description and Vision

- The industry
- The company and the concept
- Entry and growth strategy
- Exit strategy
Products and / or Services

- Describe in-depth your products or services
- Detail what gives your company a competitive advantage
- Outline the pricing, fee, or leasing structures of your products or services
Organization and Management

- Organization Structure
- Key management personnel
- Management compensation and ownership
- Supporting professional advisors and services
Marketing
More than just advertising
Marketing Plan

Start with Market Analysis
- Customer analysis
  - Define the customer
  - What are the factors driving customer’s decision to buy?

Competitor Analysis
- Who are your competitors?
- How does your product/service compare on the driving factors of the customer?
Marketing Plan

- Identify and describe your market – who your customers are and what the demand is for your products & services. This includes the industry outlook.
- Describe your channels of distribution.
- Explain your sales strategy, specific to pricing, promotion, products and place (4Ps).

The findings from your market analysis should drive all of these
Financial Analysis

This section should include the following:

- Estimate of start-up costs.
- Projected balance sheet (1 year forward).
- Projected income statement (1 year forward).
- Projected cash flow statement (1 year forward).
- Breakeven Analysis
- Total capital needed and projected sources of the capital.
Start-Up Cost Examples

Fixed Assets
- Buildings (Rent)
- Equipment
- Furniture and Fixtures
- Vehicles
- Other Fixed Assets
Start-Up Costs - continue

Operating Capital
- Pre-Opening wages
- Pre-paid insurance premiums
- Inventory
- Legal and Accounting Fees
- Rent Deposits
- Utility Deposits
- Supplies
- Advertising and Promotions
- Licenses
- Other $
- Working Capital (Cash on hand)
Understand Your Cost Structure

- Fixed Costs
  - Occur even if you don’t make any sales
  - Examples: Rent, administrative salaries, phones, insurance
- Variable Costs
  - Occur only if you make sales and vary depending on how much you sell
  - Examples: Direct labor, direct materials, sales commissions
BREAKEVEN ANALYSIS

CASH PROFIT

BREAKEVEN POINT

CASH REQUIREMENT TO START/RUN BUSINESS

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Business Plan Submittal

• Limited to a total of 20 pages.

No more than 15 pages of text (typed, double-spaced, times new roman, font 12, and 1 inch margins on all sides), including the executive summary, financial data summary, pictures and graphics. Detailed spreadsheets and appropriate appendices should follow the text portion and are limited to 5 pages. Plans with fewer than 5 pages of appendices may not use the remaining pages to increase the size of their text portion business plan beyond 15 pages. In total, the maximum number of pages is 20.

• For judging purposes, the mentor’s name must not appear anywhere on the document
Financial Data Guidelines

- Financial data should include a cash flow statement, income statement, and balance sheet.
- Project annual financials for at least three years along with a monthly plan for year 1.
- Summarize this data in the main section of the business plan.
Business Plan Submittal

- Final written plan should be sent online to: innovate@csulb.edu On or before 5:00 p.m. PST on Friday, February 27, 2014.
- The plan must be in .PDF format
- Teams not meeting the deadline or guidelines will not be considered for this year's competition.
- The written plans will be posted on a password protected site.
Appendices

• Should be included to support the findings, statements, and observations in the plan.
• The text portion of the plan (15 pages) must contain all pertinent information in a clear and concise manner.
• All appendices must fall within the 5 page limit; any pages over this limit will not be posted or otherwise provided to the judges.
Finalist Presentations

• Each finalist team will make a 15 minute presentation at the Awards and Recognition ceremony on April 10, 2014, 4:00 p.m.
• The presentation will be followed by a 10 minute Q&A session.
• The presentation must use Microsoft PowerPoint, and the number of slides is limited to 10, not including the title slide.
### Judging Criteria - Guidelines

<table>
<thead>
<tr>
<th>Business Plan Criteria (For All Business Plans Submitted)</th>
<th>Weight (%)</th>
<th>Poor</th>
<th>Fair</th>
<th>Good</th>
<th>Very Good</th>
<th>Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Team has clearly identified customer needs/requirements</td>
<td>15</td>
<td>0</td>
<td>5</td>
<td>10</td>
<td>15</td>
<td>20</td>
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<tr>
<td>2. The solution/approach to address the customer need is innovative</td>
<td>15</td>
<td>0</td>
<td>5</td>
<td>10</td>
<td>15</td>
<td>20</td>
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<tr>
<td>3. Company’s solution is better than anything offered by competitors and is defensible.</td>
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<td>0</td>
<td>5</td>
<td>10</td>
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<tr>
<td>4. Business concept and revenue model are clearly articulated and reasonable</td>
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<td>0</td>
<td>5</td>
<td>10</td>
<td>15</td>
<td>20</td>
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<tr>
<td>5. Marketing and sales approaches are appropriate for the business.</td>
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<tr>
<td>6. Team has a reasonable financial plan.</td>
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<tr>
<td>7. Existing and/or planned team has the resources (or plan to acquire the resources) to credibly implement the business plan.</td>
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<table>
<thead>
<tr>
<th>Verbal Presentation Criteria (For Finalists Only)</th>
<th>Weight (%)</th>
<th>Poor</th>
<th>Fair</th>
<th>Good</th>
<th>Very Good</th>
<th>Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Presentation was professionally prepared and delivered.</td>
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<td>0</td>
<td>5</td>
<td>10</td>
<td>15</td>
<td>20</td>
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<tr>
<td>2. The overall business plan presented is credible and would appear to attract investors.</td>
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<td>0</td>
<td>10</td>
<td>15</td>
<td>25</td>
<td>30</td>
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</tbody>
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THANK YOU!

Questions?