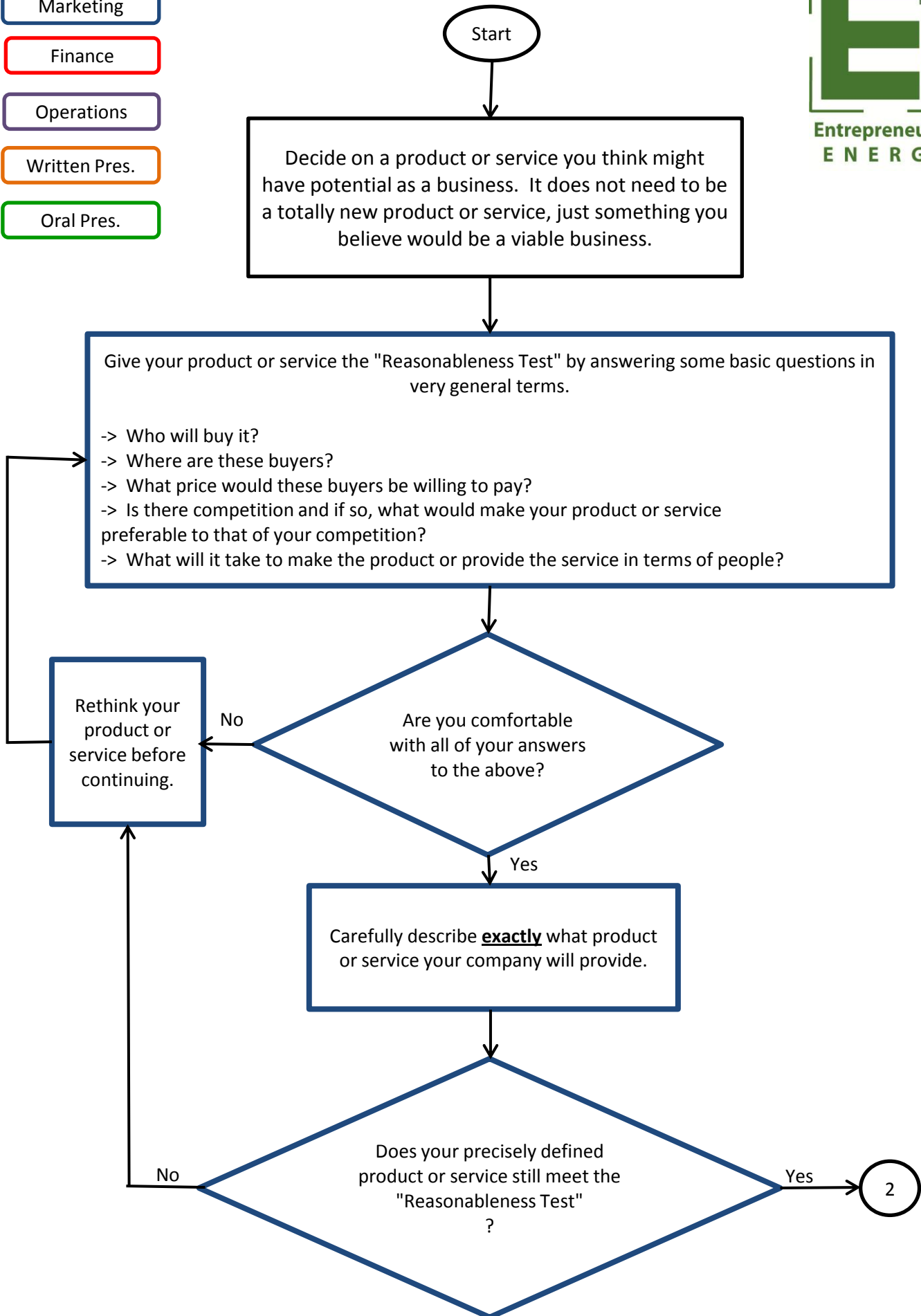


Flowchart for Creating a Business Plan



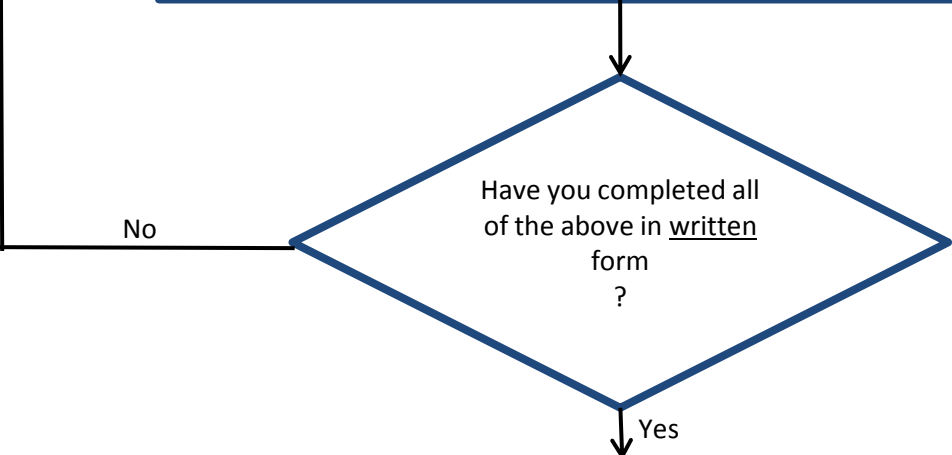
- Marketing
- Finance
- Operations
- Written Pres.
- Oral Pres.



2

At this point a written outline of your Business Plan must be created. The goal is to create a list of the main points to be included in the final Business Plan. The outline should include most details but in outline (bullet point) form only.

- Marketing Plan Points:**
- > Primary market research
 - > Secondary market research
 - > Market economics
 - > Detailed product information
 - > Who are the potential customers?
 - > What is your competition
 - > Compare your product to that of your competitors
 - > Define your niche



Five-Year Sales Forecast:

Your sales forecast will determine the true scope of your business and will affect almost every facet of it; especially the staffing level needed and the financial resources required. If you are selling a product, use the Pdt. Sales Proj. tab. If a service, use the Svc. Sales Proj. tab.



3

Operational Plan

Now, based on your sales forecast, you need to prepare a detailed outline (bullet points) of your Operational Plan. This addresses the day-to-day anticipated operation of your enterprise. All of the following topics must be addressed:

- > Production
- > Location
- > Legal Environment
- > Personnel
- > Inventory
- > Suppliers
- > Management & Organization
- > Professional & Advisory Support

Are you confident that your operational plan will work ?

No

Yes

Startup Expenses & Capitalization

You now know what your proposed business will look like based on the details already examined and are now ready to start your financial analysis. The first step is to determine what your startup expenses will be. These can be relatively insignificant in certain businesses and can be very large for other businesses.

Now:

Complete the Startup Expenses worksheet tab in the financial workbook (Excel).

Do the startup expenses cover your marketing & operational plans?

No

Yes

4

4

Five-Year Profit & Loss Statement (P&L)

Having completed your Marketing Plan, Sales Forecast, Operational Plan, and examined your Startup Expenses you are now ready to create a projected P&L for the first five years of your business. Use the 5-Year P&L worksheet tab in the financial workbook.

Fill in all of the information required in the 5-Year P&L tab .

Investigate what you can do to show a profit in 2-3 years. If it takes longer, venture capitalists will be very reluctant to invest.

Does your business become profitable within 2-3 years?

No

Yes

Look at the Projected Cash Flow tab in the financial workbook. All information is automatically filled in except for the amount of funding to be requested of the venture capitalists. You may need to "play" with this figure in order to maintain a positive cash balance at all times.

Is your cash balance always positive ?

No

Yes

5

5

Using the Cash Flow Analysis, how much cash do you need as a minimum to succeed (i.e., never run out of cash)?

You absolutely CANNOT run out of cash and it is crucial to maintain more cash than needed to fund unexpected expenses. Now: how much venture capital investment should you seek? Enter this amount in your Projected Cash Flow and you will have your completed Cash Flow Statement.

Your Business Plan will not be complete, nor will it be of any interest to investors without a discussion of Return on Investment (ROI). The information you have already supplied is sufficient to determine the ROI for each of the years in your projected P&L. ROI's are automatically computed in the ROI tab in the financial workbook. This will become part of your final Business Plan.

Do you think your projected ROI is sufficient to reward the risk of the venture capitalists and make your business an investment of interest?

Yes

6

No

Something must change to justify either increased projected profit or reduced investment if you expect to receive venture capital funding. All changes must be supported by new assumptions and data.

Return to 3

