Week 2 - Assignment
text Book Reference

## siness Plan

While there are some variations on what goes into a successful business plan, they all have the same essential elements (aspects). These can be grouped into three sections:

- Section 1: Introduction
  - Title (Cover) Page
  - Table of Contents
  - Executive Summary
- Section 2: Body of the Business Plan
  - Description of Business
  - Description of Industry
  - Technology Plan
  - Marketing Plan
  - Financial Plan
  - Production (Outsourcing) Plan
  - Organizational Plan
  - Operational Plan
  - Summary
- Section 3: Support (Backup) Material
  - Exhibit A: Résumés of Principals
  - Exhibit B: Market Statistics
  - Exhibit C: Market Research Data
  - Exhibit D: Competitive Brochures
  - Exhibit E: Competitive Price Lists
  - Exhibit F: Leases and Contracts
  - Exhibit G: Supplier Price Lists

Each of these sections, as detailed in Table 2.1, will be discussed in turn.

| Section 1: Introduction | |
|---|---|
| Title (Cover) Page<br>Table of Contents<br>Executive Summary | |
| **Section 2: Body of the Business Plan** | |
| 1.0 Description of Business<br>• Description of the Venture<br>• Product(s) and/or Service(s)<br>• Mission Statement<br>• Business Model | 2.0 Description of Industry<br>• Type of Industry<br>• Future Outlook and Trends Industry<br>• Analysis of Competitors<br>• Trends and Market Forecast |
| 3.0 Technology Plan<br>• Description of Technology<br>• Technology Comparison<br>• Commercialization Requirements | 4.0 Marketing Plan<br>• Market Segment<br>• Pricing<br>• Distribution<br>• Promotion |

5.0 Financial Plan

- Sources and Applications of Funds Statement
- Pro Forma Income Statements
- Pro Forma Cash Flow Statements
- Pro Forma Balance Sheets

7.0 Organization Plan

- Form of Ownership
- Identification of Partners and/ or Principal Shareholders

7.0 Organization Plan (continued)

- Management Team Background
- Roles and Responsibilities of Members of Organization
- Organizational Structure

- Product or Service
- Sales for First 5 Years

6.0 Production (Outsourcing) Plan

- Manufacturing Process (amount subcontracted)
- Physical Plant
- Machinery and Equipment
- Suppliers of Raw Materials
- Outsourcing Aspects

8.0 Operational Plan

- Description of Company's Operation
- Flow of Orders and Goods
- Exit Strategy

9.0 Summary

**Section 3: Appendices (Exhibits)**

- Exhibit A: Résumés of Principals
- Exhibit B: Market Statistics
- Exhibit C: Market Research Data
- Exhibit D: Competitive Brochures
- Exhibit E: Competitive Price Lists
- Exhibit F: Leases and Contracts
- Exhibit G: Supplier Price Lists

## Section 1: Introduction

Section 1 contains the title (cover) page, table of contents, and executive summary. The title (cover) page is an important part of every business plan, as it has the following:

1. The company name, address, telephone, fax, e-mail address, and website.
2. Name and position of each member of the management team and the contact person.
3. The purpose of the plan, the amount of money needed, and funding increments
4. At the bottom of the title page: "This is confidential business plan number ____." A low number should be put in for each business plan given out and when, and who received this numbered plan should be tracked for a 30-day/60-day/90-day period.

The first page after the title (cover) page is the table of contents. This follows the usual format and lists at least the major subsections in each section and the corresponding page number as well as each figure, table, and exhibit. Preferably each major subsection and smaller subsections should be labeled as 1.0, 1.1, 1.2, 2.0, 2.1, 2.3, and so on. The executive summary precedes the numbering and therefore either has no number or smaller letters or Roman numerals. The tables and figures should have a separate list, as should the exhibits (appendices).

The last item in Section 1, following the table of contents, is the all-important two-page **executive summary.** This is by far the most important document in the business plan, as it is often used as the screening section by investors who often decide not to read the entire plan. Many readers, including potential providers of capital, never read beyond the executive summary. One head of a very successful venture fund, who is now managing his eighth fund of over $850 million, indicated that he receives about 1,500 business plans a year, discards 1,400 based on the cover page or executive summary, and, of the remaining 100, will discard 80 after the first 1- to 2-hour examination. Of the remaining 20, about 4 to 6 will receive investment from his fund. So the executive summary needs to be very well written to invite further reading of the business plan.

The executive summary should have the name of the company and address at the top of the first page that appeared on the title (cover) page. It should begin with defining the nature and size of the problem existing. In the case of TerraPower, the problem is a large, critical one—the need for low-cost, clean electrical energy. The larger and more critical the problem, the more interest there will be on the part of investors and others.

This needs to be followed by your proposed solution to the problem. Again, for TerraPower, this is providing low-cost, clean electricity through a new traveling wave reactor (TWR) technology that runs on depleted uranium. In this section, all competitive ways to solve the problem should be discussed showing the uniqueness or the unique selling propositions of your solution. These would include nuclear, solar, cool, and geothermal energy for TerraPower.

Following the solu