



## **BUSINESS PLAN DEVELOPMENT GUIDE**

The ideal size for the business plan is 15 to 20 pages plus a 2 page executive summary. Supporting documents may be added as appendices to explain or expand upon technical or market details. Structure the business plan into the following sections.

**Marketplace (2 pages):** Provide a description of your addressable market and its growth potential. This section should identify the following:

- The industries that will be your primary customers and the health of those industries - are they growing, shrinking, or flat? This historical and projected market analysis should be from a credible source.
- The number of organizations (opportunities) within those industries that are best suited to your business. Prime prospects may be determined by number of employees, revenue, liability, number of locations, etc. How many such organizations exist in your other target geographic market?
- Who and how many users there are within those organizations. Inform the reader about the people who will use your innovation. Include the size of this more narrowly defined market and whether it is new, growing, mature or shrinking. Include statistics concerning its projected volume.

**Competition (1 page):** What companies are now supplying solutions to your target users? You may want to use a competitive matrix. Is the market fragmented or are there a few dominant players? What are the strengths and weaknesses of those companies, both generally and specific to your company/product?

**Service or Product Offerings (4 pages):** Describe your product or service and how it will address the pain, problems or needs your customers face. Is it an enterprise product; is it platform technology; and, does it have horizontal and/or vertical applications? Using a combination of tables and descriptions, demonstrate key differentiators of your product/service. Why is it innovative and what does it enable users to do that they previously could not? Without divulging proprietary information, discuss the mechanics of how your technology works.

**Sample Applications (2 pages):** Describe at least two specific applications of your technology. Describe how it might be used or is used by a specific customer. Show how the innovation is a substantial improvement or opportunity to your target market. Show how your product directly generates measurable value for your customers.

**Intellectual Property and other Competitive Insulation (2 pages):** Describe your intellectual property and any other product characteristics that will insulate you from competition. Include any exclusive marketing or licensing arrangements.

**Go-to-Market Strategy (2 pages):** Discuss your strategy to get adoption or increased adoption. List the first 5 companies/buyers that you believe will be early adopters and specifically how you plan to sell them. Be sure to include a summary of your channel strategy and pricing model. Who will buy your product and how will you get paid?

**Projections (3 pages):** Provide a five year set of financial projections (income statement, cash flow and balance sheet. Include quarterly detail for the first two years. Gross margins should be over 65% and compounded growth should be over 100%.



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**Financing (1 – 2 pages):** How much capital have you raised to date; how was it used or how is it being used. What are your current capital needs; how will those funds be used? Be sure to associate measurable milestones with all funding.

**Management Team (1 page):** Describe the direct, specific measurable contributions of key team members (i.e. for technical and sales team members – number of units and revenue of previous innovations successfully adopted by customers; for business team members – description of previous growth successes and evidence of shareholder returns). Describe the domain experience of key personnel. Investors like to know that your key people lived with and truly understand the problem your products address.

**Additional Tips:**

**Do:**

1. Use a clear, concise and easily understood writing style. You must demonstrate the ability to communicate your message simply and clearly to non-technical readers (customer decision makers, press, politicians, potential board members, etc.).
2. Clearly describe special access (if any) to the market through board members, personal relationships, your attorney, etc.
3. Clearly convey your sensitivity to the customers (sales cycle, timeline, levels of authority, budget issues, etc.). Failure to do so will leave a negative impression on the business plan reader.
4. Recruit active board members who have relationships that can help you generate revenue. A list of blue chip names that contribute nothing counts against you.
5. Describe key personnel wins. From a business perspective, describe success at taking companies and making them successful (raising capital, generating more revenue, increasing profit, monetizing stockholder investment, etc.). From a technology perspective, describe success at taking innovation and successfully developing it into desirable product adopted by the market (overcoming development issues, integrating into many customer platforms, etc).
6. Whet the appetite of the reader and don't try to address every feature or issue. That will happen in due diligence but only if you get the reader to take the next step.
7. Eliminate all errors, especially in your financials. Have the finished document proofread by several individuals who are completely unfamiliar with your business.

**Don't:**

1. Do not use a technical writing style or use long sentences. Thoughts and information must be easily "digestible" in short little packets.
2. Do not develop a sales forecast based on a percentage of a large market (we only need 5% of a 10 billion dollar market to be a billion dollar company).
3. Do not suggest there is no competition. Everyone has competition. Others may not do exactly what you do, but customers are addressing problems in some way. Remember that "doing nothing" is a competitive alternative to your product or service.

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