



ATDC Startup Best Practice *Realistic, Executable Business Planning*

Overview

Effective business planning and execution go hand-in-hand to help start-up companies create and implement on an effective, focused strategy. At least a very basic business plan should be created early in the companies' formation, usually before a formal company launch but certainly before significant time or resources are invested in the business. A complete business plan should be available at the time at which you begin formal fundraising efforts (remember, it usually takes 6 months+ to raise money). Three key business planning steps include:

I. Develop a Thorough, Realistic and Compelling Business Plan

A business plan is an important planning, communications and selling document typically consisting of a 2-3 page Executive Summary and an approximately 20-30 page business plan. The executive summary is critical as this is what most will turn to first to assess your company; A poor executive summary may cost you key investors or key hires. It should be written last.

II. Conduct Regular, Ongoing-Business Planning

All effective start-ups need to continually validate and revise their business plan as needed.

III. Execute, Execute, Execute

Entrepreneurship requires effective, speedy execution in an uncertain environment.

Questions to consider

Industry and Market

- Do the founders know the industry? If not, how will they gain this knowledge?
- Have you properly and specifically identified the market and category (what would the analysts, customers, investors label you as) that you will compete in?
- Do you understand the key dynamics of this industry including who the buyers are, their needs and pains, the current providers, key trends now and forecast for the future?
- Do you or someone else on your team have connections to open doors to the customers?

Company

- In this difficult fundraising environment, investors like to see validations of a company's opportunity? Can you point to any significant validation of your technology, your customer's willingness to buy this or your business model (pricing, channel etc.)?

Competitive Advantage

- Are the products or services of the company compelling and unique? If so, are the barriers to entry for your company reasonable?

Milestone Planning

- Does your business plan identify key milestones with specific quantifiable objectives? These should include milestones/key objectives for product development or technology, customer acquisition, human resources, infrastructure development and financial goals.

Financial Planning

- How will you finance your company's growth? Can your business return 30-50% annually to private investors? Are there credible exit options for your business?
- Do you have a realistic and achievable financial plan? Have you analyzed in detail sources and uses of cash flow on a monthly basis for the first 12-24 months of business?