

Session 10 – Plans and Pitches

In this session you will learn:

- A business ‘pitch’ and a business ‘plan’
- Plan vs. actual
- Where to go from here

OVERVIEW

You have your business idea. You know who your target market is. You have planned your sales, costs of sales and expenses. You now have the key elements in place to describe your business. Whether it’s a pitch or a full business plan, use the format that best meets your needs.

HOW TO PITCH A BUSINESS PLAN

Step 1 Position your company as a potential leader in the industry. List any current operational metrics, such as the number of current customers and employees. State your current annual revenue, if applicable.

Step 2 Describe your employees and their credentials. List any relevant awards you've received or past work recognized for excellence. Testimonials from past clients can be helpful in demonstrating your company's capability.

Step 3 Cite current market conditions that make it attractive for your business to seize the opportunity to expand by providing additional products or services.

Step 4 Demonstrate that you understand customer needs. Show how their needs are unmet by your competitors and describe how you can fill these needs with your new product or service.

Step 5 Show samples of advertisements that will attract customers to buy your new product or service. Use simple color schemes and slogans to make a crisp pitch for them.

Step 6 Explain how you will manage production costs and set pricing to ensure a successful launch of your product or service. Describe any discounts or promotional pricing you anticipate.

Step 7 Acknowledge the risks associated with introducing a new product or service at this time. Describe how you plan to mitigate any issues that might arise, such as changes in market conditions.

Step 8 Identify what financing you need to get started, and provide details about how it will be allocated throughout your company to achieve your business objectives.

Step 9 Develop a script for your pitch to describe the business problem, how you can solve it and how you plan to market and sell your product or service. Start with a compelling executive summary, and then follow with details. Make your observations about the opportunity candid and not overly analytical. Keep your document and accompanying presentations short and concise. You want your presentation to be believable and appealing.

THE HEART OF THE PLAN

You can start anywhere you like, but build your plan around the heart, which implies that the heart comes first. And usually it does.

The heart of the plan, which is also the heart of the business, is made up of a group of three core concepts that can't be separated: market, identity, and focus. Don't pull them apart. It's the interrelationship between them that drives your business.

So let's look at what I call the heart of the business plan, the core strategy, which is this enmeshed combination of the business identity, the target market element, and the strategic focus. I'm going to go through each of these in more detail in the rest of this section, but let's first establish that they are completely interrelated, and that you never separate any one of them from the other two.

Your Business Identity This element is about you and your business, what I call your identity. How are you different from others? What are your strengths and weaknesses? What is your core competence? What are your goals?

Your Market Telling the market story is about knowing and understanding your customers. Understand why they buy from you, what their wants and needs are, what business you are really in.

Strategic Focus You can't do everything. In restaurants, you can't credibly offer great food at bargain prices with great atmosphere. If you say you do, nobody believes you anyhow. So you have to focus. Make this focus intertwined and enmeshed with your choice of key target customer and your own business identity. All three concepts have to work together.

These three things are the heart of your business. Don't pull them apart. Don't take them one at a time. Don't ever stop thinking about them. Remember, in planning as well as in all of business, things change. Keep watching for change in assumptions, in the environment, in your own team, or any changes that might affect your core or heart of the plan.

FLESH AND BONES

Think of defining flesh and bones as setting the steps. You have a strategy, you've got the heart of your business settled, but you want to set it down into concrete steps you can follow and track.

To follow up on a plan and turn it into effective management, you have to have specifics that you can track and manage. This turns a plan into a planning process, and it makes for management. This chapter deals with the specific steps you can take to make things happen. Remember:

Good business planning is nine parts implementation for every one part strategy.

Action Plan: What's Going to Happen? When? It centers on the milestones table, a simple specific plan for what's supposed to happen, with start dates and end dates and responsibility assignments. It also includes the following task:

- scheduling regular reviews of the plan

- identifying assumptions
- developing metrics: leave tracks
- planning the business activities: what to do when

Basic Business Numbers Don't miss the opportunity to manage your business by running plan vs. actual analysis on some key numbers. It's not necessarily the whole big (scary to some) financial forecast, but

- you should have a sales forecast -- that's really central to tracking progress;
- you should probably also manage an expense budget -- it's something else you can track to improve management;
- if and only if you're starting a business, then you want to have startup costs figured out; and
- whatever else you're doing, you should be aware of the cash traps.

DRESSING AND GROWING

As your company grows, your planning grows. As you grow, if you add people to your team, then you want to bring them into the process, and make sure you're on the same page. You bring in skills.

The business gets more complex as it grows. Cash flow gets more sophisticated. You start to manage the money and administration differently.

Or you have a business plan event. You want or need to present a complete formal business plan, or the elevator speech, or the pitch presentation, or summary memo.

That's what this section is about. Grow it and dress it as needed.

Financial Forecast By the time you have the basic numbers in your evolving plan, it's not too hard to fill in some blanks and follow some standards to create a complete financial forecast. That's the projected income (profit and loss), balance sheet, cash flow, business ratios, the whole thing. It will make you look good and feel good to have a complete financial forecast.

Supporting Information This is about the classic market analysis, industry analysis, and business descriptions: your management team, company history, and so on. Earlier I said this should be separate from your plan until you're going to use it. This is about how to do it when you need it.

Dress It As Needed This is about the output. Having a plan, how to create an elevator speech, a pitch presentation, a summary memo, and of course the full formal business plan document.