

Components of a Traditional Business Plan

BUSINESS PLAN OUTLINE

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|--|---|
| <p>1. Cover</p> <p>2. Table of Contents</p> <p>3. Executive Summary (2–3 pages)</p> <ul style="list-style-type: none"> • Brief introduction & description of the opportunity • Company overview • Product or service description • Industry overview • Marketplace & target market • Competitive advantage • Business model (with summary of financials) • Management team • Offering <p>4. Company Overview (1–2 pages)</p> <ul style="list-style-type: none"> • Company description • History & current status (stage of development) • Products & service description • Competitive advantages • Entry, growth, & exit strategies <p>5. Industry, Marketplace, & Competitor Analyses (3–6 pages)</p> <ul style="list-style-type: none"> • Industry analysis • Marketplace analysis • Competitor analysis <p>6. Marketing Plan (1–4 pages)</p> <ul style="list-style-type: none"> • Target market strategy • Product/service strategy • Pricing strategy • Distribution Strategy • Advertising and promotion strategy • Sales strategy • Marketing and sales forecasts • Marketing expenses | <p>7. Operations Plan (2 pages)</p> <ul style="list-style-type: none"> • Operations strategy • Scope of operations • Ongoing operations • Operations expenses <p>8. Development Plan (1–2 pages)</p> <ul style="list-style-type: none"> • Development Strategy • Development timeline (milestones) • Development expenses <p>9. Management (1–2 pages)</p> <ul style="list-style-type: none"> • Company organization • Management team • Ownership & compensation • Administrative expenses <p>10. Critical Risks (1–2 pages)</p> <ul style="list-style-type: none"> • Market, customer, financial risks • Competitor retaliation • Contingency plans <p>11. Offering (up to 1 page)</p> <ul style="list-style-type: none"> • Investment requirements • Offer <p>12. Financial Plan (up to 2 text pages, including financial statements)</p> <ul style="list-style-type: none"> • Detailed financial assumptions • Pro forma financial statements • Breakeven analysis and other calculations • Do include statement within this section; do not place statements in the appendix. <p>13. Appendices (no maximum)</p> <ul style="list-style-type: none"> • Customer survey and results • Other items to include may be menus, product specifications, team résumés, sample promotions, product pictures. |
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TABLE 9.3
Points to Include in a Business Brief

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| • Description of the business idea (company overview) |
| • Value proposition that highlights the problem being solved or need being met |
| • Customer profile and market size |
| • Proof of market demand and future growth |
| • Description of the entrepreneur/team |
| • Actions taken to date and future actions planned |
| • Simple pro forma income statement (up to 3 years) |

FIGURE 9.2**Sample Business Brief: India in a Box****COMPANY OVERVIEW**

India in a Box is an online meal service (subscription and on-demand) delivering authentic Indian food that is healthy and can be prepared in 5 to 10 minutes. We are on a simple mission to bring a taste of India to every home in the United States.

Through the India in a Box online store, customers receive their choice of curry and can add on rice or naan. Curries are easily prepared by adding water, stirring, and heating.

VALUE PROPOSITION

Cooking a traditional Indian meal requires time, knowledge, and passion. We captured and simplified the essence of this process. By using a specialized dehydration process, we ensure that each dish has a simple ingredient list, and 95% of its nutrients are preserved in the packaging process, compared to 50% provided by our competitors. Each dish has a simple ingredient list: is 100% vegetarian and gluten-free, and contains no added preservatives, sodium, or sugar. We start with whole, fresh ingredients and slowly simmer to develop complex sauces and then naturally condense through dehydration to lock in flavor and nutrition. The shelf life of our products is nine months.

MARKET

Key trends supporting the startup and scale up of India in a Box:

- Ethnic food industry is \$11 billion growing at 15% Year on Year (YOY), 2018.
- Indian cuisine is the 2nd fastest growing cuisine with a 20% YOY growth projected until 2018.
- Ongoing concerns with health and wellness: 88% of people are willing to pay more to get healthy and great quality food (Nielsen 2015 report).
- Growth of food-based services: Over \$750 million invested in just the first half of 2015 in food technology companies, including meal kits & subscriptions.

CUSTOMER

Our target consumers are Indian food lovers and enthusiasts. There are over 5 million Indians and 130,000 Indian students in the US. Indians are now the largest international nationality for students represented in the US. Specifically, our customers are the following:

- **Urban Food Explorers:** Whole Foods shoppers (health conscious), time constrained, looking for convenience
- **Indian Americans:** Highly influential group who will be our brand evangelists, helps build brand credibility
- **Millennials:** Young, yet particular about food consumption and their current and future wellness

ACTIONS TAKEN

We have product. 5 recipes have been developed by us. With the help of a professional chef and our head of nutrition, Sucheta Gehani, we created 5 delicious recipes from scratch. We partnered with Spicebox, a state-of-the-art commercial kitchen in India, to create, iterate, and finalize our recipes.

We have co-packers. We have developed strategic partnerships for co-packing our food in India. Our food is created in a commercial kitchen in Mumbai and then dehydrated by a separate manufacturer in Mumbai, India. Both of these companies meet the necessary FDA approvals and production standards required.

We have a supply chain process. Product is shipped by air freight from Mumbai, India, and warehoused by Ship Bob, which has 2 warehouses across the United States (New Jersey and Chicago).

We have sales. In May, India in a Box launched its first batch of five products, and completely sold out doing \$1,200 in one day. After we launched our online platform, www.indianabox.us, we sold \$6,000 in 3 months, fulfilling orders from 8 different states.

OUR TEAM

Shyam Devnani, Founder and CEO:

Shyam is a Babson MBA 2015 alumni with an undergraduate degree in Computer Engineering. He has 3 years of experience as CEO of a startup garment textile manufacturing firm.

Sucheta Gehani, Head of Nutrition and Wellness:

Sucheta is a Registered Dietitian and brings to bear her expertise as a nutrition and health expert. Sucheta is passionate about Health and Wellness and is also a certified Yoga instructor.

Meet Kouchar, Operations Partner:

Meet is a serial food entrepreneur with companies such as SpiceBox (www.spicebox.in), Oye Kiddan, and the Bohri Kitchen in India. He is our new Operations Partner for food production in India and will help us set up our own kitchen and dehydration unit in India.

Vinayak Agarwal, Marketing Intern:

Vinayak is studying his Master's in International Marketing from Hult University. He is a foodie and a passionate photographer, who will bring to the company his digital marketing expertise to help us execute our social media strategies.

We are also looking at bringing on board a full time Marketing/Sales person and creating a board of advisors with industry experts.

FINANCIAL PROJECTIONS

Our revenue model is selling our meal boxes online at a price of \$24 for 3 curries and 3 rice or naan. Our second product line will be curated regional experience boxes, which will be priced at \$35. We project to have year 1 revenue of \$261,000. Our gross profit margin is 61%, and we will have a net profit of \$1 Million in Year 3.

| | Year 1 | Year 2 | Year 3 |
|---------------------|-----------|-----------|-------------|
| REVENUE | \$261,000 | \$920,000 | \$2,540,000 |
| EXPENSES | \$132,000 | \$343,000 | \$980,000 |
| GROSS PROFIT | \$129,000 | \$477,000 | \$1,560,000 |
| SG&A | \$84,000 | \$225,000 | \$530,000 |
| NET PROFIT | \$45,000 | \$252,000 | \$1,030,000 |

FUTURE MILESTONES

We are currently looking to raise a \$250k round of seed funding. This will enable us to bring the dehydration unit in house and also help expand our marketing and sales efforts to the West Coast. With the addition of the new capital, we will grow our physical and online

(Continued)

TABLE 9.7

Summary of Different Types of Plans

| TYPE OF PLAN | PRIMARY AUDIENCE | PURPOSE | OUTPUT |
|------------------------------|---|--|---|
| Back of a Napkin | Friends and prospective team members | Gain clarity on the idea | A drawing on a napkin |
| Sketches | Team members, early employees | Visualize the future potential | More detailed drawing or informally written |
| Business Model Canvas | Team members, advisors | Identify gaps and critically evaluate each part of the business and how the components integrate | Completed and tested business model canvas |
| Business Brief | Friends and family investors, advisors, other interested stakeholders | To have something in writing to show anybody interested in the business; also good practice for describing the business in a concise way | 2- to 3-page typed document that is well formatted and professional looking |
| Feasibility Study | Team members, maybe early investors | Assess the potential of a new concept; can act as proof that the venture has market potential | 10-page typed documents that is well formatted and professional looking |
| Pitch Deck | Early investors, judges of venture competitions, incubators, accelerators | To get the next meeting with a potential investor; to apply to an incubator program; win a competition; get funding | 10 to 20 slides, depending on length and purpose of the presentation |
| Business Plan | Banks, investors | Get funding | 25+ page document plus appendices |

TABLE A.8

Key Spreadsheet Questions

| KEY QUESTIONS | | SOURCES | | |
|---|---|--|--|--|
| DATA REQUIRED | | PRIMARY | SECONDARY | |
| Customer and Market | | | | |
| <ul style="list-style-type: none"> • What is pizza consumption in the U.S.? Is it growing? • Who eats pizza, how much and when? • When is pizza consumed most? What days of the week? Time of year? • What is the population and composition of households in the area? What is the college population? What is the working population? • What percentage of these people will be likely diners? (lunch, dinner) • How can you estimate the traffic to the pizzeria and typical purchase order? | <ul style="list-style-type: none"> • U.S. pizza consumption data • Census data • Traffic patterns • Demographics • Typical pizza restaurant menu and pricing • Average pizzeria statistics • Ingredients cost • Real Estate data • Construction estimates • OpEx and CapEx for typical pizzeria | <ul style="list-style-type: none"> • Pizzeria owners, managers, and employees • Various customer segments of the pizzeria dining market • Associations • Consultants and experts • Accountants, Lawyers, Real Estate Agents • Suppliers • Contractors | <ul style="list-style-type: none"> • Industry research reports • Association research • Town Census • Periodicals • News articles • Websites/Blogs • New and Used Equipment sites • Annual Reports | |
| Revenue Drivers | | | | |
| <ul style="list-style-type: none"> • What else is sold at the typical pizzeria restaurant? (sandwiches, salads, pasta, beverages) • What is the consumption of these items relative to pizzas? • What is the average order? What are the average prices for each item? • What is the contribution margin? • What are breakeven points? | | | | |
| Cost Drivers | | | | |
| <ul style="list-style-type: none"> • What does it cost to make a pizza? A sandwich? A salad? etc.? • What is the average size of a pizzeria? • What does build out cost? • What are the typical operating expenses? (monthly, yearly) • What costs are fixed? Which are variable? • What fixed assets are needed? (equipment) What does it cost? Should you buy new or used? • What are the working capital requirements? | | | | |