

conceptual note 1-428-847
July 1, 2009

James D. Price

Note on Writing a Winning Business Plan: The Springboard for Successful Startups, Corporate Ventures, and Growth Businesses

Business plans have become a ubiquitous part of our economic reality. For most people, the business plan conjures images of entrepreneurs, fast-paced startups, and venture capital investors. But the business plan has become just as critical a tool in the corporate world, as established enterprises seek revenue and profit growth through the launch of new product lines, innovating around new business models, or entering new markets.

A company's business plan has several audiences and purposes. First and foremost, the business plan plays an important role in the process of raising financing. The idealized capital-raising process goes something like this:

- 1) The potential investor hears about your business initially through your website, a press release, and/or a chat at a conference or meeting (leveraging the company's *Identity* and *Elevator Pitch*).
- 2) She expresses interest, and you send your *Executive Summary* to follow up.
- 3) Based on continued interest, the prospective investor invites you to meet with her and a colleague, at which time you present your *Venture Presentation*.
- 4) Things go well at your face-to-face meeting with the investor, and she asks to see more detail; you provide that in the form of your business plan and financial information.

For new business ventures in a corporate setting – involving the launch of a new product line, entering a brand new market, etc. – the plan may look remarkably similar, while the capital-raising process described above may be replaced by the internal budget allocation process.

The business plan also serves a crucial *internal communication* role in the young enterprise: drafting the document serves as a great forcing mechanism to discipline a startup's leadership team to agree on a clear strategy, and to articulate that direction to the rest of the team. Additionally, the business plan can serve as an important communication tool to describe the business when recruiting top executives to the new team, when briefing new directors or advisors, as well as when establishing major strategic alliances.

Following are some suggestions for how to develop a winning business plan.

Published by WDI Publishing, a division of the William Davidson Institute (WDI) at the University of Michigan.

©2009 James D. Price. This note was prepared by James D. Price, Adjunct Lecturer of Entrepreneurial Studies of the Ross School of Business at The University of Michigan.

This case was prepared exclusively as the basis for class discussion and is not intended to illustrate either effective or ineffective handling of a situation. The case should not be considered criticism or endorsement and should not be used as a source of primary data.

Unauthorized reproduction and distribution is an infringement of copyright. Contact us for permissions: Permissions@WDIpublishing.com or 734-615-9553