

# STRUCTURE AND KEY ELEMENTS OF A BUSINESS PLAN

Despite their many differences, all business plans have certain elements in common that all potential investors expect to find (Exhibit 1). Additionally, an appendix is often included that contains detailed information, often presented in the form of tables or graphs. Within this more or less required structure, the business plan is free to grow in its own direction. In Phase I, competitors only worked on a few key elements and individual topics. In Phase II, new elements are added while the topics from the previous phases are expanded, and, gradually, the plan fills with content.

ELEMENTS OF A BUSINESS PLAN

|                                    | Phase 1<br>Business<br>Concept | Phase 2<br>Business<br>Plan |
|------------------------------------|--------------------------------|-----------------------------|
| 1 Executive summary                | Part of this phase             | Part of this phase          |
| 2 Product or service               | Part of this phase             | Part of this phase          |
| 3 Management team                  | Part of this phase             | Part of this phase          |
| 4 Market and competition           | Part of this phase             | Part of this phase          |
| 5 Marketing and sales              | Part of this phase             | Part of this phase          |
| 6 Business system and organization |                                | Part of this phase          |
| 7 Implementation schedule          |                                | Part of this phase          |
| 8 Opportunities and risks          |                                | Part of this phase          |
| 9 Financial planning and financing |                                | Part of this phase          |

Exhibit 9

## 1. Executive summary

*"A good executive summary gives me a sense of why this is an interesting venture. I look for a very clear statement of the long-term mission, an overview of the people, the technology, and the fit to market."*  
Ann Winblad, Venture Capitalist

The executive summary is designed to pique the interest of decision makers. It should contain a brief overview of the most important aspects of the business plan. In particular, it should highlight the product or service, the value to the customer, the relevant markets, management expertise, financing requirements, and possible return on investment.

Venture capitalists look at the executive summary first, though they usually just skim it. The quality of the summary itself is not likely to make them invest in your project, yet it can convince them not to. A clear, objective, and concise description of your intended start-up, which must be easy to comprehend,

especially by the technical layperson, will show them that you know your business. Therefore, prepare your summary with the utmost care; it may well decide whether the rest of your business plan is read.

The executive summary is an independent element of the business plan: Do not confuse it with the introduction of your business concept on the title page. Look at your executive summary with a critical eye – repeatedly – especially after all other aspects of your business plan have been completed. Ask yourself if you have described your business idea as clearly, compellingly, and concisely as you can.

Your readers should be able to read and comprehend the summary in five to 10 minutes. Test it. Give your executive summary to someone who has no previous knowledge of your business concept or its technical or scientific basis.

### **KEY QUESTIONS: Executive summary**

- What is your business idea? In what way does it fulfill the criterion of uniqueness?
- Who are your target customers?
- What is the value for those customers?
- What market volume and growth rates do you forecast?
- What competitive environment do you face?
- What additional stages of development are needed?
- How much investment is necessary (estimated)?
- What long-term goals have you set?
- How high do you estimate your financing needs?
- What are the sales, cost, and profit situations?
- What are the most important milestones along the way to your goal?
- What test customers have you approached/could you approach?
- What distribution channels will you use?
- What partnerships would you like to enter into?
- What opportunities and risks do you face?
- What is the picture on patents?
- Summarize the results of your detailed business planning and state your exact financing needs!
- How will you delegate management tasks?
- How much production capacity is necessary?
- How will the implementation of your business idea be organized?
- List your next, concrete steps!