

# OBSERVATIONS ON VENTURE PLANS:

## 2005 Howard J. Leonhardt New Venture Challenge Workshop on Planning

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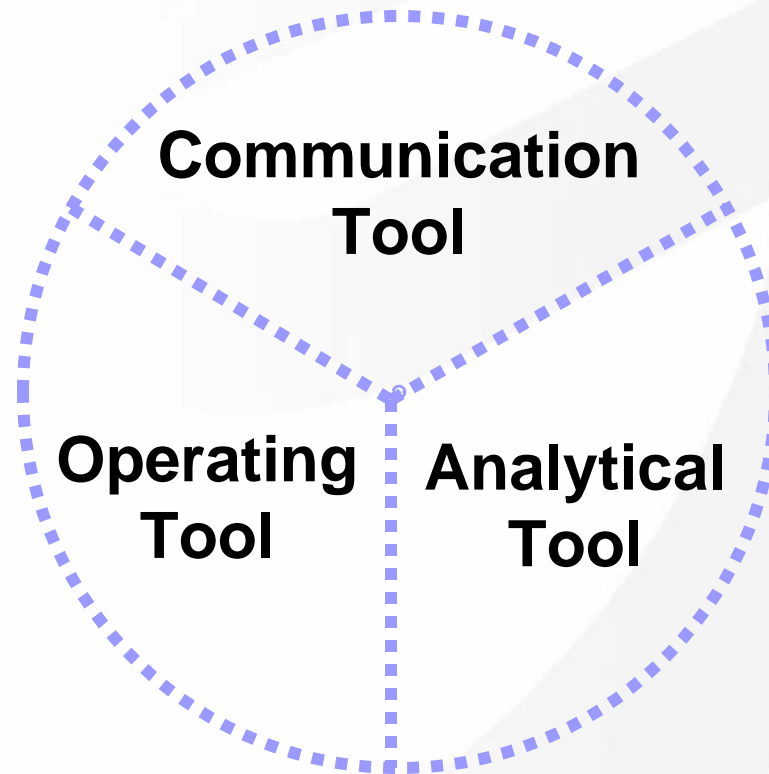
# Business Plan = Game Plan

Pattern of moves and approaches devised by a management to produce successful organizational performance. It is a commitment of resources to achieve specific goals for sustainable competitive advantage in the market.

**In Short: It is a managerial game plan to get a new venture up and running.**



# Why Write a Business Plan?



# When and for Whom Is a Business Plan Necessary?

A venture in search of capital

An entrepreneur looking for partners

A venture facing rapid change

An individual with an idea

A venture in trouble



# Effective Business Plans Have:

- Clear Vision of Purpose and the Venture
- Perceived Opportunity to Satisfy Real Customer Needs & Wants or Relieve Fears
- Serve Real Customers
- Differentiate from Alternative Sources of Satisfaction
- Organization and Commitment to Exploit an Opportunity for Need Satisfaction
- Focus on Resource Acquisition



# Things to remember about developing a plan

Can we really make money with this venture concept?

Will the finished product-service reflect well on me and my investors?

Will we really be adding value for all the stakeholders?



# Venture Plan = Road Map

It is a . . .

P R O C E S S

that provides . . .

Justification

Evidence

Reasons

that are . . .

Clear

Verifiable

Convincing

resulting in a . . .

Blueprint

Feasibility  
study

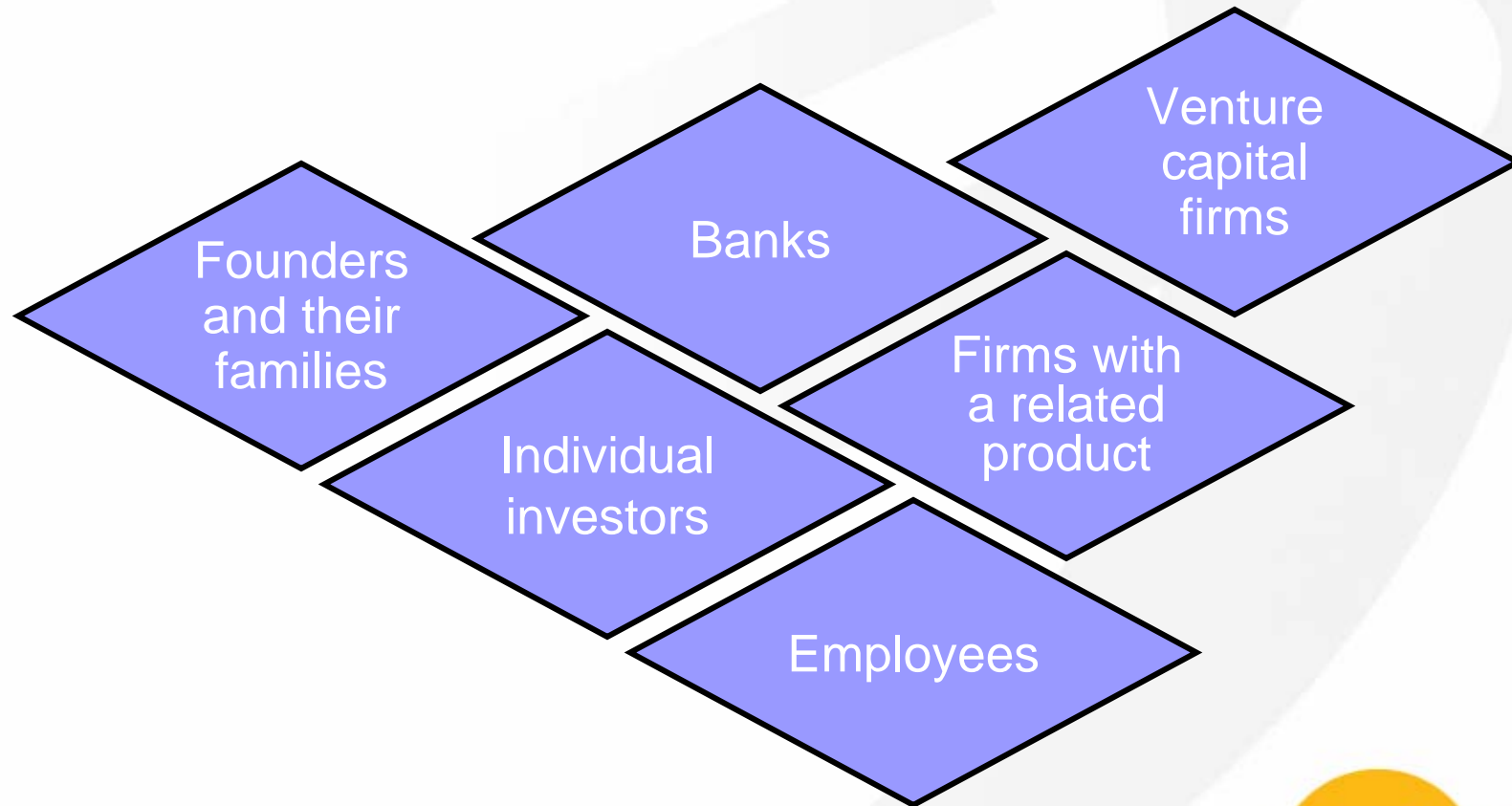
Operating  
Plan

that. . .

Increases the probability of success



# Who Sees Plans?



To many business plans focus on the product and service -

**AND IGNORE HOW THEY ARE GOING TO GET TO THEIR MARKETS TO BUY THOSE PRODUCTS OR SERVICES**

# Marketing Terminology

<b>MARKET</b>	Set of all actual and potential buyers of a product
<b>POTENTIAL MARKET</b>	Set of consumers who profess a sufficient level of interest in the market offer
<b>AVAILABLE MARKET</b>	Set of consumers who have interest, income, and access to a particular market offer
<b>TARGET MARKET</b>	The part of the available market the company decides to pursue
<b>MARKET DEMAND</b>	Total volume of a product-service that would be purchased by a defined customer group in a defined geographical area in a defined time period in a defined marketing environment under a defined marketing program

# Factors Critical to a Venture

## The People

Team starting and running the venture, as well as outside parties providing services, such as lawyers, accountants, and suppliers.

## The Opportunity

A profile of the venture itself—what it will sell and to whom, whether the venture should grow and how fast, what its economics are, who and what stand in the way of success.

## The Context

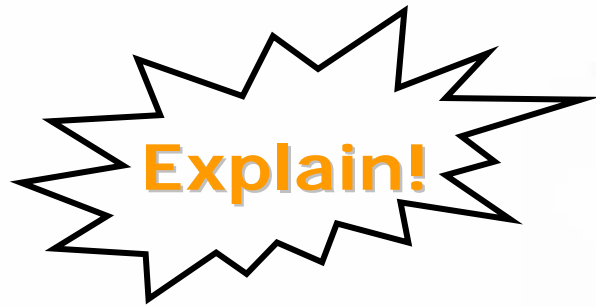
The big picture—the regulatory environment, interest rates, demographic trends, inflation—factors that inevitably change but cannot be controlled.

## Risk & Reward

An assessment of everything that can go wrong and right, and a discussion of how the team can respond.



# Critical Information



Growth potential

Products and services

Attaining profitability

Utilization of financing

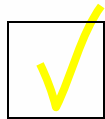
Management team

Investor exit strategy

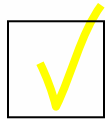
Reasonable financial projections



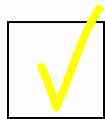
# Tips on Preparing a Venture Plan



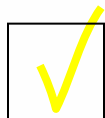
Appearance & image is important



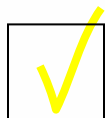
Content should vary depending on the audience



Use business language and correct English



Clearly identify supporting information



Highlight key numerical values



# Things to remember in writing and in presenting a plan

*(Or what can kill you without  
you knowing you are dead)*

**Know your audience and what they need, want and fear**

**What action do you want them to take after you have presented to them or they have read your plan.**

# BREVITY & FOCUS:

## It takes more effort to be brief & focused than to ramble

**Poor:** Our activities in this area date back to the 1870's and we have built upon this one-hundred plus years experience to develop, without question, the most complete, accurate and selective mailing list products available anywhere in the world. (38 words)

**Better:** Since 1870 we have built a world-wide reputation for lists that are selective, accurate, and thorough. (16 words)



# EXPRESSIVENESS:

Open with a sentence that grabs attention

**Poor:** Most business owners are so busy handling everything from accounting to advertising that they don't take the time to set goals, measure results, and plan the long term success of their business. (32 words)

**Better:** What gets measured, gets done and experience proves that if you can't measure results someday there may not be any. (25 words)



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# POWERFUL ENDINGS

## Memorable sentences: compelling syntax and cadence

**Poor:** Following six years of below average rainfall in the Napa Valley, the 1993 season produced abundant rain throughout winter and spring, creating optimal soil moisture to ensure full maturation of the fruit throughout the growing cycle and harvest. (38 words)

**Better:** After six dry years, Napa Valley had weather that produced ripe, perfect fruit in 1993. (15 words)



# CORRECT WORD USAGE

**Use words correctly.** It will produce a much stronger image through writing and speech.

**Example:** Using the word “anxious” (expecting stress and agitation) when what you mean is “eager” (expecting pleasure and comfort).



***“These are the plans that try  
investors’ patience”***

Paraphrase of Thomas Paine

**QUESTIONS?**



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