#10: Your Business Plan

Alameda County SBDC
FREMONT, CA
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Thank you to our partners
Thank you to our partner

Economic & Civic Development Department
224 W. Winton Avenue, Room 110
Hayward, CA 94544

The Economic & Civic Development Department promotes economic development and public/private investment in the unincorporated communities of Alameda County. The Eden Area communities include Ashland, Castro Valley, Cherryland, San Lorenzo & Fairview.

ECD works to...

- Attract new businesses
- Help businesses expand
- Offer small business workshops
- Offer award-winning Food Training Academy
- Provide technical assistance
- Offer one-on-one business counseling
- Attract new investment
- Find the perfect location for your business
- Provide marketing opportunities at signature events
- Be a liaison for property owners and real estate development projects

Phone: (510) 670 6506
Website: www.acgov.org/cda/ecd/
Facebook: @AlamedaCountyECD

[Map of Eden Area, unincorporated Alameda County]
Importance of a Business Plan

Why is a business plan important? 
What do you think?
Planning

CLARITY & EXECUTION
Purpose of a Business plan

- Helps secure capital
- Helps provide a roadmap to success
- Helps negotiate deals with landlords & channel partners
- Helps solidify your thinking
- Get your “vision” out of your head and communicated
Why do businesses fail?
The Reason Businesses Fail

- Undercapitalization
- Focus
- Competition
- Product Viability
Benefits of a Business Plan

- **Capital**
  - When you start spending you are committed
  - Get money straightened out BEFORE you start

- **Focus**
  - Seriously! Swing for the fences!
  - Pivot but refocus

- **Competition**
  - Know them

- **Product Viability**
  - Does it meet the 5 R’s?
Types of Plans...

- One Page Plan
- Lean Startup Plan
- Trial and error, feedback loops
  - Set up at low cost to find your market (best for products)
- Comprehensive Plan
  - Often required for lenders, investors, landlords at start-up
In other words...

Failure results from a lack of understanding of the total costs associated with launching and running your business.
What makes a good plan?

- Short
- Concise
- Easy to read
Simplicity is Key

If you can’t explain it easily....
Successful Business Plan

- Mission
- Customer
- Competition
- Costs
- Product
- Pricing
- Promotion
- Physical distribution
- People
- Money
Success

- 10 written pages
- 1 page per section
- Plus financials and supporting documents
- Formula works for all companies
- At any stage of development
- Easy to customize
Mission Statement answers

- What will your company do?
- Who is your core customer?
- How will you reach them?
- How are you different from the competition?
- What are your key features?
- What are your key benefits?
Write this at the beginning
And rewrite at the end...
The Mission is the final summary of your plan

Keep it short and sweet

30 words or less
Google’s mission is to organize the world’s information and make it universally accessible and useful.

Facebook’s mission is to give people the power to share and make the world more open and connected.

Amazon’s vision is to be earth’s most customer centric company; to build a place where people can come to find and discover anything they might want to buy online.
Albertsons': "To create a shopping experience that pleases our customers; a workplace that creates opportunities and a great working environment for our associates; and a business that achieves financial success."

Barnes & Noble begins with: “Our mission is to operate the best specialty retail business in America, regardless of the product we sell.”
Let’s pause here...

- Thank you. Thank you for allowing me to take this journey with you. I love this stuff and simply can’t do it without you.

- Feedback?
- Lingering Questions?

- Evaluations - they are important and I personally use these as a means of refining my work. They help me and the county and the SBDC, so thank you for your honest feedback.
The net net net net of it all....

Profit & Loss Statement
(How you make money over time)

Balance Sheet
(Where the money is today - “snapshot”)

Cash Flow Statement
(How the money flows in and out)
Market Research

What do your target customers like?

What are their “point of pain” problems?
Market Research

- Facts used to:
  - Modify the product
  - Define the message
  - Identify the consumer
  - Quantify the market
Market Research

When is your market research completed?
Market Research

Build in continual feedback loops from launch

• This is one of the best ways to leverage the internet
Competition

How do you define your competition:

- Direct
- Indirect

Online vs. Offline

New or well entrenched

Who can you identify in your area?

Be vigilant for new market entrants
Competitive Advantage

Faster?

Better?

Cheaper?
Competition

View your competition not as a threat, but as having already done your work for you.

Learn from them

CONSIDER:

In & Out and McDonald’s
Competition

- Study them
- Learn from their mistakes
- What are they funding
- Go to industry events
- Ask questions
- Consultants and industry experts
- Network
Cost Structure

- Undercapitalization is the Number One reason businesses fail

- Often due to not understanding the cost structure
Product/Service

- How you satisfy the wants and needs of your Core Consumer?

- How you fulfill your Mission?
Product

- Explain “How it works”
- What makes you unique?
- Create a competitive matrix and show what the others are missing
Features are Facts
Benefits provide Value
Benefits answer the question
“What’s in it for me?” *

*Entrepreneur.com Laura Clampitt Douglas
Features

- Self-setting clock
- 50-number speed dial
- One-click financial reports
- Custom programs
- Open 24 hours
- Batteries included
Why do you care?

- Customer buy benefits, not features...
- Marketing must communicate benefits...
Pricing

Strategy and Tactics

- Only 3 strategic choices:
  - Premium
  - Market
  - Value
Pricing should make sense given the:

- Markets served
- Products/Services offered
- Distribution
- Competition
Promotion

PR- Creating Awareness
Marketing – Speaking to your target market
Selling – Direct customer conversations

1. All are required to generate revenue
2. Don’t assume one takes care of the other
3. Know which one you are doing
How do You Reach Your Customers

- Direct selling
- Distributors
- Franchising
- Personal selling
- e-commerce
- Referrals
- Tradeshows and networking
How You Talk to Them (MarComm)

- Advertising
- Key words, banner ads & pop-ups
- Web site as an e-marketing tool
- Local media
- Speaking engagements
- Conferences
- Training
What is Your Message

- Quality
- Price
- Service
- Selection
- Hard to find items/sizes
- Quick response
What is your customer acquisition cost?

How is this calculated?
Physical Distribution

- How do you get:
  - The product to the customer
  - The customer to the product
  - Shipping infrastructure
  - Types and speed of delivery
Physical Distribution

Many variations:
- Retail stores
- Restaurants
- Offices & Libraries
- E-commerce
- Personal delivery
- 3rd party fulfillment
- Shipping as part of pricing
Stakeholders

People and Networks

Who might be important to your success?
People

- Nothing happens without the right people in and around your business
- Second most important element of the plan after the Mission
- Management profiles
- Specific to the business task at hand
- Stress Mission specific experience and expertise
Key to Success

Direct industry experience is a fundamental requirement for raising capital.
Support

- Advisory board of folks who can open doors
- Consultants with direct industry experience
Questions to answer

- How much money do you need?
- What will you use it for?
- What type of capital are you looking for?
Money

What will the funds be used for:

- Operating losses, working capital, fixed assets, seasonal financing needs
- Expansion capital to grow the company
- Start-up costs such as legal & offices
Working Capital

- Goods sold
- Goods produced
- Payments to suppliers/employees/cash
- Cash in
Money

Revenue - Expenses = Profits

Cash In - Cash Out = Cash Flow
Go with your natural strengths but find a way to understand them.
Success

- **Mission** = write this at the end to summarize
- **Customer** = know them intimately
- **Competition** = study them relentlessly
- **Costs** = understand the total market solution
- **Product** = get continual customer feedback
- **Pricing** = see how your competition is pricing
- **Promotion** = know the customer acquisition cost
- **Physical distribution** = how and where
- **People** = direct industry experience is key
- **Money** = How much and what for
Thank you very much!
And....

Please complete the Class Evaluation Form