

Draper Business Plan Competition

Executive Summary

[Your Company Name]

[Team Member Names and e-mail addresses]

(when completed, this document should be 2 pages of text plus 1-2 pages of financials, no formatting or graphics allowed, all formatting will be removed before being sent to judges)

Brief Business Description

First, briefly describe your business venture in one or two sentences. Grab the reader's interest. What is the big problem? What is your bold and innovative solution?

Need/Pain/Opportunity (Choose one title)

Lay out the specific needs/pains/opportunities that your target market is living with. Do so in a way that leads the reader logically to the solutions you offer in the next section. If you have multiple constituencies (like advertising based revenue models where you need to appeal to both the reader/consumer and the advertiser/customer), then make sure to lay out the needs/pains/opportunities for each constituency.

Solution

Explain how your product/service/technology provides benefits that solve the target market's need(s). What is the value proposition? Why is it better than any other solutions in the marketplace?

Target Customer Profiles

Provide short anecdotes of 2-3 individual customers and/or end users using your product/service/technology. Paint a picture of the relevant facts that relate to the specific needs they have that you can solve. If you have both customers and end users, do at least 1 profile for each. Remember that some companies (like newspapers, TV shows, Facebook and blogs) have different constituencies, those who pay (customers) and those who consume, or in this case read, the product. In this situation, the end user is not the one, or not the only one, paying you for your product, the advertiser is the primary source of revenue even though the advertiser is not the primary end user/reader.

Market Size

Quantify the market in terms of number of potential customers and potential dollars they will spend on your product. How much does the pain you are solving cost? How much are customers currently spending on solutions that your product will replace? How much revenue does that mean for you? What portion of the market do you think you can capture?

Competitive Landscape/ Competitive Advantage

Who are your competitors? (anyone who is addressing the same pain as you) What are the substitute solutions? What could be used instead of your product to meet your target customer or end users' needs? Why has no one else come up with a good solution to the problem yet?

Why are you better than your competitors? How are you going to be the dominant player? Consider the positioning triangle (cheap – not much money, convenient – not much time/hassle, or premium-bells and whistles/prestige) and show us how you fit in the market relative to the competitors and with the customer need in mind.

Channel

Where do customers get your product? How do you get your solution to your target customer? Where is it sold? How did it get to the place the end user will find it?

People/Advisors/Partners (Optional)

Communicate some credibility by discussing people who already have credibility and are affiliated with you in a meaningful way, such as: secured one of the top [Industry Name] executives in our region as a mentor, recruited one of the region's top [Job Category] to join your advisory board.

Minimum Viable Product

In a few sentences, please describe your “minimum viable product.” Remember, a minimum viable product is just that... the absolute BARE MINIMUM you would need to start testing the assumptions underlying your venture. In many cases they involve no programming, instead the founders can create a simple video or website and do all of the work manually allowing them to learn.

Deliverables/Milestones

What will you do in the next six months to systematically test your assumptions and increase your venture's odds of survival?

Revenue Model

How you plan to make money. How do your customers pay you? Cash for sales? Is there a middle man? Will you pay anyone commissions? Is it a subscription model? Pay-per-view? Advertising?

Startup Cost Assumptions

To launch your minimum viable product (or if you have already launched, the next iteration of your product):

List the 3-5 most expensive things you will need to launch, their cost, and where you plan to purchase them from. Add a line that justifies why this number is correct.

Example:

\$300 | Kabob stand | Used, push-cart style kabob stand available on Craigslist

\$300 | Permits | From the Amherst Food Safety Board

\$250 | Flyering of dorms | Hiring PaperTheDorms.com to print up and distribute flyers

\$200 | Initial food and consumables inventory | Purchased at Sam's Club

List the 3-5 most labor-intensive tasks, and how many hours each will consume, that you and your co-founders will be doing for no pay. Add a line that justifies why this number is correct.

Example:

100 hours | Securing permits

50 hours | Conducting market-research survey on campus

20 hours | Securing, cleaning, and preparing the kabob stand

Operating Assumptions (an income statement)

Financial Model

Help us understand your assumptions for the key financial drivers of your business once it has launched. Here you will lay out the key sources of revenue and expenses over a typical month (or whatever time period is appropriate for your venture). There will be many assumptions, so justify your assumptions so we have reason to believe them.

Income:

Revenue minus COGS (cost of goods sold)

Gross Profit

Gross Margin

Operating Expenses:

General and Administrative

Marketing and Sales

Research and Development

Profit:

Net Profit (income minus expenses)

Net Profit Margin (%)

Example 1: Lemonade Stand (1 month)

Income:

\$1200 Revenue = units sold * sale price

800 Units sold = units sold per hour * hours of operation

≈22 Units sold per hour (10 similar companies sell about 20-30)

36 Hours of operation (most successful competitors are open 30-40 hours)

\$0.50 Sale price (average value sited through survey of 50 potential customers)

\$120 - COGS = units sold * material cost per unit

800 Units sold

\$0.05 Material cost per unit, includes sugar, lemons, water, cups, and napkins (all competitors had material costs within \$0.01 of this value)

\$270 Gross Profit

90% Gross Margin

Operating Expenses:

\$160 General and Administrative

\$100 Secretary

\$40 Office

\$20 Bookkeeper

\$188 Marketing and Sales

\$80 80 color copy flyers on glossy paper each week

\$108 Sales force labor = # hours worked * pay rate

36 Hours of operation

\$1/hr (This rate was offered and accepted by the founder's little brother)

\$0 Research and Development

Profit

\$732 Net Profit

61% Net Margin