**Dissecting a Business Plan Exercises TEACHER GUIDE**

(Updated: May 15, 2017)

**Discussion Questions**

Please be prepared to provide written responses and/or discuss the following questions:

1. What are the advantages of taking the time and making the effort to complete some type of business or marketing plan?

1) Find and exploit new opportunities - overcome the day-to-day routine to envision how the business might create new, profitable growth;

2) Secure appropriate resources - the opportunity to review where the business stands now, and how the enterprise could use money, new people, new equipment or strategic allies to grow;

3) Clarify and communicate vision - make sure all stakeholders understand and support the new direction the enterprise will be taking.

1. What is the executive summary of a business plan supposed to accomplish? What are common errors with the executive summary in many business plans?

Provide a concise overview of the plans key conclusions and recommendations.

Often the first few pages of a plan indicate what the plan will cover - an introduction - rather than provide a short narrative of key conclusions / recommendations, as well as references where the reader can find additional detail within the plan

1. Review the Components of Effective Business and Marketing Plans table on page 2 of Resource 26-02. Focus on the Business Plans (short version). Other than the executive summary, what do you believe is the most important section of a business plan? Why?

No single correct answer.

Defensible answers include: a) Leadership Team, because every business is a people business; b) Marketing and Sales Plan, describing how the enterprise will achieve profitable revenues ("You can't save your way to a fortune!"); c) Business Description and Vision, outlining the basis reasons the business will exist and prosper.

1. Why do investors require all of the sections indicated in the long version of the Business Plan?

Investors - especially those making very large investments - want to make sure that the leadership team knows what they're about to accomplish.

The investors will need to trust the leadership team once the venture launches . . . so many investors require substantial detail in a comprehensive business plan in order to get comfortable that the leaders will pursue appropriate actions once they receive their funds.

(Also: investors will hold the leadership team responsible for achieving the specific actions and performance goals included in the plan)

**Short Essays**

1. You're the owner of a small business that you think can become a bigger, more profitable business. You've contacted two friends who are customers asking them to help you develop the plan. Both have indicated that they think this effort is "crazy." Write a one-page email back to them indicating what you believe will be the benefits of the business plan, and what form the business plan will take.
2. In a Harvard Business Review article *How to Write a Great Business Plan,* the author (William Sahlman) suggests that perhaps the most important part of the business plan is a description of the key leaders of the proposed enterprise. The "personal" questions Mr. Sahlman believes every business plan should answer include:
* Where are the founders from?
* Where have they been educated?
* Where have they worked - and for whom?
* What have they accomplished - professionally and personally - in the past?
* How committed are they to this venture?

Please write one page on one or more of these sub-questions:

2a) Why might the section on the founders of a business enterprise be the most important part of the plan?

2b) Why would it be important to know what the person has accomplished personally as well as professionally?

2c) *Extra Credit*: What might be ways a new venture leader can demonstrate how committed they are?

**Match Concepts**

Please match the concepts below with the appropriate explanation.

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| **Concept** | **Explanation** |
| 1 E | Executive Summary | a | A focused examination of competitors - current competitors, potential competitors that might enter the market, and "substitutes" (meaning other ways customers can address the needs the new venture's products and services provide). |
| 2 B | Business Description | b | Describes the company's products and services, how the company will create value and the growth strategies for the company. |
| 3 G | Industry Analysis | c | The ways that the company will position itself as different and better than competitors, with details on the marketing and sales initiatives that will effectively reinforce this positioning. |
| 4 A | Competitive Analysis | d | Includes details on the possibility that competitors can adjust their products and services to prevent the new venture from achieving the revenue growth projected in the business plan. |
| 5 L | Founding Leaders | e | Provides a concise overview of the plan's key conclusions and recommendations. |
| 6 I | Marketing and Sales | f | The nuts and bolts plans on how the enterprise will produce the products and services it offers. |
| 7 C | Differentiation | g | Indicates the size and growth of the industry, including industry trends that will impact the future performance of the enterprise. |
| 8 F | Operating Plan | h | The capital necessary to fuel the business launch and initial efforts, including expenditures that will have enduring benefits to the new enterprise. |
| 9 K | Financial Projections | i | The essential growth strategies for the company. |
| 10 H | Start-Up Costs | j | The action steps the new venture will once it has raised enough funds to begin operating. |
| 11 D | Risk Analysis | k | Income statement, cash flow projections, balance sheets. |
| 12 J | Launch Plan and Timetable | l | Details on the key leaders of the enterprise, providing an in-depth overview of what the leaders have accomplished, the capabilities they bring to the enterprise, and their level of commitment. |

**Role Play 1**

Your teacher will provide you with a copy of a business plan.

1. Review the executive summary as a team. Come to a team determination: is this an effective executive summary or more like an introduction? Be prepared to defend your position.
2. One or two team members should take each section of the business plan. Be prepared to indicate why you believe your section was effective or ineffective.
3. Team exercise: overall, do you believe this business plan was an effective business plan? Why or why not?