

# BUSINESS PLAN CONTENT

## A QUICK GUIDE

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### Overview

To be listed on Crowdarm we require the submission of a business plan. This is for two simple reasons:

1. It helps us assess how ready for investment your business is
2. Some investors will request a business plan so you need to be ready

This document is designed to help you compile a business plan that will, based on our experience to date, satisfy the vast majority of investors. The plan doesn't have to answer all questions - it ideally provides an initial hook (the Executive Summary) and then answers sufficient questions for a potential investor to say:

*"OK, I'm interested. Now tell me more about....."*

Ensure you have done your research and can provide answers to the majority (if not all) of the points overleaf. Business plans about ideas which have not been fully researched and/or are a long way pre-revenue are less likely to receive investment.

It is important that if you make a claim be sure you have the evidence to back it up. For example, if you say the market is worth \$5b per annum, provide a link to a reputable source such as a Statistics New Zealand ([link](#)) report or piece in the Dominion Post. Another example is claims regarding differences between the features / benefits you provide and those of your competitors; if say your product does X and the competitors don't, you need to provide a link to their features list showing this to be true.

If you don't provide evidence people may doubt the validity of your whole pitch. Please remember that Crowdarm do not check facts and figures in business plans, it's up to you.

Business plans can be requested by any registered member of Crowdarm via the request button on the pitch page. If you receive a message from Crowdarm stating that an investor has requested a business plan, it's in your best interest to reply as soon as you can. All you need to do is reply to that message with the business plan attached and job done.

## **Executive Summary**

- Don't make it too long - ideally one to two pages (this section is just the hook)
- Use clear terminology - understandable to non-technical readers
- Don't include items which aren't expanded upon further in the main body of the plan. This is effectively a summary of the key content
- Unless there is indicative proof already, don't make un-realistic claims as to market penetration - the plan should appear achievable
- Do include headline summary financials - investors want to assess quantum (ie how big is this business and how big is it going to be?)
- Identify the amount of funding required and broadly what it will be used for (investors like to see their money invested in something tangible - not used to pay salaries to the founders)
- Give an indication of the likely return on investment/payback, and make it attractive but realistic
- Don't generically state that the company will sell or float within 3-5 years unless you have identified in the plan content the reasons for saying so

## **Product/Service/Concept**

- The initial paragraph/s should identify what, in simple terms, is the opportunity with a more in-depth assessment (including some technical content) following
- Don't assume detailed prior knowledge of the reader
- Remember that investors will not necessarily 'get it' or will be sceptical hence proof of statements made is essential
- List USPs (with some narrative) or what is distinctive
- Is there any Intellectual Property (IP) or will any be created?

## **Market**

- Don't assume that the reader has knowledge of the market size, segment, segment growth and customers. These will need to be covered to some extent
- Identify the competition, who owns them and how their product/service/ concept differs (material points only) and how they may react
- Be clear on your target customers, the routes to market, how they are going to be exploited, in what order and how much spend is being allocated to each

## **Situational Audit and Key Objectives**

Often a difficult section for a start-up, but will usually include:

- A current situation SWOT analysis
- Identify key objectives - within 5 years
- Exit strategy (if relevant) but this MUST be a considered statement if included

## People

- Include a summary of the key skills/experience of the founder/s and any key employees (CVs in Appendix)
- Identify what role/s the founder/s will have and where recruitment may be needed in areas where skills are lacking (this may not be until several months in the future)
- Clarify how the skills and experience of the founder/s will benefit the business going forward

## Financials

- 'Blue sky' projections showing exponential growth often lack credibility - be realistic
- Do include the basic assumptions with a short narrative as the investor will want to know they are reasonable
- Do identify the investment amount, date required and where the investment is being utilised (e.g. any large items of CAPEX)
- Identify the preferred method of investment (ie debt, equity or a mix)
- Be clear on the peak funding requirements of the business and if other funding (bank, grant etc.) has already/will be sourced
- Identify if the founder/s have made a financial investment and if they will be investing further
- Don't produce financial figures of less than two years or more than five.
- Only the first two years need to be in detail (i.e. monthly) as beyond that is probably only a guess anyway
- Don't include the detailed numbers in the content - these should be included in the
- The financials should include a summary Profit and Loss Account, Balance Sheet and Cashflow forecast. These need to all reconcile to each other!
- Consider sensitivities - what happens if turnover is down by (say) 10% and what is the break even turnover. How do these impact on cash?
- Ideally identify the investors Return on Investment (ROI) – ultimately, it's what people invest for.