



RHODE ISLAND

**BUSINESS PLAN
COMPETITION 2017**



Creating a Winning Business Plan

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- **Jack Derby**

- 25 years, Derby Management, coaching over 400 companies.
- 17 years medical devices: EVP Becton Dickinson Medical Systems, CEO of Datamedix and President of Litton Medical Systems.
- 3 years, President of CB Sports
- Co-founded 14 companies; raised >\$840m in Venture and PE
- General Partner, Converge Venture Partners
- Current Director: Associated Industries of MA, Brainshark, Chase Corporation, Rome Snowboards, Loci, Tufts ELS, and Reiser Inc.

- **Current & Prior “Other” Activities...**
 - Tufts, Professor of the Practice, *Teacher of the Year-2015*
 - MIT, Lecturer, Business Planning & Marketing, Mech. Eng.
 - Past Chairman, Converge Venture Partners
 - Past, Association of Corporate Growth
 - Past Chair, MIT Enterprise Forum- *Distinguished Service Award*
 - Past Vice Chair, SBANE- *Pro Bono Publico Award*
 - United States Peace Corps





Just What is Business Planning?

- Why bother?
- Everyone knows what to do?
- Seems like a lot of *extra* work?



Just 1 little word...



GROWTH

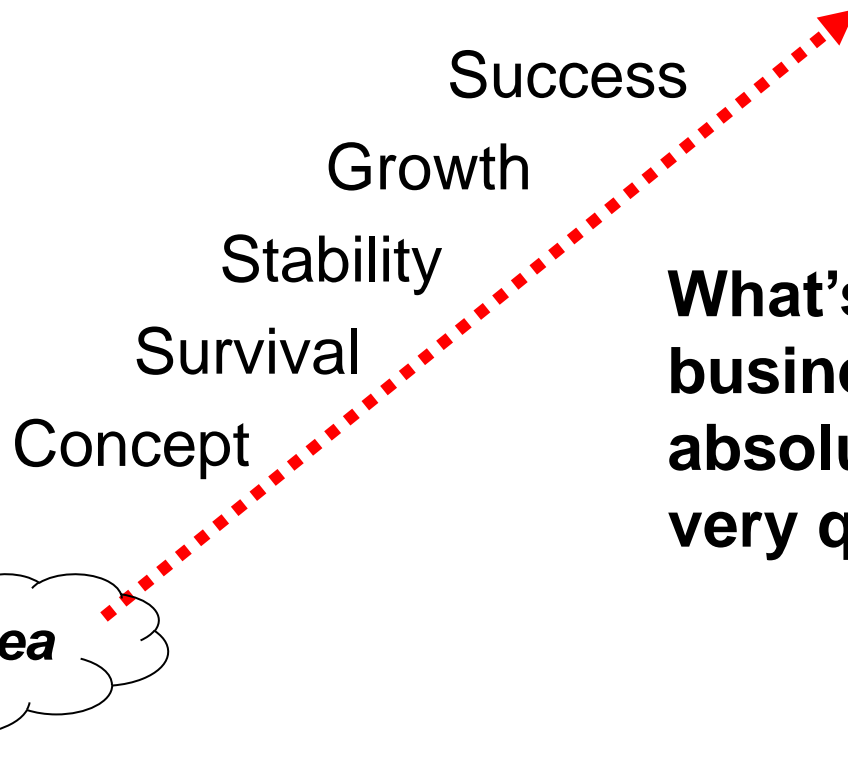


All Businesses *must* have GROWTH ...



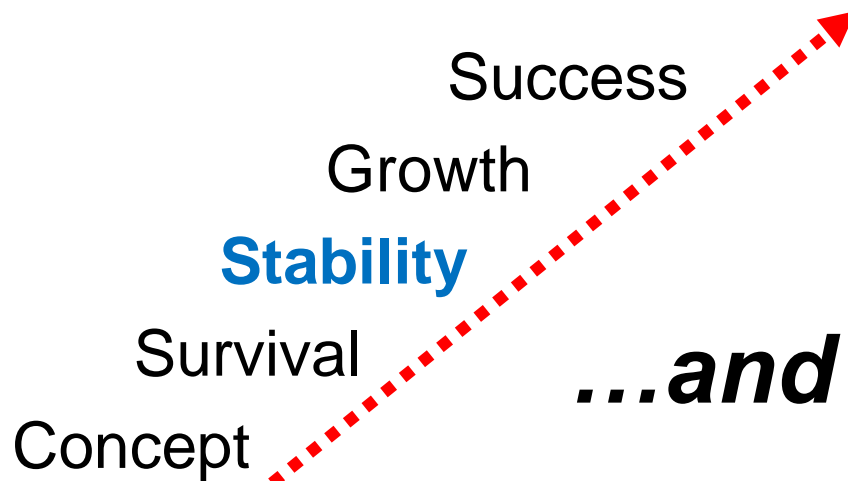
- Product growth *in any business*
 - Product evolution
 - Product extensions
- Sales growth *in any business.*
- Startup and emerging company growth

The Five Stages of ... GROWTH



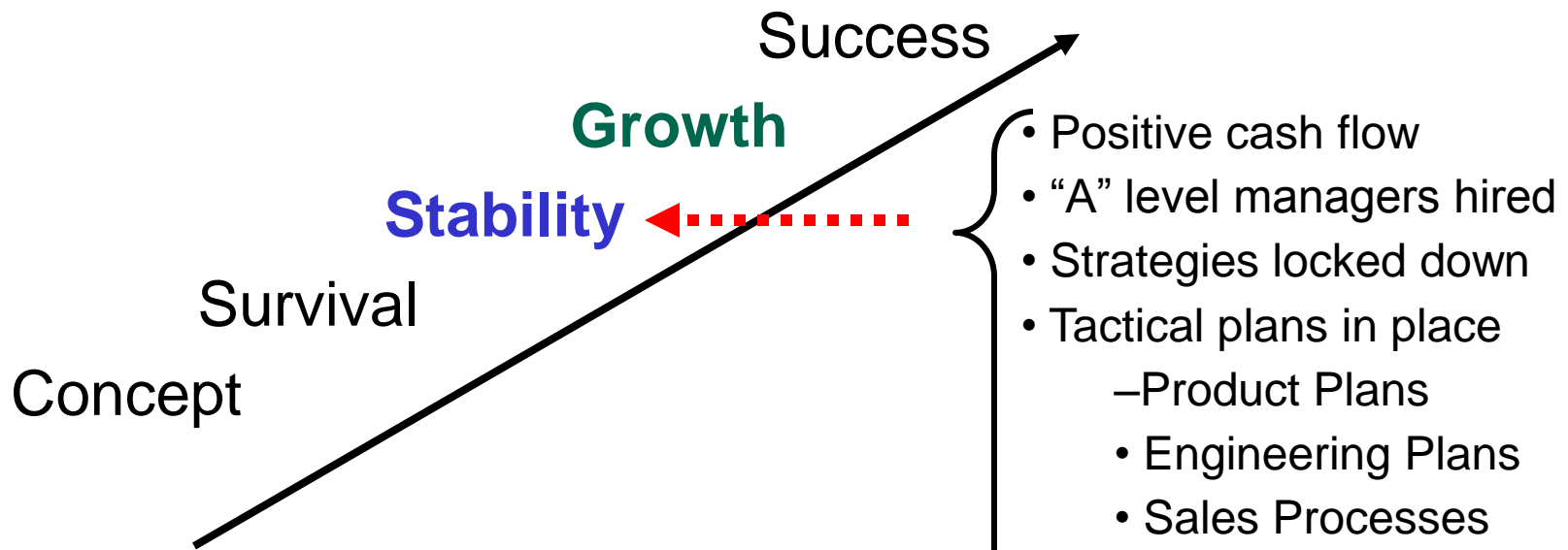
What's the point that my business or my product absolutely needs to get to very quickly ?

The Five Stages of **GROWTH**



...and why is that?

The Five Stages of GROWTH



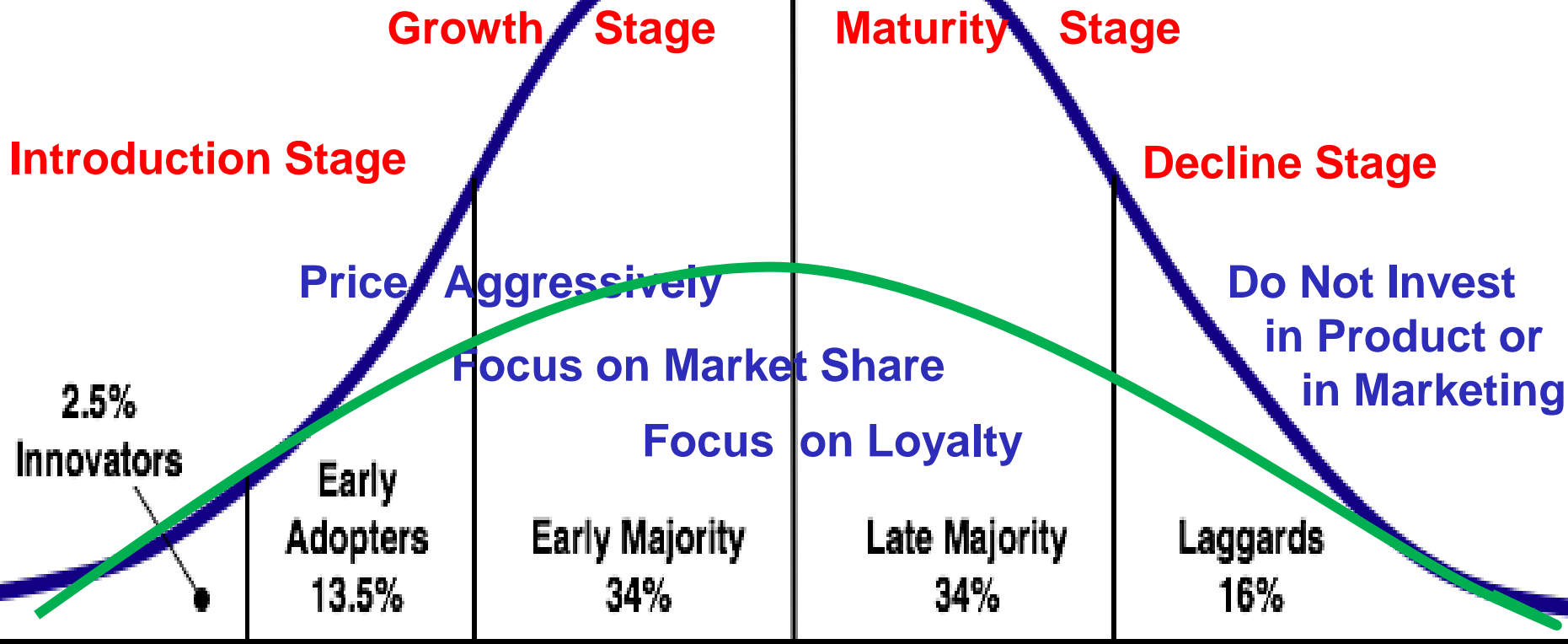
What this really means is...

- There must be metrics at every stage
- Products and the business must reach **Stability** at a minimum
- In order to succeed every business, every product **MUST** grow

Classic Product Adoption Life Cycle



Revenue 
Profits 

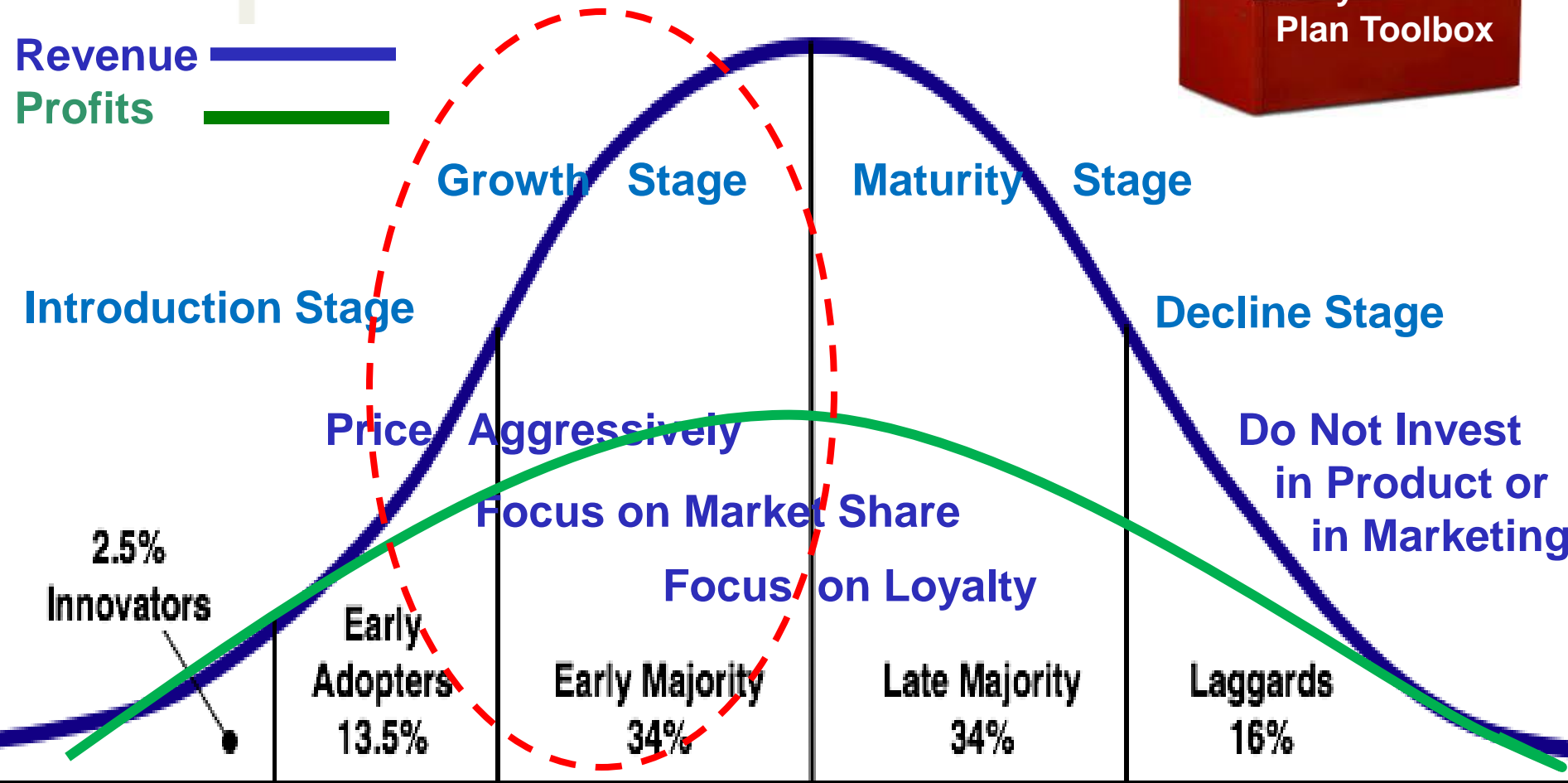


Source: Everett Rogers, Diffusion of Innovations model

Plan for the Growth Stage

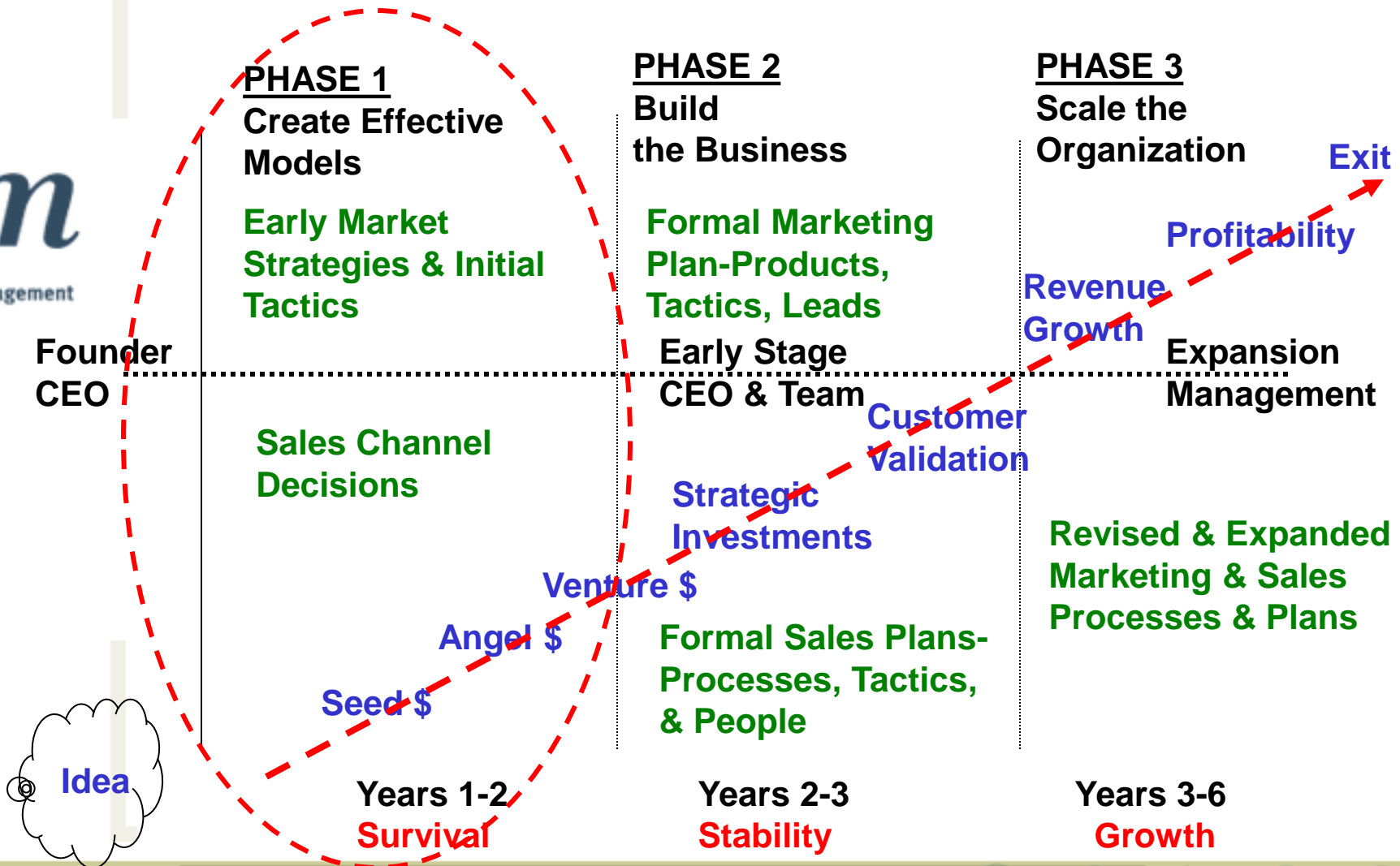


Revenue 
 Profits 



Source: Everett Rogers Diffusion of Innovations model

Early Stage Value Creation Cycle...



The Five Stages of GROWTH

This line is never straight



- Success at the start is surviving.
- **Must move your business if you're a startup to Stability in 18-24 months**
- Success means increasing revenues year over year by X % and high EBITDA %
- Success at the end means a high valued company tracking above industry's metrics



GROWTH

A Way to Think About Every Company

A Business Planning Architecture



Planning Architecture...

Why do you need one?

...Just 3 reasons

1. Need to define where you, your managers and your business models are along the path to growth.
2. You need to balance month-to-month activities with Tactics, Strategies & Vision.
3. You must be able to easily communicate status

Elevator Speech

Executive Summary

Presentation Pitch

The Business Plan



The Importance of Business Plans...



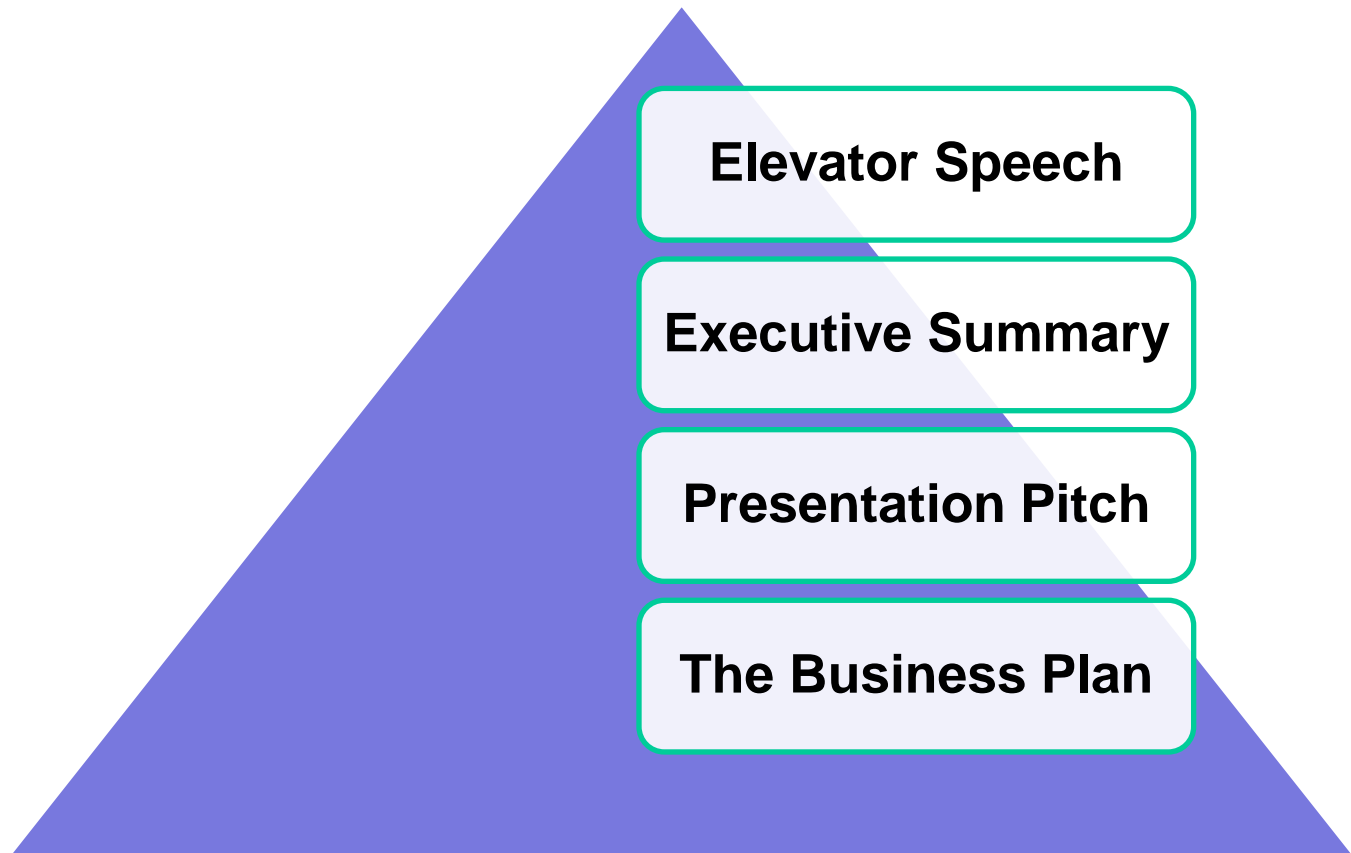
The general who wins a battle makes many calculations in his temple before the battle is fought. The general who loses a battle makes but few calculations beforehand. Thus do many calculations lead to victory, and few calculations to defeat; how many more do no calculations at all! It is by attention to this point that I can foresee who is likely to win or lose.



- General Sun Tzu
The Art of War

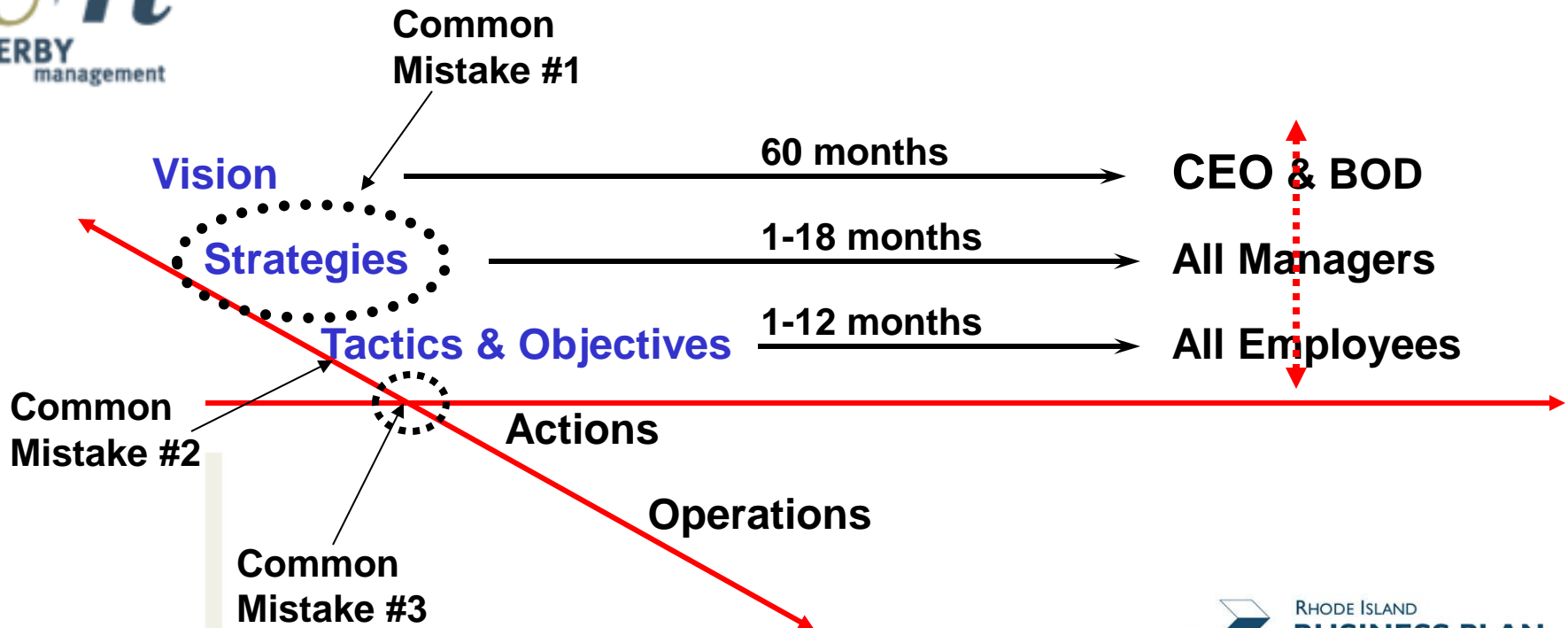


Just What Are Business Plans?

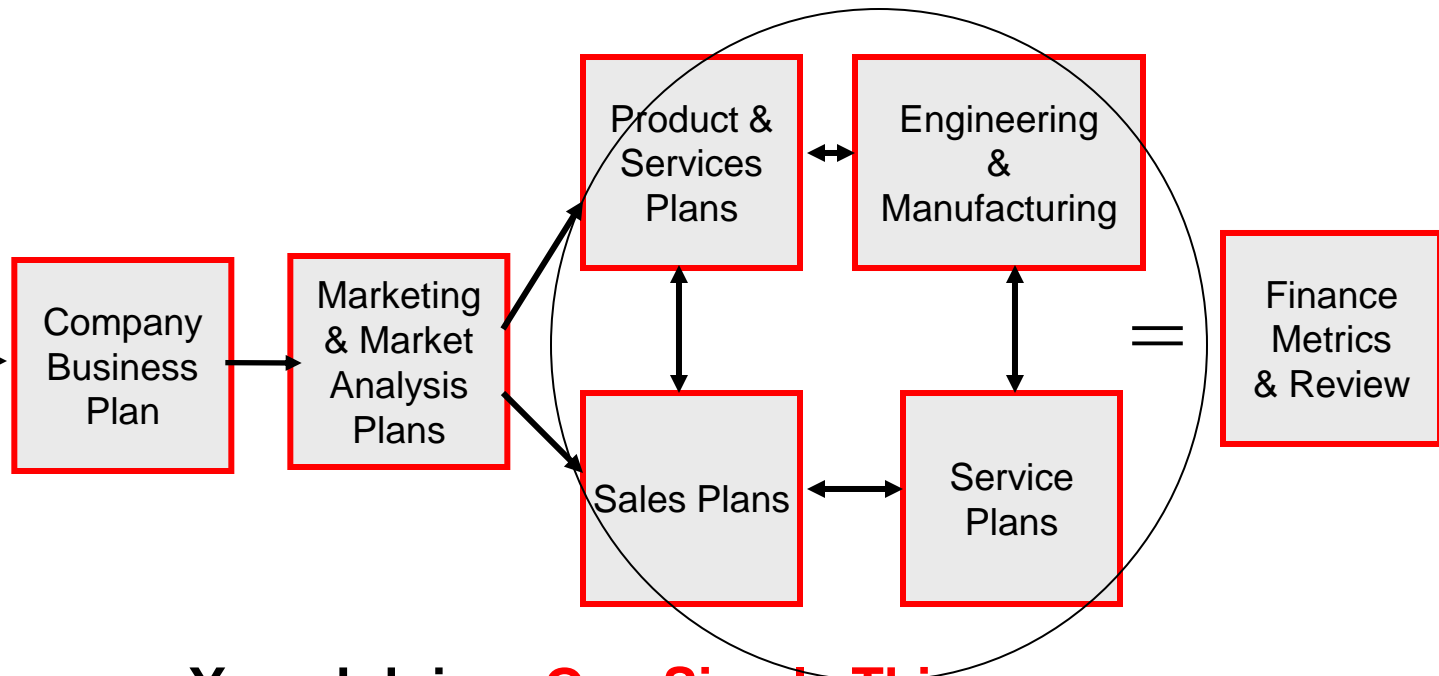


You must have **“Command of the Message”**

Business Planning Architecture



A Business Planning Architecture (Everything needs to fit)



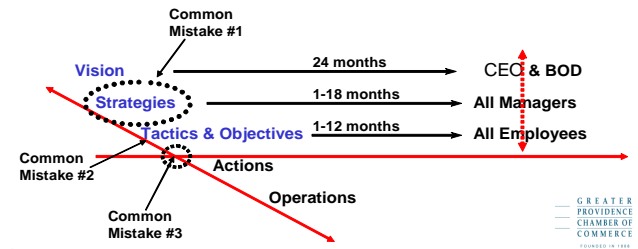
Your Job is... **One Simple Thing**

Must Create Highly Scalable **GROWTH**

What's my responsibility?

Business Planning Architecture

So that at the end...



- **Vision** is totally aligned with **Strategies & Tactics**
- Your goals married with your managers & investors
- Your managers have accepted accountability
- There is a common architecture of metrics & rewards



Success is Life Long Learning

I'll send you our 100+ page ebook

Writing the Winning Business Plan?

*Just send me your email address
&
Define your CoM*





You Must Tell Me

...at least these

6 THINGS

You Must Tell Me-1

6 THINGS

1. Target customers.

- Who do you serve?
- Ideal customer: industry, location, size, type
- Create personas of your target customer
- Craft messages that will resonate with them.
- Resonate and differentiate.

2. Need/business problem.

- What business problems do you address?
- How do you help?



You Must Tell Me-2

6 THINGS

3. Impact of solving need.

- What are the rational & emotional benefits you solve
- The major factor in whether or not you resonate.
- How are you going to Market, Sell & Solve that need?

4. Your offerings.

- What's your product and service approach?
- How do you solve problems & work with customers?
- First, Answer ***“Why does your Customer buy?”***



You Must Tell Me-3

6 THINGS

5. Proof of concept.

- Demonstrate your approach has worked
- Define similar solutions for similar problems
- How do you substantiate your claims?

6. Differentiation

- Why is your offering preferable to other options?
- What's special? What's differentiated?
- **WHAT IS THE VALUE?**

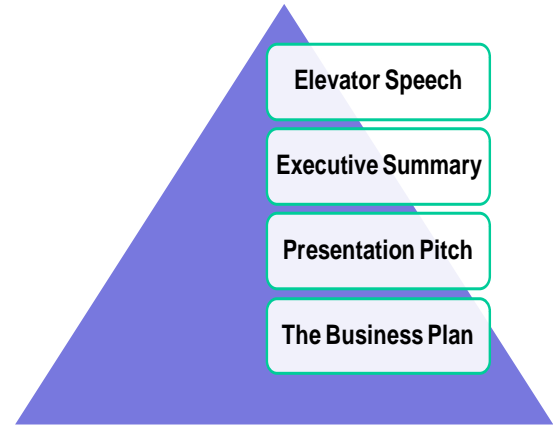




What's included?

- **7-9 Sections...**

1. Executive Summary
2. Introduction to the business
3. Definition of products & services
4. Overview of markets
5. Overview of sales & marketing plans
6. Overview of products and roadmap
7. Summary of manufacturing & operations
8. Management team bios
9. Four pages of financials



Why create a Business Plan?

For you as a company manager, it...

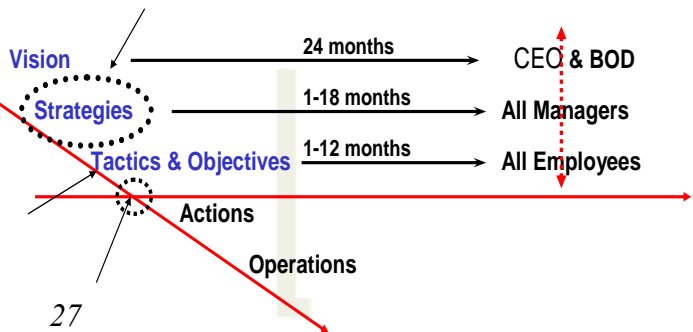
- Communicates your strategies
- Communicates your tactics
- Communicates your objectives
- Communicates your budget requirements
- Provides for common agreement & buy-in
- Provides common language

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For the Team...



Most importantly, for you & your team

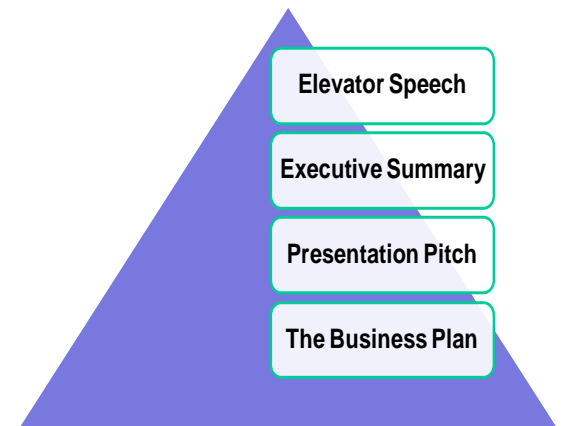
- The actual process of planning is the key.
 - It consolidates management direction.
 - It provides debate & finally consensus
- It's a guide when speed bumps happen.
- It's your company & personal scorecard.



No Business Plan, No Outside Money

Early & later stage companies

- Plans are the foundation for outside investors
 - Private angels
 - Venture capitalists
 - Corporate investors
 - Strategic partners



Very

Writing a plan is tough work !

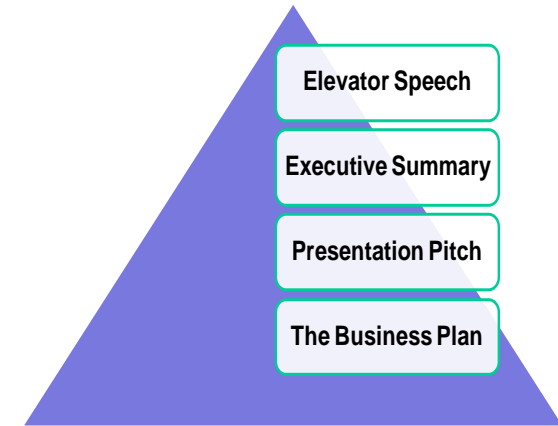
It requires disciplined balance

- It's visionary, but logical.
- It's financially perfect, but flexible.
- It's wrong & it's right.
- It's for today, but also for 3 to 5 years out
- It's a formal Plan, but it's easy to read.
- It's creative, but it follows *The Rules*.





- ✓ Rules
- ✓ Preparation
- ✓ Start Writing

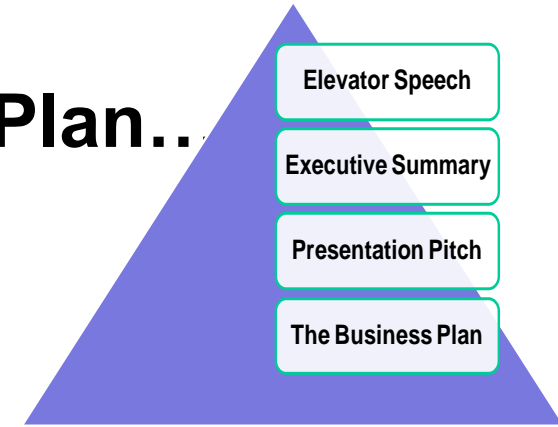




The Traditional Business Plan...

- An Executive Summary
- 7-9 sections
- 20-30 pages with financials

- Provides clear details
- Brings out the richness of the business idea.
- Details the market opportunity & complexity
- Details the business and sales models

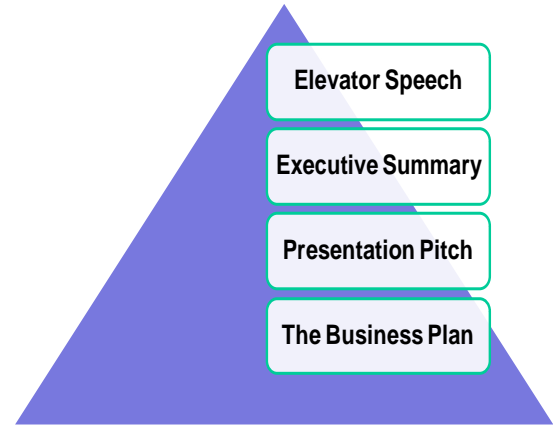




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How do you start?



Pay attention to Writing the Winning Plan...

- Be compelling
- Be brief, focused, & deliberate
- Focus on the markets & on your customers
- Provide solid market research & hard data
- Be innovative and provide unique value
- Define an experienced management team



...connect with me

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