

## Dissecting a Business Plan Exercises

(Updated: June 16, 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?
- 2) What is the executive summary of a business plan supposed to accomplish? What are common errors with the executive summary in many business plans?
- 3) 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?
- 4) Why do investors require all of the sections indicated in the long version of the Business 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. (Please provide justification and detail.)

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.

Concept		Explanation	
1	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	Business Description	B	Describes the company's products and services, how the company will create value and the growth strategies for the company.
3	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	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	Founding Leaders	E	Provides a concise overview of the plan's key conclusions and recommendations.
6	Marketing and Sales	F	The nuts and bolts plans on how the enterprise will produce the products and services it offers.
7	Differentiation	G	Indicates the size and growth of the industry, including industry trends that will impact the future performance of the enterprise.
8	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	Financial Projections	I	The essential growth strategies for the company.
10	Start-Up Costs	J	The action steps the new venture will implement once it has raised enough funds to begin operating.
11	Risk Analysis	K	Income statement, cash flow projections, balance sheets.
12	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?