

# How To Write A GREAT Business Plan

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## What We Know About Business Plans

- We've seen a lot of business plans
  - 10 years on Wall Street working with growth companies
  - We run a business plan competition with hundreds of entrants
  - Startups pitch us ideas every day
- We've been through it out
  - Business Insider has raised several rounds of investment



## What Makes A Business Plan GREAT?

- The GREAT ones are **concise and and crystal clear**. They explain:
  - WHAT your value-proposition is
  - WHY you will win
  - HOW you will execute your plan

## Overview of Today's Presentation

- Why do you need a business plan?
- What goes into a great business plan?  
(Step by step)
- Quick guide to the elevator pitch

## How Important Are Business Plans?



## Why Bother With A Business Plan At All?

- Forces you to analyze key questions:
  - Market size
  - Existing competition
  - Your value-proposition
  - Realistic assessment of obstacles and challenges
- Helps you refine idea
- Helps you raise money

## Type Of Plan Depends On Type Of Business

- Capital intensive businesses:
  - Require abundant planning and risk management
  - Ex.: mining, manufacturing, food services, data centers
- => Create detailed business plan



## Type Of Plan Depends On Type Of Business

- Less capital intensive
  - Need to be nimble and adapt strategy
  - Excessive planning an impediment to agility
  - Ex.: internet start-ups, service businesses
- => Create less-detailed business plan



## Key Elements Of Your Business Plan

- Elevator pitch
- **Your value proposition:** Why will people want what you're selling?
- **Your competition:** Why will you win?
- **Your team:** How will you execute?
- Financial projections

## Elevator Pitch

- Concise description of your value proposition
  - What your product does and why people will want it
  - Less than 30 seconds
  - If you can't explain your value in 30 seconds, you don't know what it is



## Your Value Proposition

- What is your product/service and why do people want it?
- NOT a list of features
- NOT generalities
- An explanation of
  - WHAT the product/service is
  - WHAT problem it solves, and
  - WHY people will choose it over the competition

## Your Value Proposition (Cont.)

- There are only three ways your product/service can win:
  1. It's better
  2. It's cheaper, simpler, faster
  3. You will outsell, out-market, or out-execute your competition
- You need to know (and say) which your value proposition is

## Your Market Opportunity

- How much of your product or service will you sell?
  - Who are your potential customers?
  - How much do they spend?
  - How much share can you get?
  - Sources include census bureau, associations, syndicated research, analyst reports
- How much is spent on your product/service and how fast is this spending growing?

## Your Market Opportunity: Key Trends

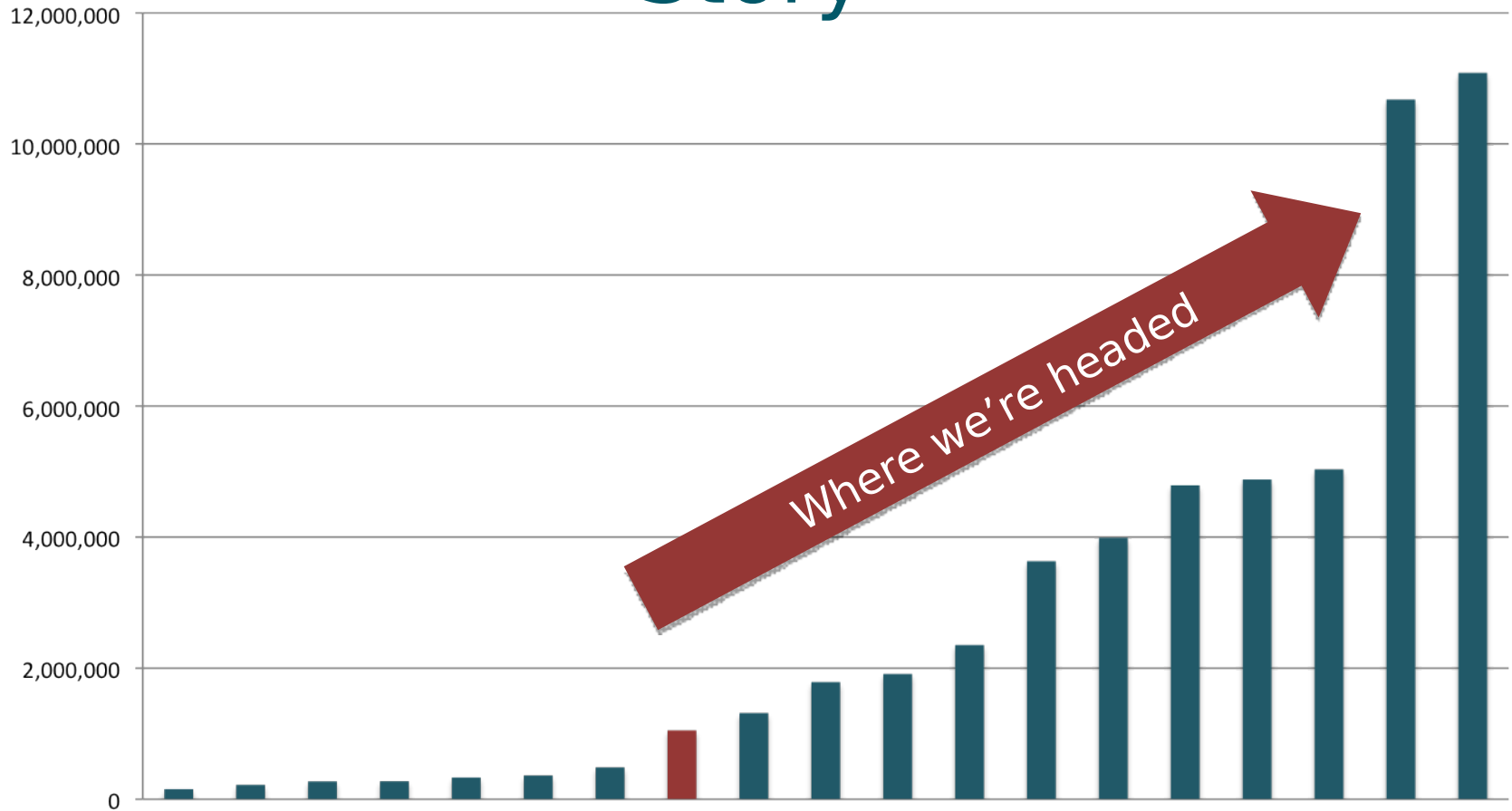
- Any major changes that will help or hurt you?
  - New technologies, new habits (Britannica vs Wikipedia)
- What forces are driving or slowing down growth?
- If any major risks, **ADDRESS THEM**
  - Why, despite the changes, will you still win?

## Showing Your Market Opportunity

- Use charts, graphs when they tell the story better
  - Easier to digest
  - But beware hockey-stick charts
    - Investors will not take you seriously if you present them with silly financial graphs



## Use Graphs, Charts To Tell Your Story



## The Competition: Why Will You Win?

- What companies are getting your future revenue?
- Why will people use your product instead?
  - Product differentiation (better or cheaper?), marketing, distribution?
- How, specifically, will you will beat your competitors?
  - Likely the first question from many doubters (friends, family, customers, investors) in the first few years
- How will you keep winning once your competitors adapt?

## How Will You Execute?

- Who are the key members of your team?
- What will they do?
- What are your milestones and when will you achieve them?

## Why Is Your Team GREAT?

- Describe past accomplishments of *senior* team members
  - Startup experience is helpful and important
- Your “Management” slide should make reader think, “Wow, these people really know what they’re doing”

## Example: Business Insider Team



**Henry Blodget**, co-founder, CEO, and Editor In Chief. Prior to co-founding the company in 2007, Henry was CEO of Cherry Hill Research, a consulting firm, and a contributor to Slate, Newsweek, New York, Fortune, NPR, Bloomberg, CNBC, and other publications. Previously, Henry was the top-ranked Internet analyst on Wall Street and the head of Merrill Lynch's global Internet research team.



**Julie Hansen**, Publisher and COO. Julie has a decade of experience monetizing vertical web businesses. Prior to SAI, she launched the new NCAA.com web site at CBS College Sports. Previously she ran the magazine-branded web sites at Condé Nast and built the #1 web site for golfers at Time Inc.



**Paul van de Kamp**, VP, Advertising Sales. Paul previously was Sr. Director, East Coast Sales at Rockyou, Inc., and prior to that, handled business development and digital ad sales at Wired Digital.



**Kevin Ryan**, co-founder, Chairman. Kevin is CEO of AlleyCorp, a network of affiliated Internet companies Kevin has co-founded in the past two years. Prior to AlleyCorp, Kevin was president and CEO of DoubleClick.



**Dwight Merriman**, co-founder, Technology Advisor. Dwight co-founded DoubleClick and served as its CTO for ten years. He co-founded Panther Express and ShopWiki and is also a board member of the web photo/video sharing company Phanfare.



**Bridget Williams** was most recently VP of Platform Sales at startup ad network ShortTail Media. Prior to that she handled business development for SharedBook and was sales manager at New York Times Digital.

## Financial Projections

- Revenue and expense projections for the next 5 years
  - \_ Driven by detailed (but not ridiculously so) assumptions
  - \_ Revenue = number of products X price
  - \_ Expense = people, rent, stuff, marketing, distribution
- Avoid over-precision
- Choose reasonable (not wildly optimistic) assumptions
- Include a summary page that lays out assumptions

## How Much Money Will You Need?

- Projections should be tied to capital raising
- Explain how new funds will be used:
  - \$200,000 to purchase machinery
  - \$20,000 annual hosting costs
  - \$40,000 for office computers, furniture, and first year rent
  - \$100,000 sales and promotion expenses
- Show how long new cash will last for
  - How much will you require in the future and when?

BONUS: Perfecting The Art Of The  
Elevator Pitch

A convincing elevator  
pitch is critical

**Don't mess it up**

## Elevator Pitch: The Hook



- Goal is to make listener want to have a real meeting with you
- Listener will listen for 30 seconds, max
- It may not sound fair, but that's all the time you're going to get

## Elevator Pitch: What and Why



- **What will your company/product do and why will it win?**
- Be specific
- Avoid extraneous details

## Elevator Pitch: ONLY The Highlights



- Do NOT explain how your product works on a technical level
- Do NOT talk about a huge, growing market
- You can deal with the specifics after the listener is interested

## Elevator Pitch: What Makes You Different?



- If your product is new, **explain how it fills an unmet need.**
- If you're improving on an existing idea or model, **explain how you're better.**

## Elevator Pitch: Back It Up With Data



- Demonstrate your product's awesomeness with one or two specific, relevant data points
- **Know the data that matters to investors and show it off**

## Elevator Pitch: The :30 Rule

Your pitch should  
be under 30

s



s!

## Elevator Pitch: Confidence Comes From Practice



- Confidence is one of the most important secrets to a killer pitch
- **Confidence comes from practice and refinement**
- Adapt pitch based on experience and feedback

Thank You!