

## **Grading Guidelines for Business Plan Assignments**

BP1:

Are the mission/objectives focused too much on the product and not on the overall company?

Need to have a trademark.

The mission/objectives should not be a summary of the other sections!

Are the keys to success 'goals' instead of keys to success?

I.e, 'capture 70% of the market' is a goal, not a 'key to success'.

A 'key to success' provides you with mechanisms for meeting your goals.

Keys to success should not just focus on the product features (try to have only one that is product-featured oriented) – other keys relate to marketing, manufacturing, etc.

Company is too narrowly focused?

No plans for future products?

No specific marketing plan?

No specific competitive advantage?

Do you give specifics about your competitive advantage? If you say your competitive advantage is 'low cost', then you have to explain how you achieve that low cost.

BP2:

Company strategy contains specifics, not generalities.

What type of company is this? LLC? what?

Comparison of competing products has real examples.

Competitive edge specified?

Customer needs/benefits are specific, not generalities.

Spreadsheet contains no mistakes.

BP3:

Company organization clearly specified?

Market analysis shows how sale targets are derived?

Market segments identified?

Graphics (charts) used to good effect?

BP4:

Are there reasonable numbers in the spreadsheets?

Do the numbers in the spreadsheet tie back to what was specified in BP3? IE, if you have specified some sales targets in BP3 for your widgets, then your business plan spreadsheet should reflect the sales of those widgets! If you have specified particular salaries in BP3, then make sure you use these in the BP4 spreadsheet!

Is there a break-even analysis? Break-even analysis shows when you expect to make a profit.

Mistakes in the spreadsheets?

More on BP3/B4:

I am reviewing BP 3&4 drafts. Here are some comments that applies to many of you:

a. The executive summary is one page and should 'summarize' the entire BP, and should have a graphic. Suggestions for graphics are a sales prediction or a graphic of your initial product. A company logo as the graphic is not a good idea since that is content-free.

b. Look at 'Light Leader', Spring 2007 if you want to see how the total business plan should fit together in terms of section ordering (just don't include the resumes at the end).

c. In your detailed financials for BP4, you must use the spreadsheets that I provided. You cannot run a negative cash balance at the end of a year or else you are bankrupt. You either have to reduce costs (do not pay yourself salaries if you don't have the money!) or else you have to borrow more money.

d. Market segment percentages without estimates of total possible sales in each market segment is not useful information. You can't estimate market percentages without some estimate of the total possible sales you could have in that market segment. Some markets are not possible to estimate - if this is the case, then say so. It makes for a weaker business plan, but at least it does not look like you are just making numbers up. If you

can't estimate total sales, then you can still discuss different market segments that you would like to target, you just can't assign percentages to them. One way to estimate your sales is just base it on the amount of sales you would be able to support with your current manufacturing strategy and staffing through three years, and say that this is some very small % of the total possible sales. If you are selling hamburgers, then you can't estimate total sales, but you know the market is huge, so base your sales on the number of customers that you could handle given your store size and staffing.

e. Do not have negative taxes -- Tax is paid only on profit – if you have a loss, then assume no tax is paid, I don't want your business plan depending upon tax refunds!