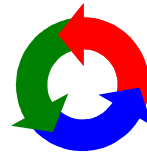




WRITING A BUSINESS PLAN : AN OVERVIEW





Agenda

Introduction

- **Why write a Business Plan ?**
- **The targets**
- **The Business Plan in details**
 - Contents
 - Executive summary
 - Products
 - Marketing and sales
 - The team
 - Financial package
 - Investment proposal
- **Conclusion**

Mistral Investissements

Mistral is a regional Venture Capital company, created in 1990 in the frame of the European Seed Pilot Scheme and specialised in financing start-ups.

- Capital :
 - Entrepreneurs (12) : 60%
 - Financials (4) : 18%
 - BICs (2) : 22%
- Unit amounts invested : 50/100 KEuros
- Areas of Investments :
 - Sectors : special emphasis on Biotech due to local conditions
 - Geographic : south of France



UNICer : Overview



UNICer is an Association of the French regional Funds

- Created in 1993
- 30 regional funds
- Representing a specific industry
- Working with public bodies
- Wlose relation with research bodies



Contact : www.unicer.aso.fr



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BUSINESS PLAN : Why ?

The BP is a marketing tool

Make them dream :

It must please and sell



Make them feel secure :

It must be serious and convincing



The BP is a management tool

BUSINESS PLAN : Why ?

☞ **Choosing partners is probably the most important decision when starting a company.**

What should the entrepreneur look for ?

Money

Competence

Credibility



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BUSINESS PLAN : The Targets

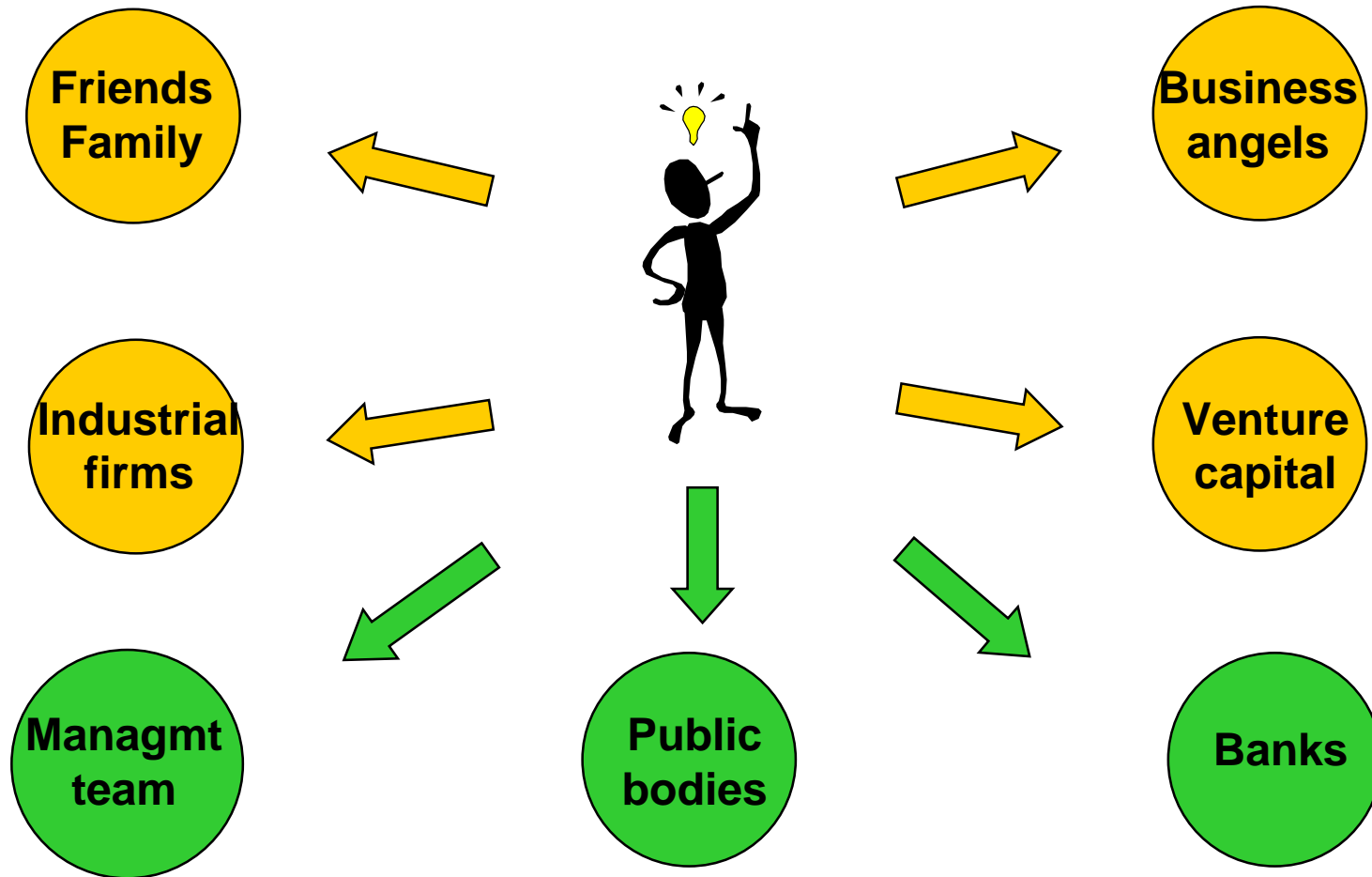
The common entrepreneur's view of its financial partners



How he should rather look at them !



BUSINESS PLAN : The targets



BUSINESS PLAN : The Targets

Investors vs. bankers

- Return vs. security
- Future vs. past
- Shareholders vs. lenders

BUSINESS PLAN : The Targets

What is the recipient interested in ?

☞ Usually not at all what the entrepreneur thinks :

- Limited interest for technical details
- The entrepreneur should then prove his understanding of non technical matters, especially in 3 areas :
 - Business model
 - Marketing
 - Financial



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BUSINESS PLAN : Presentation

A few hints :

No need for a book – use visual aids

BP must be presented by the boss

Have the complete team present for the 1st meeting

Do not hesitate to present the BP to many potential partners and have it challenged by them

BUSINESS PLAN : Contents

- Executive summary
- Innovation and patents
- Products and manufacturing
- Marketing strategy
- The team
- Financial projections

BUSINESS PLAN : Executive summary

- ❖ VC's receive too many proposals
- ❖ They reject 9 out of 10
- ❖ They primarily look for reasons to say no
- ❖ One or two pages maximum
- ❖ Raise the interest in less than one minute
- ❖ Convince the reader to go further instead of « filing vertical »

BUSINESS PLAN : Executive summary

Business model (industrial project) :

- What kind of company are we talking about ?
- Selling licences ?
- Product development ?
- Manufacturing ?
- Selling to end user ?

BUSINESS PLAN : Executive summary

Business model (internet) :

- Internet projects are different from traditional projects
- Once considered as the new « Eldorado », investors are now highly suspicious about them
- An Internet related company can :
 - Sell advertising
 - Sell products (E-commerce)
 - Sell subscription
 - Sell services
 - Deal with professionals (B2B).
 - Deal with the end-user (B2C)

BUSINESS PLAN :

Innovation/Development/Manufacturing

- Technology
- Competitive advantage
- Intellectual property
- Products to be derived
- Present development stage
- R/D program
- Manufacturing

BUSINESS PLAN :Marketing

- Market summary (indicate sources)
- Competition (SWOT analysis)
- Strategies (prices, services, promotions)
- Sales (distribution channels, sales force)
- Test markets
- Official approvals if needed

BUSINESS PLAN : the team

- Full coverage of required skills
- Total commitment (including financial)
- Open to suggestions
- Willing to cooperate with shareholders
- Avoid one man (woman) show

An apparent contradiction :

The project must show a team **and** a boss

THE FINANCIAL PLAN

Usually 3 years quarterly projections

- Profit and loss
- Balance sheet
- Cash forecasts (monthly during year 1)
- Use and resources of funds
- Investment proposal

THE FINANCIAL PLAN

Two remarks

- ✓ VC do not usually welcome loans in a start-up BP except if granted by themselves and convertible into shares
- ✓ Exit routes not necessary : VC make their own opinion on this subject

TIME TABLE

- ✓ Recapitulate the main events to take place during the first year
- ✓ These milestones will be used to monitor the progress in the absence of meaningful financial results
- ✓ Investors might be willing to bring money according to these milestones reached or not

THE INVESTMENT PROPOSAL

Financial aspects

- Money needed
- Valuation of company shares
- Majority
- Management remuneration package

THE INVESTMENT PROPOSAL

Other aspects

- Statutory act
- Shareholder's agreement
- Exits

THE BUSINESS PLAN : The success factors

What could make a winner ?

- 👍 Innovation (not technology)
- 👍 An ambitious but realistic plan
- 👍 Sufficient demand for funds
- 👍 A competent team
- 👍 Partnership



THE BUSINESS PLAN : The common mistakes

Usual mistakes which may sink the project :

- 👎 bad market analysis
- 👎 underestimation of marketing costs
- 👎 underestimation of marketing delays
- 👎 poor distribution strategy
- 👎 technology as an objective
- 👎 insufficient financial resources



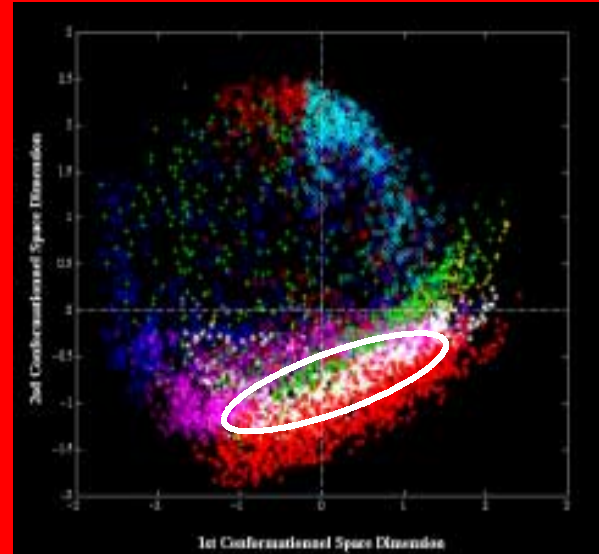
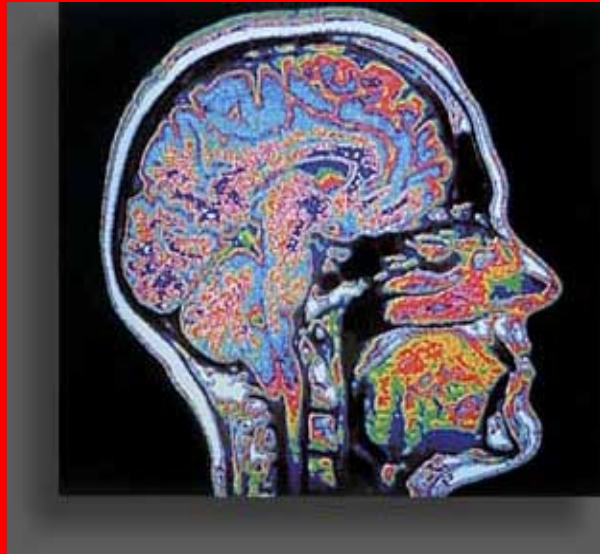


Conclusion

Some important points to keep in mind

- BP is a very valuable exercise for the entrepreneur
- It is a unique opportunity to ask for more than money
- It is both a marketing and a management tool
- The more it is challenged (including by VC), the better
- It should be business oriented, not technology
- The executive summary is the most important chapter
- A complete team and a boss are key
- Go for a strong financial base

synt:em



BioPharmaceutical company that discovers and develops novel **drug candidates** with particular focus on diseases of the Central Nervous System

Business Model

- **External :**

Discovery and development of drug candidates in collaboration with Pharma/Biotech partners

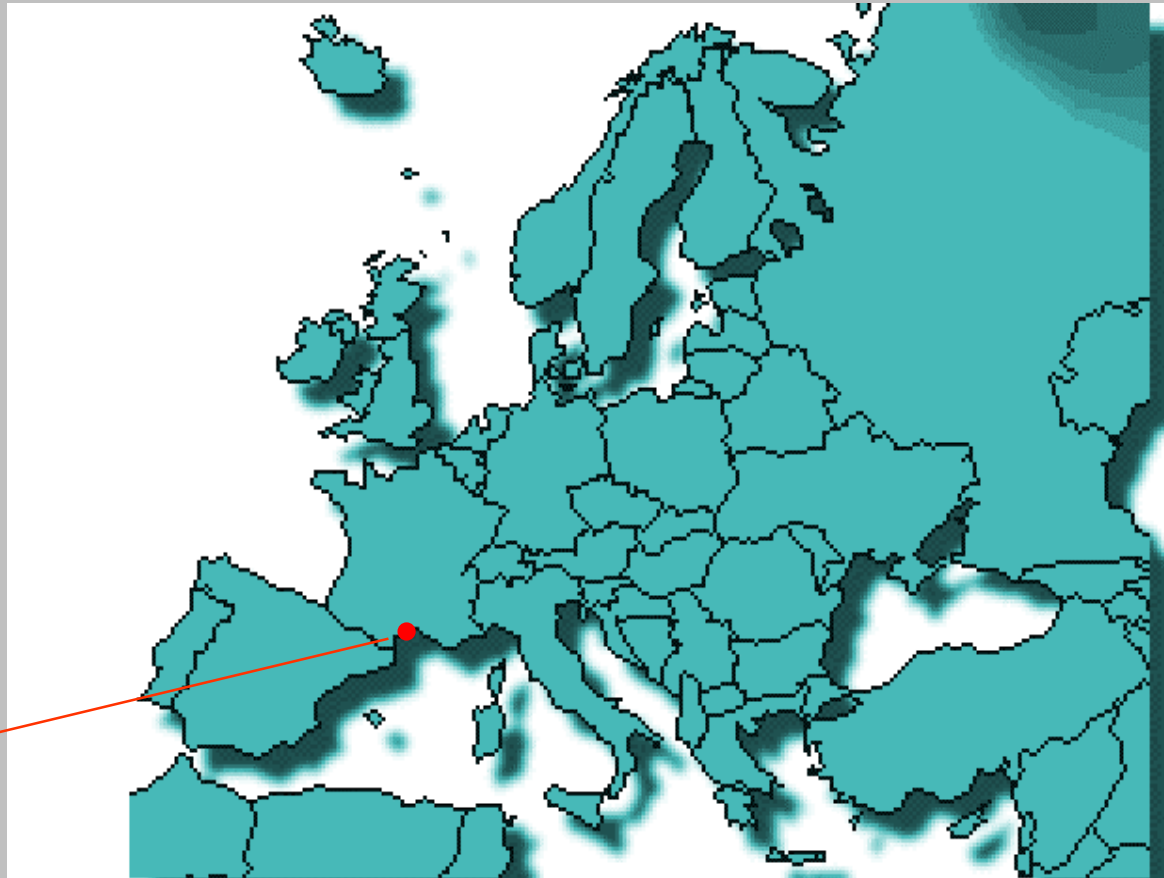
- **Internal :**

Building a pipeline of proprietary drug candidates for licensing and internal development

Financing : 1st round(09/95)

- Fundings : 400.000 Euros

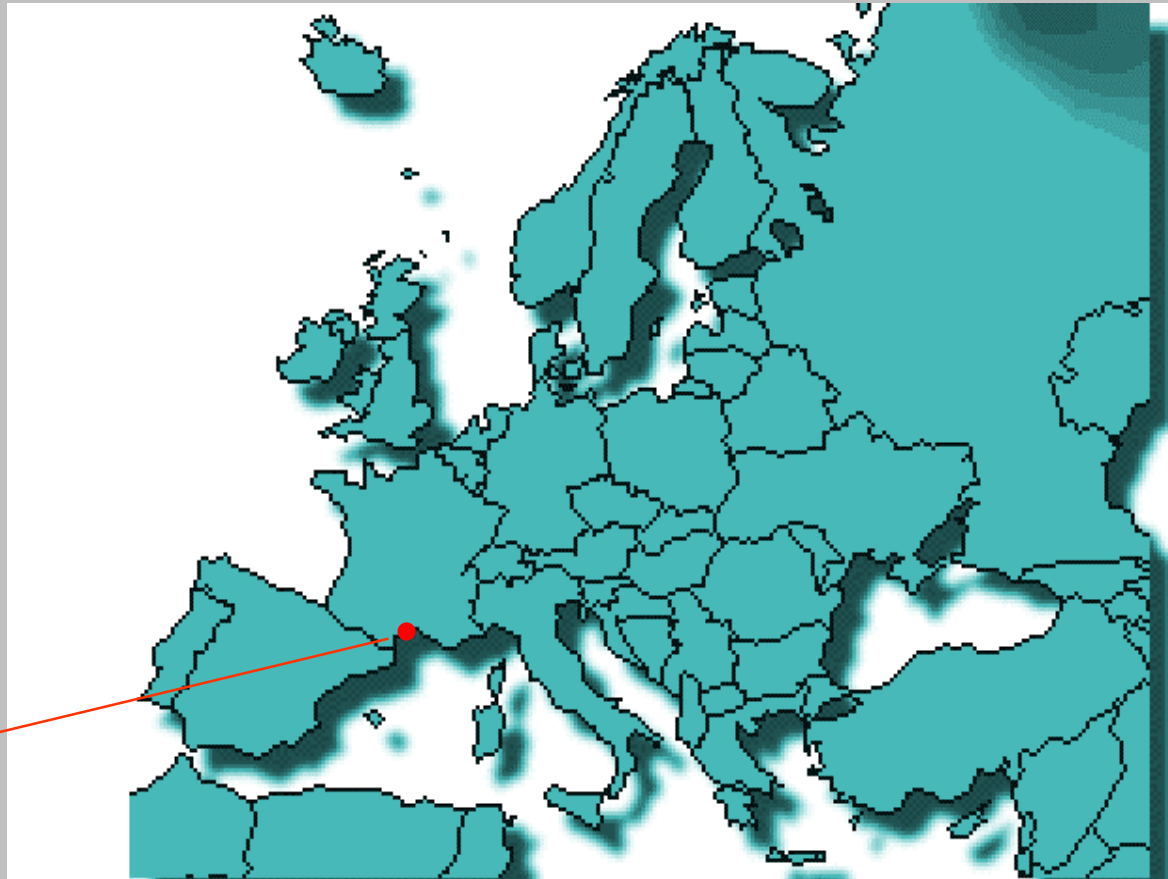
Local VC's
And
Founders



Financing : 2nd round (01/97)

- Fundings : 700.000 Euro (*cumulative*)

Local VC's
And
Founders



Financing – 3rd round (12/97)

■ Fundings : 3,2 Million Euro (*cumulative*)

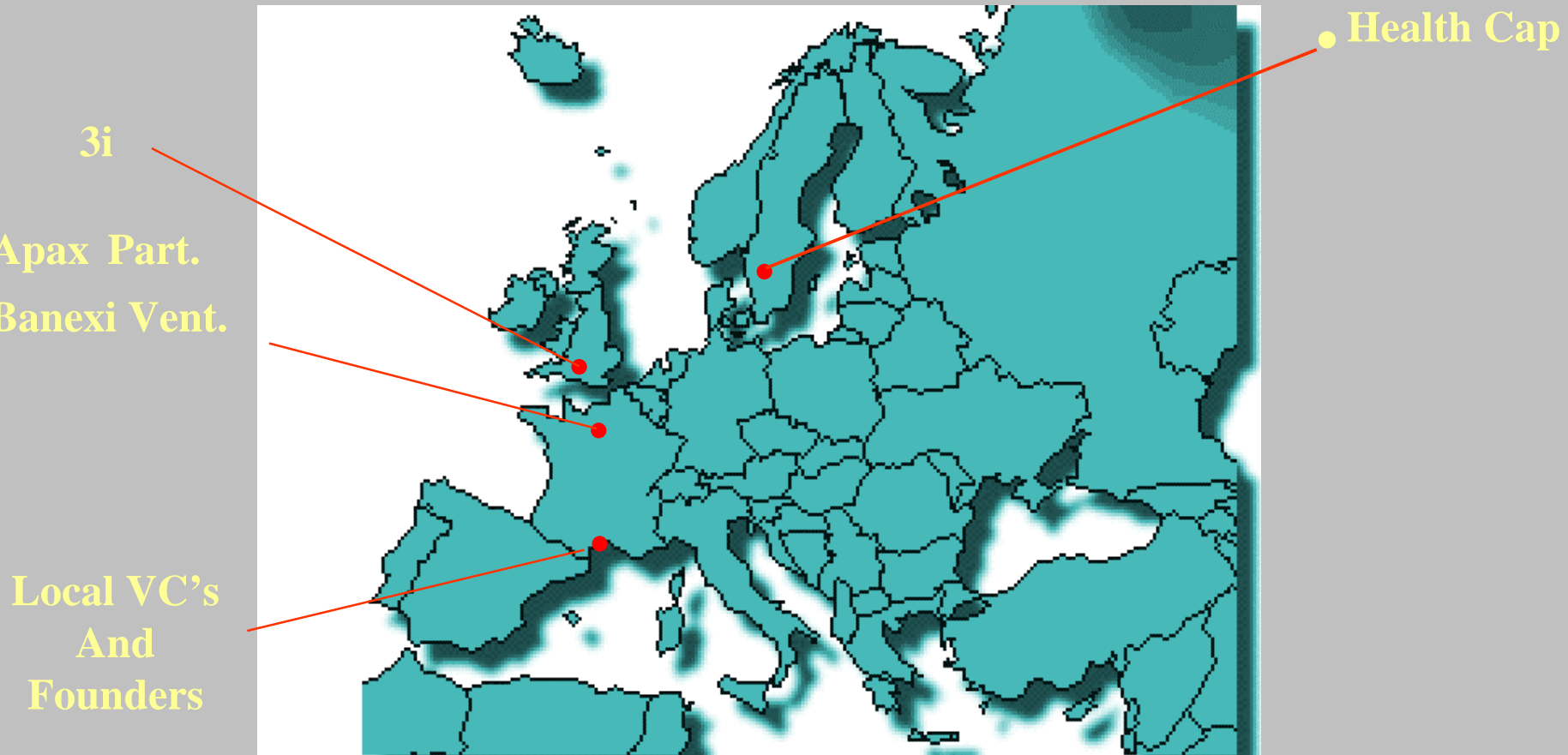
- Apax Part.
- Banexi Vent.

Local VC's
And
Founders



Financing – 4th round (07/99)

■ Fundings : 8,4 Million Euro (*cumulative*)



Financing – 5th round (02/01)

■ Fundings : 32 Million Euro (*cumulative*)

