

Info Cell

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STARTING UP SMART: In the run-up to the ET Startup Awards 2015, your paper will run a series of articles on the 'How To's of starting up. Here is the first instalment

How to Write a Catchy & Intelligent Business Plan

N CHANDRASEKARAN,
CEO, Tata Consultancy Services



It is exciting times in India in the technology business with many young entrepreneurs venturing into startups. It is fantastic that ET has taken the lead in celebrating and encouraging the startup ecosystem

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Looking forward to this

ETtech@ETtech

ET Startup Awards 2015: Meet the high-profile jury, which will pick India's best in the startup milieu

Biswarup Gooptu & Harsimran Julka

New Delhi: With hordes of investors rushing to pump significant capital into Indian startups, it is becoming more critical than ever for fledgling entrepreneurs to be able to draw their attention and convince them that they are the ones to bet on. And the key tool for this is a well-crafted business plan. Entrepreneurs have realised that business plans can have a massive impact on whether their startups will receive the steady flow of capital they need to sustain, critical for any early-stage venture that typically works on wafer-thin margins. A typical business plan is one that contains a definition of the product or service on offer, details on current and future earnings, team profile and snapshots of competitors and investors. But given the rapid maturing of the country's startup ecosystem, business plans, too, have metamorphosed to keep pace.

"Always go big. That's been our constant mantra," said Jaydeep Barman, cofounder and chief executive of on-demand restaurant chain Faasos, which is backed by venture capital firms Lighthouse Ventures and Sequoia Capital. "Big plans, by definition, means big markets, and that's what VCs want to see."

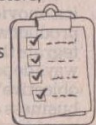
Barman's tip: Never talk about potential returns for an investor, identify opportunities, emphasise team, and give details on projected costs.

"That's what we're looking for," said Vijay Shekhar Sharma, founder and CEO of mobile commerce startup Paytm as well as an early-stage investor. "Excel sheets with financial modelling may not always work."

ET Primer on Crafting Winning Business Plans

What is a Business Plan?

A typical business plan contains a definition of the product or service, current and forecasted financial metrics, profile of the founding team, competitors and the investors backing them. In addition to deploying it to lure investors, entrepreneurs can use business plans to get suppliers, customers and other key stakeholders on board



B-Plan Structure

INTRODUCTION: How the startup was founded; initial funding; and the USP of its product or service

TEAM: Details on founding and management teams, the board, advisers and mentors if any

OPPORTUNITY: The problem that the startup aims to solve; customer pain points; opportunity or market size; and industry growth projection

BUSINESS MODEL: Revenue model; pricing of product or service; existing average account size; loyalty and number of registered users



THE ASK: How much capital the startup needs to raise; pre-money valuation expectation; cost break-up on how the capital will be deployed; and expected burn rate



Dos: B-plan Essentials

- **Profile** a typical customer and the problem faced by him or her that the company's product or service can resolve
- **Revenue model** and pricing. It helps to have a mentor involved while drafting your first B-plan
- **When presenting** a business plan to investors, present verbally. Give them a hard copy of the presentation only if they wish to have a look



- **When presenting** a business plan through email, attach a slide presentation, a short video of the startup, employee culture, lives of customers, and a text cover letter
- **Hiring plan:** How many people will a startup need to employ and how much will they cost
- **Business plan/video** should have 2-3 short testimonials of customers



I advise people to first evolve their product and service, then get into a plan. A good plan needed at the time of fund-raise should have a roadmap and differentiate a customer from a beneficiary

DEEPAK MENARIA,
Cofounder, Lemon School of Entrepreneurship

Don'ts: What to Avoid

- **Do not** make the business plan too wordy, long and detailed
- **A business plan** should not be too optimistic. Long-term milestones should be avoided
- **Don't say** there is no competition. An investor will not believe that
- **Do not** make errors – in spelling, grammar or calculations
- **Do not** contradict a cofounder when answering investor questions



5 Cool B-Plan Formats

- Create a mind map
- Build a mobile app
- Introduce drama on pain points
- Storyify your value proposition
- Animation or comic strip to tell your plan



Annual B-Plan Contests

- IIT Bombay Eureka
- IIM A Entre
- Wharton India Economic Forum
- TIE International Business Plan Contest
- Start-Up Chile



THE ECONOMIC TIMES
STARTUP AWARDS 2015

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Celebrating the Spirit of Startups

In the run-up to the ET Startup Awards 2015 in August, your favourite newspaper is celebrating the spirit of entrepreneurship with a special editorial package. Our team of specialist writers will explain the ins and outs of starting a business

in India. We are inviting some of the best-known investors and startup founders in the world to share their experiences with us. And we are organising panel discussions on the most important issues of the day in Mumbai and Bengaluru. If

you have ideas or suggestions, please write to us at etsa@timesgroup.com.

You can also nominate your friends, relatives or colleagues. Email your queries to etsaqueries@timesgroup.com. The last date to submit entries is June 22.