

# Blackblot® PMTK

## Business Plan



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**Company Name:** <Enter company name>

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### Document Revision History:

Date	Revision	Revised By	Approved By
<Enter revision date>	<Revision #>	<Enter your name>	<Enter name>

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## 1. Introduction

### 1.1. Document Objective

This document outlines a business plan, a key document used to define, assess, and evaluate the best approach to either create or not create a company that will (presently or possibly eventually) compete with other companies in a particular industry. This business plan is an examination of a potential business opportunity at the company level.

*<Comment: The Business Plan is defined as "an examination of a potential business opportunity at the company level". The business plan process, data, and outcome are detailed in this document of a similar name.*

*Business plans are primarily used for business opportunity assessment but they can also be supplemented with additional information and be used as a marketing tool to raise capital, for investment in the company, or as an executive management tool to strategically guide and run the company.*

*The business plan definition is rather straightforward yet it hinges on two other definitions. First, the term Business Opportunity is defined as "a void in the industry that can be entrepreneurially filled by creating a company that will provide products to the target market". Second, the term Industry is defined as "a group of companies which produce and sell a particular product type".*

*So in lay terms, the business plan process is to help make a go or no-go decision about whether we should or should not build a new company that would compete in the market with other companies, in a particular line of business. For example, should we or not create a new hardware manufacturing company that would compete with Apple, Samsung, etc. in the computer tablet line of business?*

*It is important to note that the business plan process is focused on helping us decide if we should create a new company that can compete, not if we should create a particular new product (Business Case). The business plan process is overwhelmingly geared to the company level, not the product level. In virtually all entrepreneurial and business scenarios, the business plan document is accompanied by one or more business case documents.*

*It is possible that certain parts of the business plan may not be developed sequentially and in order of the table of contents. Throughout the document, keep your writing short, clear, and simple.>*

## 2. Executive Summary

### 2.1. Section Objective

This section provides an executive summary – a concise overview of the business plan.

*<Comment: The executive summary should enable the reader to understand the business opportunity and the business justification for creating the company. The executive summary is prepared after the entire document is complete. Focus on the key elements of the business plan and*

do not exceed five pages. Provide the most concise and strongest messages.

The Executive Summary must address the following issues:

- The current state of the business opportunity.
- The competitive environment.
- A brief description of the line of business and financial impacts.
- The risks of undertaking the endeavor and creating the company.
- Recommendations.>

- 2.2. The Executive Summary  
<Enter the executive summary.>

### 3. Business Description

3.1. Section Objective

This section articulates a general description of the company and its business.

3.2. Business Description Statement

<Enter the business description statement.>

<Comment: Write a very concise statement which outlines the key fundamentals of the proposed company. This is a high-level paragraph that captures the most vital characteristics of the company. The business description statement minimally includes the proposed business name, business ownership structure, management team, location, primary line of business, and target market. If possible then also depict any competitive advantage at the company level, but not at the product level.>

<Example: "Acme, a New York, USA, based software development company, led by three industry veterans, builds micro payment mobile applications for emerging economies worldwide. Initial promotional partnerships with two major financial institutions in the USA have been formed.">

3.3. Legal Form of Business Organization

<Enter the legal form of the business organization, e.g. sole proprietorship, partnership, limited liability company, or corporation. Briefly explain the main reasons and advantages of the selection of the specific legal form of the business organization. List the founders, partners, and principal shareholders if relevant.>

### 4. Vision, Mission and Values

4.1. Section Objective

This section articulates the company's corporate vision and mission statements, and values.

4.2. Corporate Vision Statement

<Enter the corporate vision statement.>

<Comment: Write a concise vision statement that summarizes the company's purpose and intent, and describes how, in the future, its products and activities shall affect the world. Corporate vision is about what the company does to the world. A more philosophical definition of the corporate vision is a "guiding image of success, formed in terms of a contribution to society".>

#### 4.3. Corporate Mission Statement

"<Enter company name> is a <Enter company description>, whose mission is to provide <Enter target market> with <Enter product name> that/of <Enter statement of value>."

<Comment:

- A corporate mission statement defines the company's general business direction and depicts the value customers get.
- Corporate mission is about what the company does for the customer.
- Every company wants or claims to deliver value, be profitable, and establish leadership. Try to avoid including these in the corporate mission statement.
- Anyone reading the corporate mission statement should be able to clearly articulate the following: the line of business the company is in and the company's goals relative to the customer.
- The corporate mission statement should contain reference to one or more of the following elements: business concept, company philosophy, customer, geographic market, product, public image, and technology. Only use the elements that are relevant to your company.
- The corporate mission statement is ideally one or two paragraphs. A short, clear, and concise corporate mission statement is always preferred.>

<Example: Google's mission statement is "Google is a global technology company whose mission is to provide people worldwide with the world's organized information in a manner that is universally accessible and useful.">

#### 4.4. Corporate Values

<Enter the list of the proposed company's corporate values coupled with their explanations.>

<Comment: Corporate values depict in words the innate characteristics of the company and what it stands for. They represent the company's core beliefs, ethics, and culture which will be experienced and become evident to anyone (employees, suppliers, partners, customers) who has dealings with the company.>

<Example: Following are examples of corporate values:

- Integrity – Maintaining the utmost level of corporate and personal correctness and ethical dealings with the company's customers.
- Growth – Constant collaboration, critical thinking, improvement, and self-development of the company and its team members.>

## 5. Strategic Objectives

### 5.1. Section Objective

This section describes the company's strategic objectives.

### 5.2. Strategic Objectives

<Describe the company's strategic objectives which the company wishes to achieve by competing in the industry and serving customers.>

<Comment: The company's strategic objectives are one or more subjective goal statements which outline a desired outcome that the company should achieve. This is in essence an unsupported but realistically attainable wish list that serves as guidance and fosters employee motivation. Strategic objectives often use colloquial terms to describe a desired status (first in business, vendor of choice, best-of-breed, top-of-the-line, top tier, leading vendor, customer satisfaction, etc.) or they focus on measurable criteria (winning awards, market valuation, revenue or profit, market share, rate of growth, innovation levels, etc.). List the specific measurable strategic objectives to be obtained in one, two, and five years from the company's inception. Include at least one monetary objective, preferably in terms of revenue and/or profitability.>

## 6. Business Strategy

### 6.1. Section Objective

This section describes the business strategy which will be used to help the company achieve its corporate vision and mission statements.

### 6.2. Business Strategy

<Describe the chosen business strategy.>

<Comment: Business Strategy is decisions that support the company, being a leader, follower, or innovator in a specific line of business.

*The term Business Strategy is fully defined as "a coordinated set of long-term decisions that supports a company, being a leader, follower, or innovator in a specific line of business".*

*The business strategy is a statement of a guiding image of how a company envisions itself in the future and the effort to make it happen. Essentially it is what the company wants to be when it grows up and how it wants to get there.*

*The type of decisions and parameters with regard to the business strategy only involve the company level - they are not at the market or product level. These decisions are related to corporate parameters such as manufacturing capacity, makeup of human resources, financials, partnerships, intellectual property, etc.*

*In template format, the business strategy could be formed as "aspiring to be a <leader/follower/innovator> in <line of business> via <decisions and/or actions>".>*

*<Example: Microsoft's overall business strategy statement can be "aspiring to be a leader in consumer and business software via mergers and acquisitions, human resources, and corporate resources (partners, finances, distribution network, intellectual property, etc.)".>*

6.3. Company Core Competency

*<Describe the "Company Core Competency".>*

*<Comment: The "Company Core Competency" or "Distinctive Competency" is a company's unique ability to deliver value, while differentiating itself from the competition. This factor pertains only to the company as an institution, not to any of its products. The core competency is in essence also a competitive advantage at the company level, which supports fulfilling the business strategy. Examples of a company's core competency include business expertise, distribution channels, and quality service.>*

**7. Business Model**

7.1. Section Objective

This section describes the company's general business model.

7.2. Business Model

*<Describe the chosen business model.>*

*<Comment: The term Business Model is defined as "a scheme used by a company to generate economic gain for itself and its shareholders". The business model is merely a description of how a company intends to make money.*

*For example, selling software applications with a perpetual license, particularly for desktop operating systems, has been Microsoft's traditional business model. Many online content/services providers such as google.com and cnn.com have a business model where they provide content for free and charge for advertising. Some financial services websites and mobile applications employ an advertisement-free, subscriber-based business model.>*

**8. Industry Analysis**

8.1. Section Objective

This section describes the industry to which the company shall belong.

8.2. Industry Description

*<Define and succinctly describe the industry to which the proposed company shall belong.>*

8.3. Industry Members

*<Describe the general and most common profile of the companies who constitute members of the industry. Conspicuously designate the main direct competitors the proposed company is likely to encounter in the industry and in the main line of business.>*

*<Comment: In this assessment, note the industry members' product lines, pricing strategy, reputation, brand equity, technologies, market share, weaknesses, and strengths.>*

8.4. Industry Analysis

<Describe the industry status and the various technologic, economic, social, political, regulatory, and any other factors that impact the industry, and any noteworthy trends that the industry had and likely will undergo.>

**9. Barriers to Entry**

9.1. Section Objective

This section outlines barriers to entry, which are obstacles designed to block potential entrants from profitably entering the market.

9.2. Marketplace Barriers to Entry

<Define and describe barriers to entry that presently exist in the marketplace. These barriers are often introduced by the competition and work against the company.>

*<Comment: Marketplace barriers could also be local/global, legal, political, cultural, geographical, language, sociological, religious, national, and technological availability. These barriers are not due to the competition in the market per se but deserve mentioning if relevant.>*

9.3. Advantageous Barriers to Entry

<Define and describe barriers to entry that the company has or will create in order to protect itself from the competition.>

*<Comment: Examples of barriers to entry include: patents, pricing, cost advantages, distribution network, customer loyalty, and cost of research and development.>*

**10. Management Resources**

10.1. Section Objective

This section identifies the board of directors, executive management, advisory board, key individuals, and leadership roles and their staffing which are necessary for the company to successfully operate.

10.2. Leadership Roles

<List by the person's full name and describe in descending order, starting with executive management, the primary executive management, board of directors, advisory board, leadership, and any other relevant key roles in the company, followed by a short abstract of the person presently holding or to be entrusted with the capacity of the stated role, and a description of the role's actual and present responsibilities. Summarize the number of years of experience the person has in the line of business or industry and include any previous accomplishments as a record of success.>

*<Example: Following is an example of a leadership role:*

- "CEO – Mr John Smith, Harvard MBA with over twenty years of progressive executive management experience in enterprise software*

*at Fortune 100 companies (including Apple, Samsung, and IBM). Launched Apple iCloud in North America. Primary duties include formulating corporate strategy and vision, building and supervising the executive management team, budgeting and capital allocation, and instilling the right corporate culture and business discipline.">*

10.3. Organizational Structure

<Describe and/or provide a diagram of the company's organizational structure and reporting hierarchy. Expand on role clarity, promotions policies, internal relationships, and management style.>

10.4. Personnel Expansion

<Enter a one, two, and five-year forecast on personnel expansion at the company. Be as specific as possible and note the corporate departments that will likely grow in numbers and those that will decrease.>

## 11. Products and Services

11.1. Section Objective

This section identifies the company's main products and services.

11.2. Products and Services

<Enter a short description of the company's main products and services. Provide the relevant excerpts from the business case documents.>

*<Comment: The business plan document is jointly presented with and accompanied by one or more business case documents. The Business Case is "an examination of a potential market opportunity on a product level", whereas Market Opportunity is defined as "a lucrative, lasting, and sizable market problem".*

*The business case process is to help us make a go or no-go decision about whether we should or should not build a new product that would compete in the market with other similar products of the same category. The business case decision whether to create products is distinctly different than the business plan decision whether to create a company.*

*The business case is focused on helping us decide whether we should create a particular new product and already assumes the foundational existence of a company that operates in a particular industry (e.g. software development, automotive manufacturing, and pharmaceuticals).*

*The business plan and the business case(s) complement one another and jointly provide the justification to create a company that will compete with other companies in the given industry by producing certain products and services in a particular line of business.>*

11.3. Intellectual Property

<Enter and describe the scope and protection of the company's present and future intellectual property assets. Note any patents, registered trade and service marks, registered copyrights, and proprietary technologies.>

## 12. Operational Resources

### 12.1. Section Objective

This section identifies the company's operational resources requirements.

*<Comment: In order to start and maintain its operations and provide its products and services, the company requires an infrastructure, a variety of operational resources which primarily consist of premises (office space, manufacturing floor, storage, etc.), equipment, vendors, and outsourced services. This section describes these operational resources.>*

### 12.2. Facilities

<Enter and describe the location and size of the facilities (office space, manufacturing floor, storage, etc.) that the company requires. Describe which of the premises will be bought, leased, or rented. If applicable then provide a one, two, and five-year forecast on facilities expansion.>

### 12.3. Equipment

<Enter and describe the equipment (office supplies, computing environment, manufacturing tools and machines, automobiles, etc.) and any fixed tangible assets that the company requires. Describe which of the equipment will be bought, leased, or rented. Note any possible specific issues of risk concerning the equipment such as availability and scarcity, price fluctuations, reliability, and complexity. If applicable then provide a one, two, and five-year forecast on equipment expansion.>

### 12.4. Vendors

<Enter and describe any suppliers and vendors that the company requires for its ongoing operations. If applicable then provide a one, two, and five-year forecast on vendor expansion and contingencies.>

### 12.5. Outsourced Services

<Enter and describe the cardinal outsourced services that the company requires. If applicable then provide a one, two, and five-year forecast on outsourced services expansion.>

### 12.6. Security

<Enter and describe any physical and digital threats to the company and how these threats will be addressed via the relevant risk management policies and internal controls.>

## 13. Risk Assessment

### 13.1. Section Objective

This section identifies the risks of undertaking the endeavor and creating the company.

### 13.2. Associated Risks

<Enter, list, and explain all possible major risks associated with creating the company.>

<Comment: Succinctly acknowledge the relevant risks on both the macro and micro levels. This includes political, cultural, economic, and security trends and concerns, and continues with matters that relate to technology, patents, partners, human resources, competition, etc.>

13.3. Contingency and Mitigation

<Enter, list, and explain the contingency and mitigation options that will likely be employed to deal with all possible major risks associated with creating the company.>

## 14. Financial Plan

14.1. Section Objective

This section describes the company's economics and financial requirements.

<Comment: This section is extremely important and must be solidly defensible. It is utterly critical to be able to convincingly and realistically explain and justify all figures and assumptions that pertain to the financial plan. Note the distinction and separation between the monies required for creating and running a company and the monies required for starting and maintaining any product programs.>

14.2. Funding Required

<Enter the accumulated amount of money that is required in order to start and launch the company, and list the allocation of the various amounts of monetary funding being requested from different investors. The accumulated amount of money to start the company is sometimes referred to as Setup Cost, Initiation Expenses, Early Investment, or Seed Money.>

14.3. Economics of Business

<Complete the Economics of Business table.>

<Comment: Some of the financial figures in this section are originally listed in and drawn from the business case document. Do not include a valuation of the company. Following is a legend of the different parameters in the Economics of Business table:

- Expected Company Operating Costs – Amount of money needed to maintain normal company operations. Pertains only to the company, not to product programs. Includes any fixed and variable costs.
- Expected Product Program Costs – Amount of money needed to start and maintain one or more product programs. Includes any fixed and variable costs.
- Expected Total Gross Revenue – Amount of money (Income) the company will receive as a result of its business activities.
- Expected Total Gross Profit – Amount of money (Financial Gain) the company will realize as a result of its business activities.
- Expected Required Funding – Amount of money that the investors will be requested to provide so that the company will be able to maintain its normal operations and its product programs.

- Expected Months to Break Even – Number of months until the company's monthly revenue equals or exceeds the company's monthly total fixed and variable costs.
- Expected Months to Positive Cash Flow – Number of months until a period of at least three consecutive months in which the company's cash inflows are consistently higher than the cash outflows.
- Expected Net Present Value (NPV) – Present monetary value of an investment's aggregate expected cash flows (that are received from the company) minus the costs of acquiring the investment. The NPV is calculated via a mathematical formula. The NPV needs to be a positive value.
- Expected Internal Rate of Return (IRR) – Annualized interest rate earned on each dollar invested for each period it is invested. The higher the IRR, the better. The IRR is calculated via a mathematical formula and is directly tied to the NPV.
- Expected Average Return on Investment (ROI) – Financial profitability metric that evaluates the performance and efficiency of an investment. The higher the ROI, the better. The ROI is calculated via a mathematical formula.
- Expected Payback Period – Number of months until the company's investors recoup the monies which they had invested in the company.>

Parameter	Year 1	Year 2	Years 3-5
Expected Company Operating Costs	\$0	\$0	\$0
Expected Product Program Costs	\$0	\$0	\$0
Expected Total Gross Revenue	\$0	\$0	\$0
Expected Total Gross Profit	\$0	\$0	\$0
Expected Required Funding	\$0	\$0	\$0
Expected Months to Break Even	0	0	0
Expected Months to Positive Cash Flow	0	0	0
Expected Net Present Value (NPV)	0	0	0
Expected Internal Rate of Return (IRR)	0%	0%	0%
Expected Average Return on Investment (ROI)	0	0	0
Expected Payback Period	0	0	0

<Comment: The objective of the Economics of Business table is to bring utmost clarity and to simplify the complex picture of the company's future finances. There are multiple conjoint assumptions and financial and accounting factors to consider, e.g. payroll, insurance, debt structure, amortization, cash burn rate, capital expenditures, taxes, regulatory costs, purchasing, leasing or renting assets, etc. List all such information in the business plan appendices and avoid introducing this information with the Economics of Business table.>

## 15. Conclusions and Recommendations

### 15.1. Section Objective

This section provides specific recommendations regarding the potential business opportunity addressed in this document.

### 15.2. Conclusions

<Identify and describe any conclusions reached during the preparation of the business plan.>

### 15.3. Recommendations

<Make specific recommendations on proceeding to create or not create a company that will (presently or possibly eventually) compete with other companies in a particular industry.>

*<Comment: The extent of the recommendation may range from recommending approval to create a company to recommending a more detailed business analysis be done to validate some key business plan components.>*

## 16. Review and Approval

### 16.1. Section Objective

This section describes how the business plan is reviewed and approved, and who is responsible for the process and the decision making.

*<Comment: This section also contains the final outcome of the business plan. If the business plan is approved, then evidence of the approval should be included. If the business plan is not approved, then the rationales of the business decision behind either rejecting or deferring the business plan should be documented.>*

### 16.2. Review Process

<Describe who will review the business plan, the approval process, and by when the business plan should be approved or not.>

*<Comment: Ultimately note in this document whether or not the business plan is approved. If applicable, approval conditions should be identified and documented. If the business plan is not approved, reasons for the decision should be documented.>*

## 17. Supporting Data

### 17.1. Section Objective

This section provides data in support of claims, assertions, assumptions, and statements made throughout this document.

### 17.2. Assumptions

<Describe any assumptions made when writing this document.>

### 17.3. Research Information

<If relevant, describe and list the type and scope of research conducted in the course of writing this document.>

### 17.4. Appendices

<If relevant, include with this document the key information, for example:

- Assets required for operations
- Competitive landscape grid
- Debt used to buy the assets

- Financial statements
- Organizational chart
- Pro forma balance sheet
- Resumes of key individuals.>

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