



Plan as You Go Business Planning

Tim Berry
President, Palo Alto Software
At Notre Dame, Nov. 1, 2007



Interrupt Me. Please!



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Who is this guy?

O	LUNDQUIST COLLEGE OF BUSINESS University of Oregon	BA410: New Business Planning Spring 2006
Description Outline and Schedule Readings Bibliography Code of Ethics Important Note to Business Majors	12 noon to 1:50 p.m. MW, Chiles 125	
Instructor:	Tim Berry 683-6162 x101 tberry@paloalto.com	
Office:	144 East 14th Eugene, Oregon 97401 Office Hours: By appointment	
Course Description		

IDE TRACK TIMOTHY BERRY

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Who is this guy?



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USF University of San Francisco
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<http://blog.timberly.com>
<http://upandrinning.entrepreneur.com>

Email Me

tberry@paloalto.com

I'm Talking About



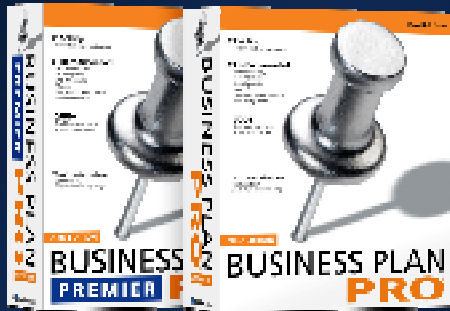
Business Planning

I'm Talking About



Tools

I'm Talking About



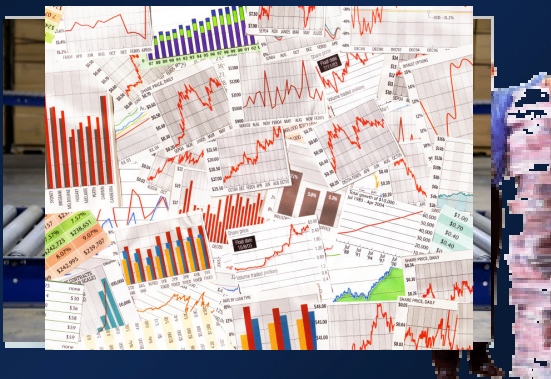
Business Plan Pro

I'm Talking About



Top 10 Venture Contest Plan Mistakes

Form Follows Function



Start Anywhere



Inside Out from the Heart



Business Plans Are Always Wrong...



... They are Vital Management Tools



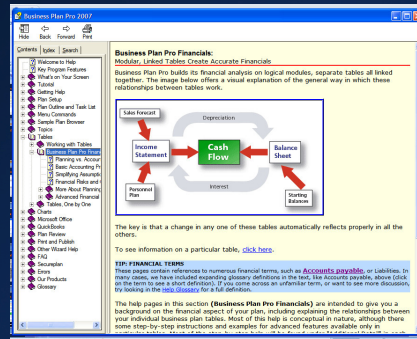
A Real Business Plan is Never Done



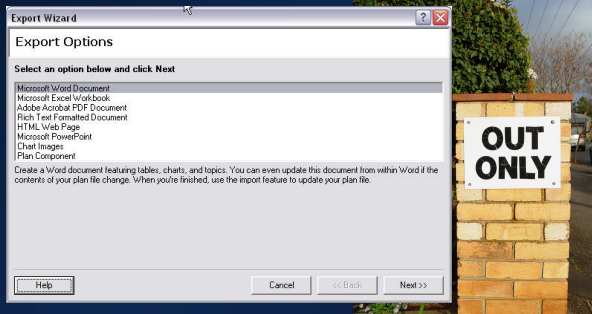
Business Plan Pro Mistakes



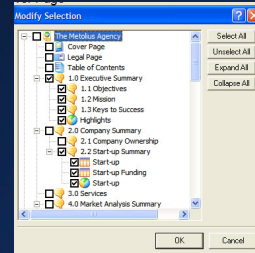
10. Getting Help



9. Exporting Too Early



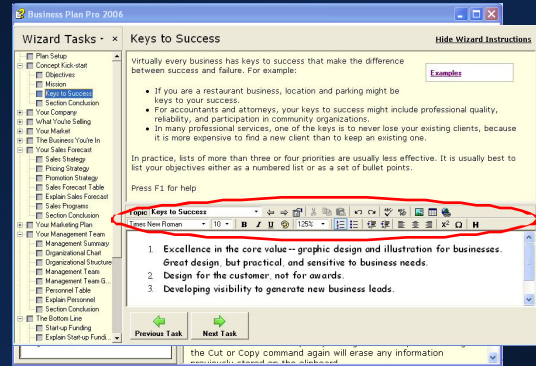
8. Selecting During Print



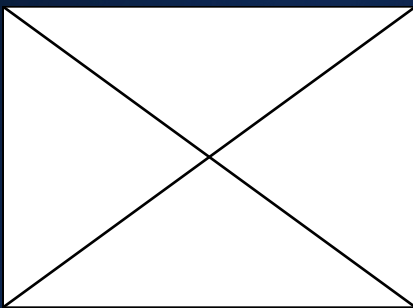
7. Misunderstanding Slides, Plan Media



6. Fussing the Formatting

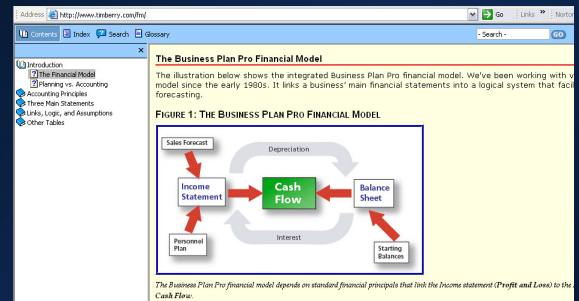


5. Critical Cash Assumptions



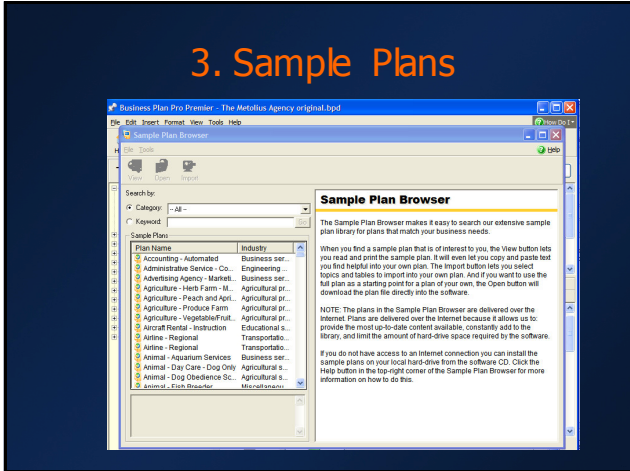
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4. My Model Your Model etc.

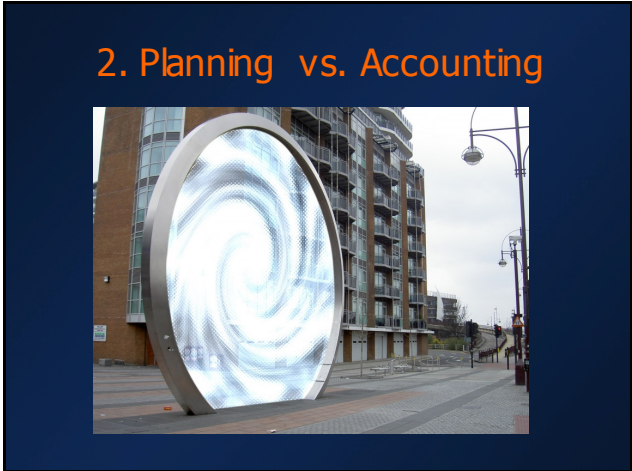


<http://www.timberly.com/fm/>

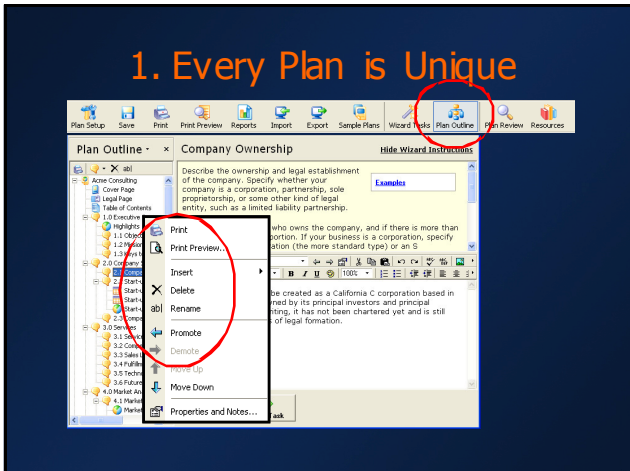
3. Sample Plans



2. Planning vs. Accounting



1. Every Plan is Unique



Software as a tool: mechanics, not content

HANDS ON?

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Enmeshed: Chicken, Egg, and, er, Rooster?



Who wants what you sell, why, where and how many are they,?

KNOW YOUR MARKET

The Essential Why to Buy



Profile Your Ideal Customer



Know Your Competition



Market Forecast

Market Analysis (Pie)



Potential Market vs. Sales



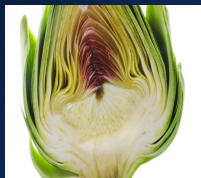
Demographic Segmentation



Geographic Segmentation



Psychographic Segmentation



Your Business' Fundamental Nature: How Are You Different
DEFINE BUSINESS IDENTITY

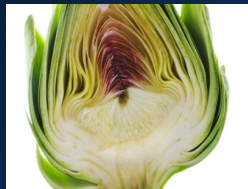
SWOT



Your Specific Keys to Success



Your Core Competence



Focus

Choices, consistency, realism, displacement

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Bplans.com

Mplans.com

Enmeshed: Chicken, Egg, and, er, Rooster?



Identify Needs & Wants



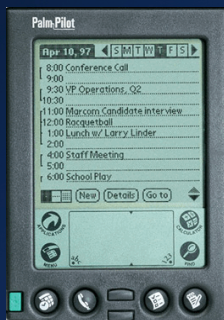
Market Needs

Fill Needs. Satisfy Wants.



Market Needs

No, Really, Fill the Need



Market Needs

Strategy is Long Term



Planning & Paradox

- Consistency vs revision
- Growth vs. focus
- Always wrong ...
- Never done ...



Not All Ideas are Opportunities



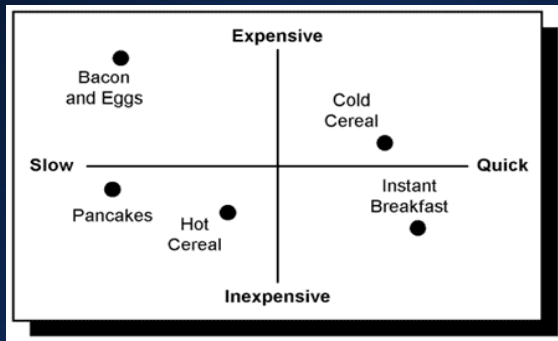
Opportunities are Tailored



Product-Market Focus



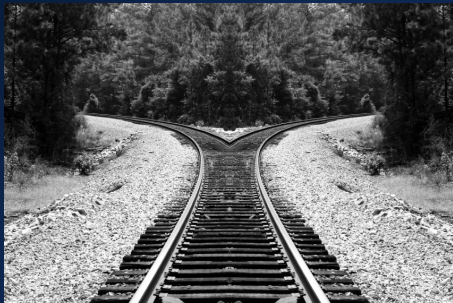
Positioning: Set Yourself Apart



Build Competitive Advantage



Make the Strategic Choices



Displacement





Set the Steps

Steps, Tasks, Owners, Metrics, Accountability,
Measurement, Money

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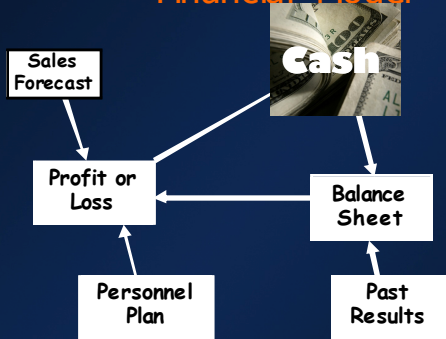
Bplans.com

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Business Plans vs Tax Accounting



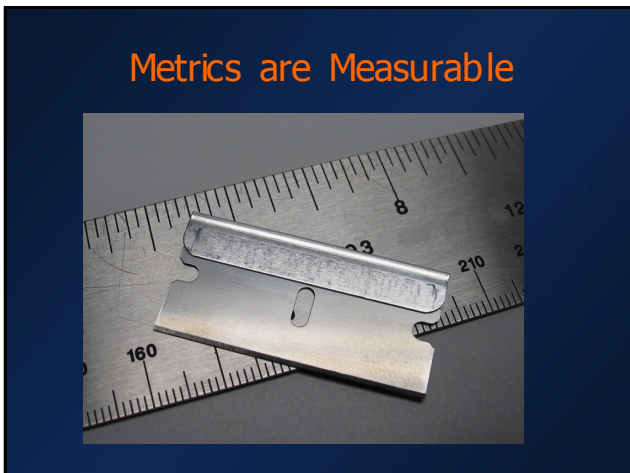
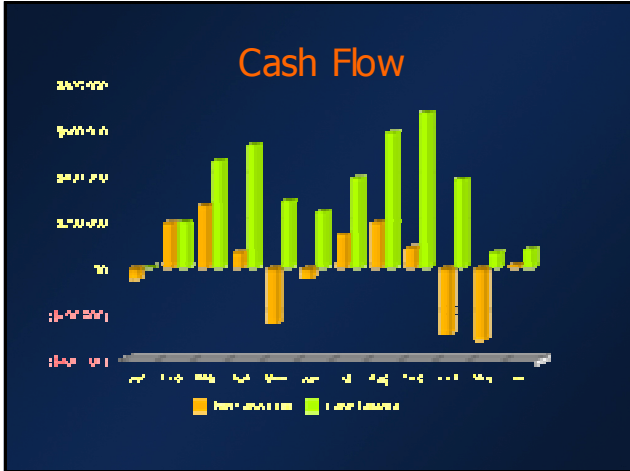
Financial Model



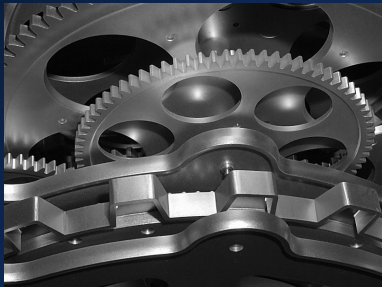
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Hands-on: sample plans, cash flow
CRITICAL POINTS

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Set Expectations and Follow Up



Build real, trackable Milestones

Milestone	Start Date	End Date	Budget	Manager	Department
Corporate Identity	12/1/2006	12/17/2006	\$10,000	TJ	Marketing
Seminar implementation	1/1/2007	1/10/2007	\$1,000	IR	Sales
Business Plan Review	1/2/2007	1/11/2007	\$0	RJ	GM
Upgrade mailer	1/2/2007	1/17/2007	\$5,000	IR	Sales
New corporate brochure	1/2/2007	1/17/2007	\$5,000	TJ	Marketing
Delivery vans	1/1/2007	1/25/2007	\$12,500	SD	Service
Direct mail	2/2/2007	2/17/2007	\$3,500	IR	Marketing
Advertising	2/2/2007	2/17/2007	\$15,000	RJ	GM
X4 Prototype	2/4/2007	2/25/2007	\$2,500	SD	Product
Service revamp	2/1/2007	2/25/2007	\$2,500	SD	Product
6 Presentations	2/2/2007	2/26/2007	\$0	IR	Sales
X4 Testing	3/1/2007	3/6/2007	\$1,000	SG	Product
3 Accounts	3/1/2007	3/17/2007	\$0	SD	Sales
USO Prototype	3/1/2007	3/26/2007	\$2,500	PR	Product
Tech95 Expo	4/1/2007	4/12/2007	\$15,000	TB	Marketing
VP S&M hired	6/1/2007	6/11/2007	\$1,000	JK	Sales
Mailing System	7/1/2007	7/25/2007	\$5,000	SD	Service
Totals			\$181,500		



TOP PLANNING MISTAKES TEN

Top 10 Competition Plan Mistakes

... and how to
avoid them ...



10: Hockey Stick Forecasts

TOP PLANNING MISTAKES TEN

10: Hockey Stick Forecasts

TOP PLANNING MISTAKES TEN

9: Sweat Equity, unrealistic payroll

TOP PLANNING MISTAKES TEN

	A	N	O
Personnel Plan			
6		Dec	2007
7	Partners	\$12,000	\$144,000
8	Consultants	\$0	\$0
9	Editorial/graphic	\$6,000	\$18,000
10	VP Marketing	\$8,000	\$20,000
11	Sales people	\$0	\$0
12	Office Manager	\$2,500	\$7,500
13	Secretarial	\$1,750	\$5,250
14	Other	\$0	\$0
15	Other	\$0	\$0
16	Total People		7
17			
18	Total Payroll	\$27,250	\$194,750

9: Sweat Equity

TOP PLANNING MISTAKES TEN



8: Techno Babble



8: Techno Babble



7: Patents will protect us



7: Patents will protect us



6: Buried treasure

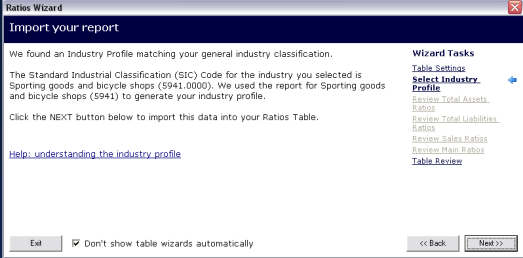
6: Buried treasure

5: Numbers without charts



5: Numbers without charts




4: Pollyanna profitability




4: Pollyanna profitability



3: No competition



3: No competition



2: No investment offer

	A	B	C	D	E	F
1	Investment Offering		Seed	Round 1	Round 2	Exit
2	Proposed Year:		2006	2007	2008	2011
3						
4	Valuation, Investment, Shares					
5	Investment Amount		\$750,000	\$2,000,000	\$5,000,000	
6	Equity Share Offering Percentage		60.00%	50.00%	20.00%	
7	Valuation		\$1,250,000	\$6,566,667	\$25,000,000	\$50,000,000
8	Investor Exit Payout		\$12,320,000	\$12,000,000	\$10,000,000	
9	Investor Years Until Exit		5	4	3	
10	Investor IRR		75.03%	56.51%	25.99%	
11						
12	Share Ownership					
			Year 2006	Year 2007	Year 2008	Year 2011
13	Founders' Shares		100,000	100,000	200,000	200,000
14	Stock Split Multiple			0	2	0
15	Stock Options Issued		10,000	100,000	0	0
16	Investor Shares Issued		165,000	160,714	267,857	
17	Price per share		\$4.55	\$12.44	\$18.67	\$37.33
18	Options Holders' Shares		10,000	110,000	220,000	220,000
19	Year 2006 Investors' Shares		165,000	165,000	330,000	330,000
20	Year 2007 Investors' Shares			160,714	321,429	321,429
21	Year 2008 Investors' Shares				267,857	267,857
22	Total Shares Outstanding		275,000	535,714	1,339,287	

2: No investment offer

1: Naïve cash flow ... or none at all...

1: Naïve cash flow

