

# The Capital Minute

## Business Plan Guide



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- 1 The Three Steps to Selling Your Idea to Investors**
- 2 Gather Evidence To Bullet Proof Your Business Plan!**
- 3 Writing a Business Plan That Gets Read**
- 4 Finding Investors and Cultivating Relationships**

**WELCOME  
From the  
AUTHOR**



*"Businesspeople  
and editors say  
this is the most  
sensible and  
helpful manual  
on the subject [of  
business plans]"*



# BUSINESS PLAN

## Secrets Revealed

Here it is the Special Issue of The Capital Minute – Business Plan Guide. It's a sampling of the information you'll find in the [Business Plan Secrets Revealed – Complete Business Plan Manual](#), which businesspeople and editors say is the most sensible and helpful manual on the subject.

You may wonder why people are saying this and yet the book is not in bookstores? Certain conditions, of which I shall tell you, will explain why.

In the first place, business plans and fundraising are my specialty. Other authors want book sales above all, but I have built my career by specializing in writing business plans and doing deals.

For over a decade, I've worked with some of the top investors, lenders and entrepreneurs in the U.S. I've been on both the buy and sell side of transactions. Prepared business plans. Sought businesses for investment, read their business plans, and performed due diligence on them. I completed 17 transactions and arranged for over \$760 million in financing from 1997 to 2003 alone and continue to build on this record today.

I am currently the Chief Financial Officer of a \$400 million business financed with public debentures and private equity. So, at this time, I have neither the time or desire to pursue the publishing path. Instead, I self-publish my materials on my website: <http://www.business-plan-secrets-revealed.com>.

The information I share comes from the front lines, actual conversations with venture capitalist, bankers and entrepreneurs. The principles and plans outlined in these pages have helped me and others raise over \$760 million in financing from 1997 to 2003 and continue to persuade investors and raise money today.

The Business Plan Guide and special reports in this Special Issue are packed with valuable insights. Take the special report Understanding The Mind of The Investor on page 4 for example. Remember, as useful as you'll find this information, it's only the tip of the iceberg. To get the rest of the secrets...you'll have to pick-up the [Business Plan Secrets Revealed – Complete Business Plan Manual](#).

To your success,

Mike Elia CPA, MBA

Author

# PART ONE

## The Three Steps to Selling Your Idea



### Steps to effective communications:

- 1) *Have something good to say*
- 2) *Say it well*
- 3) *Say it often*

**Jim Rohm**  
**Communications**  
**Expert**

Inside this business plan guide you'll learn the tips on how to **1)** build a case for your business that leads investors to conclude that you are the most appealing investment choice, **2)** write a business plan that captures investor's attention, and **3)** find funding sources...

See, preparing a business plan or fundraising is not something most business owners do often, so whether you plan to hire an outside advisor or do it yourself this information can save you from doing it wrong, getting ripped off, or simply failing.

But people just like you do write business plans and raise capital for their businesses all the time... because they know the secrets to what it takes to capture attention and persuade investors.

**In Part One of this Four Part series, I'll reveal the three steps to capturing attention and persuading investors.**

Then, you'll learn in:

**Part 2 – How to gather evidence to bulletproof your business plan**

**Part 3 – How to write a business plan that gets read**

**Part 4 – How to find investors and cultivate relationships**

As you can see, we have much to cover... so let's get started!

According to communications expert Jim Rohm, there are three steps to effective communications no matter what you are communicating...

1. Have something good to say
2. Say it well
3. Say it often

## PART ONE... CONTINUED

Sound too elementary?

Perhaps. But, let me ask you this: Are you taking the time to do it?

Most entrepreneurs have an idea; then they put their blinders on and go straight to work. Never doing their homework to test the validity of their idea.

They're like the attorney who dives into a trial without doing discovery or the doctor who recommends a treatment without running any tests.

These entrepreneurs - and business owners as well - fall into the trap of foolishly thinking investors will buy into their idea simply because they themselves think it's a great idea!

These people fail to appreciate the fact that investors have so many investment alternatives from which to choose that they are confused and having a hard time determining why a particular investment is any better, worse, or different than another.

I call this inability to choose...the **Investor Confidence Gap**.

And it's your job to bridge this Gap!

But, before you can bridge it, you must understand how investors determine which businesses they'll even have a relationship with in the first place.

And guess what... they're not going to base their decisions on the promises you make! They realize talk is cheap.

Inevitably investors must end up relying on the evidence they gather throughout the process of courting you to guess at what kind of person or company you are.

### Relating the three steps of effective communications to business plans.

■ **Have something good to say.** Rule number one: research is at least 75% of the process. I often call this phase the discovery phase, because it's so similar to the discovery phase attorneys conduct to gather evidence in preparation of a trial. You can't write a business plan that will pulsate with a vital message unless you study your proposition in detail...research your business, its products, competitors, and customers.



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## PART ONE... CONTINUED

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Good business plan writers don't have to be the most imaginative people as long as they research their business until the majority of what needs to be written becomes obvious.

■ **Say it well.** Once you've gathered your evidence, you're ready for the hard task of attracting, stimulating and holding the investor's attention. And, making an inducement that will get them to move forward with their fact finding and decision making process.

To do this, your plan has to contain those elements of style that hold it together. There must be a definite idea behind your plan. The message must have a unity of thought. It must be logically presented. It must have a continuity that carries the investor along without a break, and a climax that works the investor up and closes at the height of enthusiasm.

■ **Say it often.** Understand and accept the fact that not all investors are ready to invest at the exact time you want or need their investment. This is why it's important to systematize your investor communication process -- to continuously communicate your business case to your investor base. Especially important are those prospective investors who showed an interest in your business but were not yet ready to invest.

Constantly reinforcing the reasons why people should invest in your business and even refer other investors to you increases your odds of finding an investor who is ready to invest.

Well there they are: the three steps to **capturing attention and persuading investors.**

Obviously there's more behind each of these steps. In Part 2, I'll explain how to gather evidence for your business plan better than a crime scene investigator. This is the foundation to having "something good to say."

Still to come...

- Gathering evidence to bullet proof your business plan
- Writing a business plan that gets read
- Finding investors and cultivating relationships



Now let's discuss: Gathering evidence to bullet proof your business plan!

For your business plan to have some message of value, you must gather a mass of evidence - facts, figures and specifications on which you base your arguments - and you must **select the particular talking points that will appeal to your prospective investors.**

Unfortunately, knowing "exactly" what talking points to write about may actually be a handicap you'll have to overcome!

What do I mean by this?

You see... you're so close to your business that you may not have given thought to one of the most important parts (in my opinion) of the business plan process. That is gathering the evidence to build a case for your business that can truthfully lead investors to conclude that you are the most appealing investment choice.

What I'm about to say may shock you, but it's critical for you to understand...

If you can't gather enough evidence to convince - beyond a reasonable doubt - an interested investor to invest in your business -ABORT!

## Master the Art of Attracting and Convincing Angel Investors, Venture Capitalist, Investment Bankers, or Lenders



*"Business Plan Secrets Revealed leads you straight through the process of getting investors for your business. It's been a long time since I've seen such a low cost resource for such high priced content."*

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<http://site-build-it-solutions.com>

Learn how to write a business plan that improves your image, attracts more investors and increases funding dollars. Filled with practical advice, invaluable examples and cost-cutting tips, Business Plan Secrets Revealed is for anyone who wants to create a business plan that sells.

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## PART TWO... CONTINUED

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Some people get so focused in on their idea they fail to realize that they were the only ones interested in it!

Please... don't make this "classic" business mistake. Make sure there is enough evidence to support moving forward with your business idea or venture... economically, socially, and personally.

**Start by selling yourself on your idea.**

Answer every objection that you can think of; test out the venture from every conceivable angle, measure it by other similar businesses; learn its points of weakness and of superiority, know its possibilities and its limitations.

Convince yourself; sell yourself, and then you will be able to sell others.

If you're like most people, **the biggest obstacle** you'll have to overcome in physically writing the text for your business plan is eliminating your own doubt that your plan will actually work!

The way to overcome this is to do your own "homework," do your due diligence.

Gather as much information and data about your business, your markets, your customers, your competitors and so on.

Now I'm not advocating analysis paralysis. But, you shouldn't expect investors to invest in you if you don't have a full knowledge of the manufacturing methods you'll employ, or the various methods you'll use to sell your products or services, receive raw materials, ship product, and so on and so forth.

More importantly, know everything you can about the people to whom you're selling. The more you know, the more likely your business will be successful and the more likely investors will believe in your business plan.

And, no less important, is knowing everything you can about your competitors - other firms who compete with you directly or indirectly. You simply cannot expect investors to think you'll protect their investment, if you don't even know or understand your "enemy"?

**Bridging the Investor Confidence Gap** requires truthfulness and full disclosure of all evidence and risks, so investors can decide beyond any reasonable doubt whether you are the right investment choice for them.

## PART TWO... CONTINUED

Consider this “gathering of evidence phase” as the “discovery phase” of your trial.

This requires you to gather evidence to present your business plan with the same intensity and diligence that a trial attorney uses to gather evidence before presenting a life or death case.

**Five sources of evidence** to help you build your business case

1. Inside the business itself - the manufacturing processes, departmental knowledge, cost structure, customer profiles, various documents, tapping the knowledge of your personnel
2. Customers
3. Competitors
4. Other businesses that are not competitors
5. Suppliers, market and industry sources, current events, etc.

Gathering your information is apt to be a wasted effort unless you have a way to retrieve it quickly and easily.

**Classify the information** you gather and keep it where you can find it instantly. Create a notebook to log your ideas. Use computer folders to file digital documents, articles, pictures, and so on. Then, keep them close at hand as you write your plan and readily refer to them.

Another part of building your case is your **financial plan**. This not only includes pulling together the basic financial statements but also determining how you want to finance your business. These topics are covered in detail in the [Business Plan Secrets Revealed Complete Business Plan Manual](#).

The important thing to understand here is that if you are running a small business you'll face different financing decisions than those of larger businesses. Why? It's likely that you base your goals on your personal ambitions rather than a group of investors. Also, your ability or lack there of to gain access to money and capital markets naturally creates a special set of problems for you. Click here to learn the [Startling Facts about Financing Small Businesses](#).

Well, that's it for today. Still to come...

- Writing a business plan that gets read
- Finding investors and cultivating relationships

Next up, Part 3!



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## PART THREE

# Writing a Business Plan That Gets Read

“When your business plan arrives on an investor’s desk, it’s competing with hundreds of other documents and distractions. To break through the clutter and capture their attention, use arresting and engaging section and sub-section headings when you write your plan.”

Now let’s talk about: Writing a Business Plan That Gets Read.

This is the step where you organize and pen your ideas and evidence into a well written persuasive argument called a business plan.

The fastest way to do this is with a business plan outline or template that highlights the major topics you need to cover. Here are two free ones you can check out now:

[MoneyHunt](#)

[The United States Small Business Administration \(SBA\)](#)

I recommend you consider covering these key topics:

- Executive Summary
- The Business
- Management
- Proposed Transaction
- Risk Factors
- Litigation
- Federal Tax Aspects
- Miscellaneous Factors
- Financial Data
- Appendices and Exhibits

Each topic is explained in detail in the [Business Plan Secrets Revealed – Complete Business Plan Manual](#).

Remember, when your business plan arrives on an investor’s desk, it’s **competing with hundreds of other documents and distractions**. To break through the clutter and capture their attention, use arresting and engaging section and sub-section headings when you write your plan.

Now, once you have your readers engaged, you need substance to keep them going. Add supporting details about key points, strengths,

## PART THREE... CONTINUED

weaknesses, background information, competitive advantages, analysis, or objections - in each section.

**Write one section at a time.** The order doesn't matter. But once you get all the sections done, read your entire document once without making notes or comments. Just absorb it.

Then read it a second time. This time, take the approach that your business is on trial; investors are the jury; your business is the defendant and your business plan is your defense attorney. How well your plan presents your case will determine whether or not the jury will vote to invest in your business.

As you read your plan **consider the following questions:**

1. Will investors understand the language you use?
2. Does the plan highlight information that is important to investors?
3. Are you providing full and accurate disclosure?
4. Does the plan build your case? Is any important information or evidence missing?
5. Is the document free of information that is not legally required and will not help investors decide if the investment is right for them?

Take a good look at how information flows from beginning to end. Decide how to move content around into a logical order that best fits your audience.

If you're having trouble explaining your business clearly, then what you're trying to do may not be clear in your own mind. Or perhaps you're making one of these nine common writing mistakes:

### Nine Common Business Plan Writing Mistakes

- I. Long sentences
- II. Passive voice
- III. Weak verbs
- IV. Superfluous words
- V. Legal and financial jargon
- VI. Too many defined terms
- VII. Abstract words
- VIII. Unnecessary details
- IX. Unreadable design and layout

Now, once you have your words down it is time to make basic design decisions, like typeface selection, to improve the readability of your plan.

But, **be cautious** when you use expensive

### MASTER THE ART OF ATTRACTING AND CONVINCING INVESTORS



*"Mike delivers what he promises on the title page: he teaches you how to quickly gather evidence, build a case for your business, and write a readable plan that attracts investors and makes your business the most appealing investment choice. Even if you already own other business planning resources, I highly recommend Business Plan Secrets Revealed."*  
Art Tuner, <http://selfemploymentstation.com>

Learn how to write a business plan that improves your image, attracts more investors and increases funding dollars. Filled with practical advice, invaluable examples and cost-cutting tips, Business Plan Secrets Revealed is for anyone who wants to create a business plan that sells.  
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## PART THREE... CONTINUED

design features; they may give artistic appeal but only obscure the text. In a plain English document, design serves the goal of communicating your information as clearly as possible.

Unfortunately, no matter how good you think your first draft is there's always room to improve. So, take a step back again and **try your case... sell yourself one more time.**

Is your plan truthful? Does it fully reveal all the evidence and risks associated with your venture? Can investors determine beyond a reasonable doubt whether investing in your business is the right choice for them?

When your answer to these questions is a resounding yes! It's time to print your document and take your show on the road.

At this point, you may be starting to feel a bit overwhelmed by the prospect of pulling together a business plan from scratch.

Perhaps you're even considering interviewing **business plan writers.**

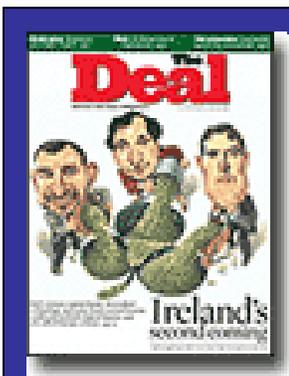
If so, your choices range from consulting firms to retired professionals that specialize in assisting companies with their business plans. Fees can vary from as low as \$500 for a business plan writer's objective review of your business plan to over \$30,000 to research and write the entire business plan. The average fee business plan writers charge for a complete plan is about \$10,000.

My advice is to understand where you are in the business plan process itself before you start talking to business plan writers. Get more insight on business plan writers in this special report: [Business Plan Writers...Get Your Plan Out of Your Mind and On Paper.](#)

Coming up next...Finding investors and cultivating relationships.

For tips on how to select a business plan writer even when you can't afford one, download this free special report:

[Business Plan Writers... Get Your Plan Out of Your Mind and On Paper](#)



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## PART FOUR

# Finding Investors and Cultivating Relationships

### *Four Ways To Find Investors*

- *Use a consulting firm*
- *Buy an Investor database*
- *Create your own list off the Web*
- *Use resources at the public library*

Now its time to talk about: Finding Investors and Cultivating Relationships.

A lot of people ask, "How do you find investors?"

The truth is that unless you have a rich aunt or uncle, developing a list of prospective investors will be most challenging.

Here are a few ways to develop your list.

#### **1) Use a consulting firm**

With this approach, you can often gain access to very senior level skills and experience that can save you the trouble of finding the most current contact information for Angel Investors or Venture Capitalists and help you build your business.

#### **2) Buy an investor database**

You can get a list in printed or electronic form. This seems like a cost-effective solution because you pay once for something you can use over and over, but these lists can go stale after about a year.

#### **3) Create your own list off the Web**

This costs nothing, but it will take you a long time and probably frustrate the Dickens out of you. Search for online venture capital and financing directories using your Web browser. Once you find a site, you'll have to click around to find a listing and then click through to get to the actual Web site of the funding source.

#### **4) Use resources at the public library**

The library probably has one or more financing directories, and

## PART FOUR... CONTINUED

if you are targeting a very specific type of investor, this may be an important bit of research for you, because printed directories often contain sources that don't show up in an on-line search. The only real drawback is that most of these directories can't be checked out.

No matter how you gather your contacts, you can save yourself lots of time and hassle if you use a database or address management system. This can be your computer address book or any other customer relationship management (CRM) software.

**A word of caution:** Whatever you do, please don't just get a list and start mailing. Do some research; go to the investor's Web site; don't assume that just because someone is listed as an "investor" that they're interested in your business. Check to be sure they invest in your type of industry, at the stage your business is in, that the names are current, and so on. Otherwise, don't waste the postage.

And, don't make the mistake of thinking that e-mail is the best route to take because it's free and easy for you. I know several investors, usually more senior ones, who don't even use a computer.

Two of the most often **overlooked ways** of getting your word out include **press releases** and creating your own **investor relations Web page**.

But before you jump into either of these, be sure you consult your attorney for proper advice about what you can say and when you can say it.

One last thing you need to do before you go face-to-face with investors or prospective investors is to prepare an "**Elevator Pitch**."

An elevator pitch is a 60-second, to-the-point verbal pitch for your business. Of course it's unlikely you'll give it in an elevator, but the ability to separate your business from your competitors and get an investor's interest in the short time it takes to ride up an elevator is invaluable.



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## PART FOUR... CONTINUED

Four points to remember when preparing and delivering your pitch:

1. Open with a point that gets attention.
2. Short and clear - hold attention.
3. Say it with passion and excitement.
4. Finish with a call to action.

Remember, whenever you're talking with investors that they are interviewing you, not the other way around.

Their main purpose is to see if you and your business are a fit with their investment criteria and risk level. You only get to interview them if **they** want to go forward with you.

Click here now and read [The Business Investor Pitch](#) excerpt from the Business Plan Secrets Revealed – Complete Business Plan Manual on face-to-face meetings with investors.

By now I'm sure you can see that raising money to start or expand a business is a **process**. Follow the steps I've covered these past few days, and you'll be successful a lot faster.

Well that wraps up this **Special Issue of The Capital Minute – Business Plan Guide**.

But don't worry...

You'll keep getting the best business plan advice, funding tips, and tools for a long time to come through your free subscription to "The Capital Minute" ezine. It goes out monthly and only takes a minute to read. Not yet registered? Be sure to register now. It's easy just click here:

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Please take a moment to email your feedback on this Special Issue to me at [mike@business-plan-secrets-revealed.com](mailto:mike@business-plan-secrets-revealed.com). Your feedback is important to the continued success of The Capital Minute! And, finally be sure to forward this Special Issue to other business owners and entrepreneurs. Increased readership helps ensure the long-term success of this ezine and our website. Thank you.



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We reserve the right to edit all articles.

#### News & Views

300-600 words, in plain text format, on current news events. Must relate to business plans and financing.

#### Letters

Send to [mike@business-plan-secrets-revealed.com](mailto:mike@business-plan-secrets-revealed.com) with the words CAPITAL MINUTE LETTER in the subject line.

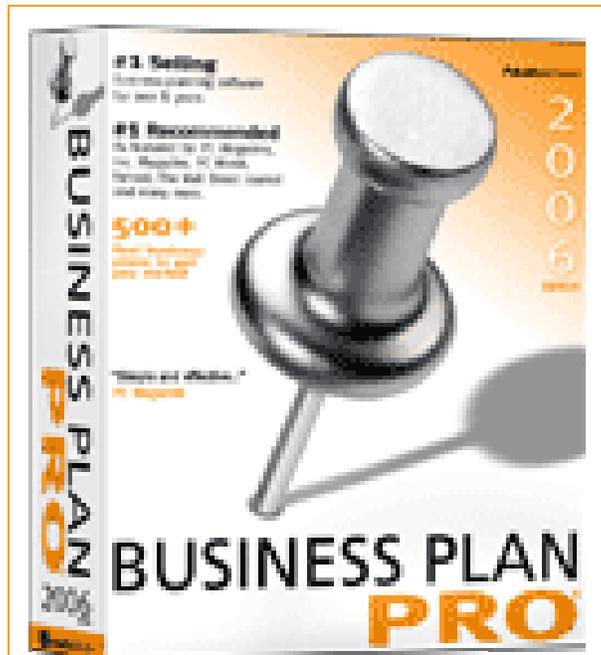
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Include your name, email address, resource box, URL, and a photo in .jpg or .png format. Contact the editor via email: [mike@business-plan-secrets-revealed.com](mailto:mike@business-plan-secrets-revealed.com). We regret that we cannot respond personally to submissions.

You can also send us articles via snail mail:

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