

\$product

Executive Summary

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Executive Summary

© 2009 \$company

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sell, not describe The job of the executive summary is to sell, not to describe. Do not explain the entire business plan in 250 words. Instead, convey its essence and its energy.

You should be able to do this in six to eight paragraphs. You should be able to make each point in just two or three simple, clear, specific sentences.

start with your big idea Start with the most compelling statement of why you have a really big idea.

use analogies carefully Use analogies, as long as you are clarifying rather than hyping. You can say you are using the Google model for generating revenues, as long as you don't say you expect to be the next Google.

avoid "next generation" Avoid phrases and adjectives that sound impressive but carry no substance. "Next generation" and "dynamic" probably don't mean anything to your readers and tend to be irritating. Everybody thinks their software is "intelligent" and "easy-to-use," and everyone thinks their financial projections are "conservative."

Explain your company the way you would to a friend at a cocktail party (after one drink, not five).

use real names Use names if they are real. If you consulted for Cisco's HR department one week, don't say you worked for Cisco.

value proposition State your value proposition and competitive advantage in positive terms, not negative terms. It is what you can do that is important, not what others cannot do.

reread Go back and reread each sentence when you think you're done: Is each sentence clear, concise and compelling?

first impression The executive summary is often your initial face to a potential investor, so it is critically important that you create the right first impression.

30 seconds You have about 30 seconds to grab an investor's interest. Be clear and compelling.

2-3 pages Your executive summary should be about two pages, maybe three.

Some people say it should be one page. They are wrong (the only reason investors ask for one page summaries is that they are usually so bad the investors just want the suffering to be over sooner).

Most investors find that there is not enough information in one page to understand and evaluate a company.

email introduction Finally, one of the most important sentences you write will not even be in the executive summary – it is the sentence that introduces your company in the email that you use to send the executive summary.

Your summary might not even get read if this sentence is not well-crafted. Again, it should be specific and compelling. It should sell your company, not just describe it.

OVERVIEW

- what is your big idea*** What can you do that no one else can?
- Start with the most compelling statement of why you have a really big idea. This is a concise statement of the unique solution you have developed to a big problem.
- impressive names*** Drop some impressive names in the first paragraph – world-class advisors, companies you are already working with, a brand name founding investor.

THE PROBLEM

- what is the problem*** Identify the important problem you are going to solve.
- value proposition*** Clearly state your value proposition – there is enormous pain and opportunity out there, and you are going to increase revenues, reduce costs, increase speed, expand reach, eliminate inefficiency, increase effectiveness, ...

THE SOLUTION

- Why your company?
- solution*** What are you offering?
- target market*** Who is your target audience?
- go-to-market strategy*** How will you enter the market and create a meaningfully disruptive influence?
- competitive*** How will you stay competitive? What are your competitive advantages?
- risk*** What are the risks?
- leverage*** Who in industry do you work with and why will they be eager to work with you?
- revenue*** What are your price points? If you have customers and revenue today, state them. If not, say when you will.

THE OPPORTUNITY

- your market*** Talk about your market trends, size, segmentation – how many people or companies, how many dollars, how fast the growth, what is driving the segment.
- larger chunk, smaller market*** Target a meaningful percentage of a small, well-defined and growing market rather than claiming a microscopic percentage of a huge and mature market.

THE COMPETITION

competition Identify your competition.

What do they do well?
What do they do badly?
What don't they do at all?

your unique benefits How will you do things differently?

What your real, sustainable competitive advantage?

THE PLAN

What is your business model?

revenue model How will you make money?

Does it rely solely on ad revenue?
eg <http://www.nicekicks.com/>

Is it free for personal use and pay for commercial?
eg <http://finnrudolph.de/ImageFlow/Download>
eg <http://www.imdb.com/> vs <http://www.imdbpro.com/>

marketing plan How do you attract new customers?

scale How does your model scale?

leverage How do you leverage other people or products?

workforce What carrot do you use to motivate people to work for you?

content How will you create your content and how much will it cost?
eg <http://www.wikipedia.org/> is written entirely by its users for no pay

metrics What is your scorecard? How do you measure success (eg user count, satisfied customers, licenses sold, active subscriptions, profit margin)?

goals What impressive levels will you reach in two to three years?

THE TEAM

strengths Why is your team uniquely qualified to win? What are your core competencies?

specific expertise Don't tell us you have 48 combined years of expertise in widget development; tell us your CTO was the lead widget developer for Intel, and she was on the original IEEE standards committee for arc-widgets.

Don't just summarize each founder's resume; explain why the background of each team member fits. Don't use names if they are unknown in this industry, and don't use a name you wouldn't give as a reference.

(TEAM MEMBER NAME)

(Experience)

POSITIONS

There are \$x core positions, \$y filled and \$x-\$y open.

President/CEO	(open)
Project Manager	(open)
Front-end web architect	(open)
Lead developer	(open)
Lead designer	(open)
Lead animator (Flash and Silverlight)	(open)
Sales and Marketing	(open)

THE TIMELINE

How long will this take?

Show steady progress, not the Big Bang theory.

milestones What are your checkpoints?

MONTH 1

What happens in Month 1?

MONTH 2

Month 2?

MONTH 3 – MONTH 6

The next three months?

MONTH 6 – MONTH 12

The next six months?

MONTH 12 – MONTH 24

The next year?

THE BUDGET

make money When you are pitching to investors, your fundamental promise is that you are going to make them a boatload of money. The only way you can do that is if you can achieve a level of success that far exceeds the capital required.

financial projections Your Summary Financial Projections should clearly show that. But if they are not believable, then all of your work is for naught. You should show five years of revenues, expenses, losses/profits, cash and headcount. You should also show a key driver or two, such as number of customers and units shipped each year.

funding Albert Einstein said, “Everything should be made as simple as possible, but not one bit simpler”. This is true in general, but especially so for seed capital.

Ask for the minimum amount of money you need to reach the next major milestone. Be clear if you expect to raise another round of financing later.

SUMMARY

Company background

Business objectives

Core competencies

Why your company?

Market trends

Market breakdown, scope and size

Key features and competitive advantages

Staying competitive

Pricing strategy

The competition

Go-to-market strategy

Risk assessment