

15.3: Selling Yourself and Your Idea

Learning Objectives

- Understand how entrepreneurs sell themselves and their business ideas to secure funding to grow their businesses.

So you have a unique idea, the passion and perseverance to bring it to market, and the willingness to take the risk. Now what?

Being an entrepreneur in some ways is like being a student: you have to do your homework. In the business setting, that means creating a **business plan**: a road map of the who, what, when, where, why, and how of your business. A business plan is a document that details everything about the business from the product position in the marketplace to the financial information for the next three years. But a business plan is not simply like a term paper—a project that's completed and then put on the shelf. A business plan is a dynamic document and should serve four purposes:

1. **Sell you on the business.** While this might sound like a no-brainer, the business plan development process includes rigorous research that can be a good eye-opener about the feasibility of your idea. Ideally, your business plan helps put your idea and its potential into perspective and gives you the details you need to move from concept to reality. However, even if you determine that your idea doesn't have as much potential as you thought or might cost more than you anticipated, the process of creating a business plan helped you reach that conclusion.
2. **Sell others on the business.** In many cases, a business needs some kind of support—financial, consultative, or other resources. In this case, the business plan plays the role of the selling and marketing materials for your idea. How you make your idea come alive and support it with the necessary research and financial data can be the difference between someone becoming a stakeholder in your new venture or taking a pass.
3. **Give you confidence.** Having a great idea is one thing, doing the research to understand exactly what it will take to make the idea real is quite another. Having a better understanding of what it takes to launch and manage the business puts you in control to solicit investors and other supporters and start your journey.
4. **Improve your chances of success.** A business plan is a lot of planning and work, but it's worth it. According to a study conducted by AT&T, 42 percent of entrepreneurs who had written a business plan rated themselves as more successful than the 58 percent who hadn't written one. David E. Gumpert, "The Basics of Business Plans: Sell, Sell, Sell," *Inc.*, October 24, 2000, www.inc.com/articles/2000/10/14871.html (accessed September 19, 2009).

Writing Your Business Plan

Every business or organization is different, but a business plan is a common method of planning the launch and management of the business. SCORE, "Business Plan for a Startup Business," www.score.org/resources/business-plan-startup-business (accessed September 29, 2009). While there is no single business plan format, the elements of a business plan are standard. The following business plan outline serves as a guide to developing a business plan. Keep in mind that the order in which you write your business plan should not necessarily follow the order in which you present your plan.

Business Plan Outline

1. **Table of contents.** Page numbers for each section.
2. **Executive summary.** Write this section after the plan is completed; this should be a compelling summary of the plan and how it will work.
3. **General company description.** A high-level description of the product, service, or organization and the unmet need it meets.
4. **Products and services.** A detailed description of the product, service, or organization; how it works; manufacturing costs; and so on.
5. **Marketing plan.** A detailed description of the current state of the market, including competition, your positioning, target audience, and how customers will learn about your product, service, or organization and the cost to get the word out.
6. **Operational plan.** A detailed description of how you will run the day-to-day operations, including product costs, real estate, inventory levels, labor, credit, and so on.
7. **Management and organization.** A detailed description of the principals of the company, including bios, board of directors, advisory board, banker, attorney, insurance agent, mentors, and so on.

8. **Personal financial statement.** A personal financial statement for each partner in the business. This is important as business owners often provide capital to start up or support the business; investors want to see the financial standing of the principal individuals.
9. **Start-up expenses and capitalization.** Accurate accounting of the expenses that are required to get the business started.
10. **Financial plan.** A twelve-month profit and loss statement, three-year financial projection, projected cash flow, and opening day balance sheet.
11. **Appendices.** Supporting information such as brochures and advertising, blueprints, leases, equipment, list of assets available, letters of recommendation, and any information that will help support your plan.

✓ Link

Business Plan Template

A complete template with detailed descriptions for each section is available at the SCORE Web site.

<http://www.score.org/resources/score-business-plan-template>

Presenting Your Business Plan

Once you have identified your breakthrough idea (think iPod as the standard for a breakthrough idea), conducted your research, and written your business plan, it's time to put everything to use. Whether you plan to fund the business yourself or find an investor to provide some capital (money), you will need your business plan to secure resources from your bank, insurance company, lawyer, attorney, and other support areas. Your business plan is the universal document for discussions with each of these people. In fact, you should first present your business plan to family, friends, and mentors to get some feedback before you take it out "on the road."

Types of Investors

When it comes to **investors**, people who are willing to invest financial support based on the potential for the success of your business, there are several different types. Here is a summary of the types of investors:

- **Banks.** Banks are a common source of lending, and most offer several different types of business loans, including **Small Business Administration (SBA)** guaranteed loans. (The SBA does not actually provide loans; they simply guarantee them to banks that make the loans.) Banks are the most regulated form of lending; ratios must meet their requirements, and all paperwork must be in order. "Small Business Loan Sources, Take Aim," Business Plan Master, www.businessplanmaster.com/small-business-loan-sources.html (accessed September 28, 2009).
- **Private investors (or angel investors).** These are people who are willing to invest money or resources to seed the business or get it up and running. Private investors can include anyone from your uncle who invests \$5,000 to a friend of the family who lets you use their second home for office space. Private investors may want to have a say in major business decisions. "How to Get Funding from Angel Investors," *Wall Street Journal*, guides.wsj.com/small-business/funding/how-to-get-funding-from-angel-investors (accessed September 19, 2009). Each deal is negotiated separately; be sure to agree to terms with a contract. This is the least regulated area so it's best to be informed about your angel's background. "Small Business Loan Sources, Take Aim," Business Plan Master, www.businessplanmaster.com/small-business-loan-sources.html (accessed September 28, 2009).
- **Venture capital firms** (also referred to as **VCs**). VCs usually specialize in investments of \$1 million and above, although there are no hard-and-fast rules. They are looking for a fast return on their investment, especially with the opportunity for an **initial public offering (IPO)** to take the company public. VCs look for a strong management team and an idea with market potential. Most want a return within three to five years and want to have a say in major decisions that impact the company. "Small Business Loan Sources, Take Aim," Business Plan Master, www.businessplanmaster.com/small-business-loan-sources.html (accessed September 28, 2009).
- **Equipment leasing companies.** If your business requires equipment, leasing can be an option that frees up cash and provides an option to buy at the end of the lease. "Small Business Loan Sources, Take Aim," Business Plan Master, www.businessplanmaster.com/small-business-loan-sources.html (accessed September 28, 2009).
- **Government programs.** There are many programs at the local, state, and national level designed to support the growth of small businesses. The SBA is only one of the many programs available. Many programs offer opportunities for minorities, business loans, tax incentives, and grants, just to name a few. Research is key to find the program that can potentially support your

business; they are not all listed in one place. “Small Business Loan Sources, Take Aim,” Business Plan Master, www.businessplanmaster.com/small-business-loan-sources.html (accessed September 28, 2009).

A complete summary of types of investors is available at www.businessplanmaster.com/small-business-loan-sources.html.

✓ Video Clip

The Best Partner Is No Partner

Investors aren’t for everyone. Bob Parsons, founder and CEO of GoDaddy.com, the world’s largest domain-name registrar, founded his company with his own money and runs it his way. “Nobody’s going to do things like I do,” says Parsons. Everything to support his business is done in-house from the computer software and award-winning customer service to the radio and video recording studios where Parsons records his frequent video blogs and hosts his weekly radio show. Wilson Harrell, “The Way I Work: Bob Parsons, Go Daddy,” *Inc.*, January 1, 2009, www.inc.com/magazine/20090101/the-way-i-work-bob-parsons-go-daddy.html (accessed September 19, 2009).

Watch Bob’s video blog titled “5 Things I Wish I Learned in Business School.”

<http://www.bobparsons.me/index.php?ci=13338&id=-1>

Selling Your Business Plan—and Yourself

When you present your business plan to anyone—a banker, a lawyer, an accountant, you are asking her to make a commitment to support your business idea. While the contents and details of your business plan are critical to gaining support, you are selling more than your business idea—you are selling yourself. How you communicate your vision and supporting details in a clear, concise, and confident manner can make the difference between getting financial or other support or walking away empty handed.

All the concepts that you have learned in the *Selling U* section of each chapter apply when you are selling your business plan. Thinking about yourself and your business idea as a brand is where it all starts. Remember from Chapter 1 that a brand is unique, consistent, and relevant and has an emotional connection with its customers. Your personal brand and your business brand need to accomplish the same goal. *Fast Company* magazine identifies personal marketing as one of the first steps for Gen Y entrepreneurs to start their own business: “One of the most important requirements of entrepreneurship is the ability to sell yourself and your ideas.” Lindsey Pollak, “Gen Y Entrepreneurs: Here Are the First Steps to Starting Your Own Business,” *Fast Company*, March 15, 2009, www.fastcompany.com/blog/lindsey-pollak/next-generation-career-advice/are-you-gen-y-considering-entrepreneurship-first-s (accessed September 28, 2009).

Evolution of a Business Plan

(click to see video)

Listen to David Fox, founder and CEO of Brave Spirits, discuss the role and evolution of his company’s business plan.

Just as you use your résumé to tell “stories” about your three brand positioning points for your personal brand, your business plan pitch should be equally concise and powerful. Although you have worked for hours (probably months, if not years) on your business plan, your presentation or pitch should focus on the key points and demonstrate not only that it is a potentially profitable business idea (or nonprofit organization that can achieve its goals) but also that you are the right person to make the concept come alive.

✓ Gen Y Entrepreneurs: Get Ready to Sell...Yourself

Fast Company magazine suggests Gen Yers start marketing themselves as a brand even before they start their business. Here are some things you can do now:

- Join professional organizations and become visible, especially to high-profile people in the industry.
- Volunteer at a nonprofit organization that is related to the business you want to start. Demonstrate the quality of your work by working on a committee or major project that is important to moving the organization forward.
- Get a mentor who will give you personal guidance and advice on your career, business idea, and resources.
- Write a blog, post entries to Twitter, share your observations and theories, and get feedback.

- Read everything you can about the industry you want to enter. Lindsey Pollak, “Gen Y Entrepreneurs: Here Are the First Steps to Starting Your Own Business,” *Fast Company*, March 15, 2009, www.fastcompany.com/blog/lindsey-pollak/next-generation-career-advice/are-you-gen-y-considering-entrepreneurship-first-s (accessed September 28, 2009).

Key Takeaways

- A **business plan** is a road map for your business and a tool to present your business idea to potential resources and investors.
- A **business plan** has certain key elements, including a statement of purpose and marketing, operational, and financial plans.
- An **investor** is a person or organization that provides financial or other support to your business.
- Types of **investors** include banks, **private investors**, **venture capitalists**, equipment-leasing companies, and government programs.
- When you present your **business plan** to prospective **investors**, you are selling more than your idea; you are selling yourself.

? Exercise 15.3.1

1. Assume you are starting an online business called FitMePerfect.com, a Web site where customers can order jeans made to their exact body measurements. What kind of information would you include in the marketing plan section of your business plan?
2. Contact a local bank and talk to the commercial lending officer to find out the process for applying for a business loan.
3. Discuss three things you can do now to prepare for a career as an entrepreneur.

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