
Entrepreneurial Project

“I'm convinced that about half of what separates the successful entrepreneurs from the unsuccessful ones is pure perserverance.”

Steve Jobs
Co-founder, CEO, Chairman, Apple Inc.



Overview:

Soliciting ideas for the year-end entrepreneurial project, begin planning and task assignments

Introduction to building a Business Plan

Defining & Refining the Entrepreneurial Project

1. Have the Members list the objectives of the project
 - 1.1. To apply the steps necessary to plan and launch a successful entrepreneurial project and learn from our successes and failures
 - 1.2. To “Blue Sky” ideas as a Club and settle on a single agreed-upon project focus
 - 1.3. To generate funds for next year’s Club (about \$2,000)
-

Difference Between Profit and Not-For-Profit Organizations

1. Discuss the difference between the profit and nonprofit models
 - 1.1. For Profit:
 - 1.1.1. Corporations that operate to make money for shareholders
 - 1.2. Not-For-Profit (or Non-Profit):
 - 1.2.1. Corporations that operate to provide a service for their community or members
 - 1.2.2. Non-profits are often tax-exempt because they provide services that would otherwise need to be performed by the government and paid for with taxes
-

Building a Business Plan

1. The project will need to generate funding for next year’s Club activities
 - 1.1. About \$2,000 for Advisor stipend, refreshments, printing, etc.
 2. What activities can generate that net income between now and the end of the school year?
 - 2.1. Provide a service
 - 2.1.1. What service?
 - 2.1.2. At what price?
 - 2.1.3. What will be our costs?
 - 2.1.4. What will be our net income per sale?
 - 2.1.5. How will the service be delivered?
-

- 2.1.6. Who will want to buy the service?
 - 2.1.7. What permissions, permits, licenses, etc. are necessary?
 - 2.2. Sell a product
 - 2.2.1. What product?
 - 2.2.2. At what price?
 - 2.2.3. What will be our costs?
 - 2.2.4. What will be our net income per sale?
 - 2.2.5. How will the product be delivered?
 - 2.2.6. Who will want to buy the product?
 - 2.2.7. What permissions, permits, licenses, etc. are necessary?
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Stock Market Game

Have the members of the Stock Market Game Team(s) report on their activities and standings.

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Officers' Reports

1. Chair
 2. Vice Chair
 3. Treasurer
 - 3.1. Report On Club's Account
 - 3.1.1. Expenses
 - 3.1.2. Income
 - 3.1.3. Balance
-

The Entrepreneurial Project - Chair(s)

1. Have the Members select a Chair or Chairs for their project(s)
 - 1.1. Interested Members can make a short statement to "sell" their qualifications for the position

Vocabulary

"Tax-Exempt"

Definition: Not required to pay taxes

Context: Because my credit union operates for the benefit of its members and doesn't have shareholders, they are deemed tax exempt by the I.R.S.

The Future

1. Distribute the Millionaire's Club Business Plan Builder
 - 1.1. Have the Members review the Plan Builder and begin thinking about distributing responsibilities among the Members. The Plan Builder will provide a framework to develop the entrepreneurial project

The Project Plan Builder

Millionaire's Club Project Plan Builder

The project plan consists of a narrative and several financial worksheets. The narrative template is the body of the project plan. It contains more than 150 questions divided into several sections. Work through the sections in any order that you like, except for the *Executive Summary*, which should be done last. Skip any questions that do not apply to your project vision. When you are finished writing your first draft, you'll have a collection of small essays on the various topics of the business plan. Then you'll want to edit them into a smooth-flowing narrative.

The real value of creating a project plan is not in having the finished product in hand; rather, the value lies in the process of researching and thinking about your project in a systematic way. The act of planning helps you to think things through thoroughly, study and research if you are not sure of the facts, and look at your ideas critically. It takes time now, but avoids costly, perhaps disastrous, mistakes later.

This project plan is a generic model suitable for all types of projects. However, you should modify it to suit your Club's entrepreneurial project. Before you begin, review the section titled *Refining the Plan*, found at the end. It suggests emphasizing certain areas depending upon your type of project (manufacturing, retail, service, etc.). It also has tips for fine-tuning your plan to make an effective presentation to investors or bankers though this might not apply to the Club's project.

It typically takes several weeks to complete a good plan. Most of that time is spent in research and re-thinking your ideas and assumptions. But then, that's the value of the process. So make time to do the job properly. Those who do never regret the effort. And finally, be sure to keep detailed notes on your sources of information and on the assumptions underlying your financial data.

Entrepreneurial Project Plan

The Millionaire's Club

Your Project Name
Address Line 1
Address Line 2
City, ST ZIP Code
Telephone
Fax
E-Mail

Executive Summary

Write this section last.

We suggest that you make it two pages or fewer.

Include everything that you would cover in a five-minute interview.

Explain the fundamentals of the proposed business: What will your product be? Who will your customers be? Who are the owners? What do you think the future holds for your business and your industry?

Make it enthusiastic, professional, complete, and concise.

If applying for a loan, state clearly how much you want, precisely how you are going to use it, and how the money will make your business more profitable, thereby ensuring repayment.

General Club Project Description

What business will you be in? What will you do?

Mission Statement:

Many Clubs have a brief mission statement, usually in 30 words or fewer, explaining their reason for being and their guiding principles. If you want to draft a mission statement, this is a good place to put it in the plan, followed by:

Project's Goals and Objectives:

Goals are destinations—where you want your project to be. Objectives are progress markers along the way to goal achievement. For example, a goal might be to have a successful project that emphasizes customer service and that has a loyal customer following. Objectives might be sales targets and some specific measures of customer satisfaction.

Project Philosophy: What is important to you in this project?

To whom will you market your product or service? (State it briefly here—you will do a more thorough explanation in the *Marketing Plan* section).

Describe your industry. Is it a growth industry? What changes do you foresee in the industry, short term and long term? How will your Club be poised to take advantage of them?

Describe your most important Club strengths and core competencies. What factors will make the Club's project succeed? What do you think your major competitive strengths will be? What background experience, skills, and strengths do your Club Members personally bring to this new venture?

Products and Services

Describe in depth your product or service (technical specifications, drawings, photos, sales brochures, and other bulky items belong in *Appendices*).

What factors will give you competitive advantages or disadvantages? Examples include level of quality or unique features.

What are the pricing structures of your product or service?

Marketing Plan

Market research - Why?

No matter how good your product and your service, the project cannot succeed without effective marketing. And this begins with careful, systematic research. It is very dangerous to assume that you already know about your intended market. You need to do market research to make sure you're on track. Use the business planning process as your opportunity to uncover data and to question your marketing efforts. Your time will be well spent.

Market research - How?

There are two kinds of market research: primary and secondary.

Secondary research means using published information such as industry profiles, trade journals, newspapers, magazines, census data, and demographic profiles. This type of information is available in public libraries, industry associations, chambers of commerce, from vendors who sell to your industry, and from government agencies.

Start with your school library. Most librarians are pleased to guide you through their business data collection. You will be amazed at what is there. There are more online sources than you could possibly use. Your chamber of commerce has good information on the local area. Trade associations and trade publications often have excellent industry-specific data.

Primary research means gathering your own data. For example, you could do your own traffic count at a proposed location, use the yellow pages to identify competitors, and do surveys or focus-group interviews to learn about consumer preferences. Professional market research can be very costly, but there are many books that show small business owners how to do effective research themselves.

In your marketing plan, be as specific as possible; give statistics, numbers, and sources. The marketing plan will be the basis, later on, of the all-important sales projection.

Economics

Facts about your industry:

- What is the total size of your market? Is it the student body? Your community?
- Current demand in target market.
- Trends in target market—growth trends, trends in consumer preferences, and trends in product development.
- Growth potential and opportunity for a business of your size.
- What barriers to entry do you face in starting your project? Some typical barriers are:
 - High costs
 - Consumer acceptance and brand recognition
 - Training and skills
 - Shipping costs
- And of course, how will you overcome the barriers?
- How could the following affect your project?
 - Change in weather
 - Change in regulations
 - Change in the economy
 - Change in your consumers' demands

Product

In the *Products and Services* section, you described your products and services as you see them. Now describe them from your customers' point of view.

Features and Benefits

- Describe the most important features of your product or service. What is special about it?
- Describe the benefits. That is, what will the product or service do for the customer?

Note the difference between features and benefits, and think about them. For example, a discount booklet that you sell contains various money-saving coupons; those are its features. Its benefits include saving your customers money, and driving business to the businesses that participate in your coupon booklet. You build features into your product so that you can sell the benefits.

What after-sale services will you give? Some examples are delivery, support, follow-up, and refund policy.

Customers

Identify your targeted customers, their characteristics, and their geographic locations, otherwise known as their *demographics*.

You may have more than one customer group. Identify the most important groups. Then, for each customer group, construct what is called a demographic profile:

- Age
- Gender
- Location
- Income level
- Social class and occupation
- Education
- Other (specific to your industry)

For business customers (if you are considering a product or service for businesses), the demographic factors might be:

- Industry (or portion of an industry)
- Location
- Size of firm
- Quality, technology, and price preferences
- Other (specific to your industry)

Competition

What other clubs and businesses will compete with you?

List your major competitors:

Will they compete with you directly with a similar product or service, or just for certain customers, or in certain locations?

Will you have important indirect competitors? (For example, video rental stores compete with theaters, although they are different types of businesses.)

How will your product or service compare with the competition?

Use the Competitive Analysis table below to compare your Club's project with your two most important competitors. In the first column are key competitive factors. Since these vary from one industry to another, you may want to customize the list of factors.

In the column labeled "Us", state how you honestly think you will stack up in customers' minds. Then check whether you think this factor will be a strength or a weakness for you. Sometimes it is hard to analyze our own weaknesses. Try to be very honest here. Better yet, get some disinterested strangers to assess you. This can be a real eye-opener. And remember that you cannot be all things to all people. In fact, trying to be causes many business failures because efforts become scattered and diluted. You want an honest assessment of your Club's strong and weak points.

Now analyze each major competitor. In a few words, state how you think they compare.

In the final column, estimate the importance of each competitive factor to the customer. 1 = critical; 5 = not very important.

Table 1: Competitive Analysis

Factor	Us	Strength	Weakness	Competitor A	Competitor B	Importance to Customer
Products						
Price						
Quality						
Selection						
Service						
Reliability						
Stability						
Expertise						
Club Reputation						
Location						
Appearance						
Sales Method						
Credit Policies						
Advertising						
Image						

Now, write a short paragraph stating your competitive advantages and disadvantages.

Niche

Now that you have systematically analyzed your Club, your product or service, your customers, and the competition, you should have a clear picture of where your Club's project fits into the world.

In one short paragraph, define your niche, your unique corner of the market.

Strategy

Now outline a marketing strategy that is consistent with your niche.

Promotion

How will you get the word out to customers?

Advertising: What media, why, and how often? Why this mix and not some other?

Have you identified low-cost methods to get the most out of your promotional budget?

Will you use methods other than paid advertising, such as trade shows, catalogs, dealer incentives, word of mouth (how will you stimulate it?), and network of friends or professionals?

What image do you want to project? How do you want customers to see you?

In addition to advertising, what plans do you have for graphic image support? This includes things like logo design, cards and letterhead, brochures, signage, and interior design (if customers come to your place of business).

Should you have a system to track repeat customers and then systematically contact them?

Promotional Budget

How much will you spend on the items listed above?

Before startup? (These numbers will go into your startup budget.)

Ongoing? (These numbers will go into your operating plan budget.)

Pricing

Explain your method or methods of setting prices. For most Clubs, having the lowest price is not a good policy. It robs you of needed profit margin; customers may not care as much about price as you think; and large competitors can under price you anyway. Usually you will do better to have average prices and compete on quality and service.

Does your pricing strategy fit with what was revealed in your competitive analysis?

Compare your prices with those of the competition. Are they higher, lower, the same? Why?

How important is price as a competitive factor? Do your intended customers really make their purchase decisions mostly on price?

What will be your customer service and credit policies?

Proposed Location

Probably you do not have a precise location picked out yet. This is the time to think about what you want and need in a location. Many Clubs run successfully right from their high school.

You will describe your physical needs later, in the *Operational Plan* section. Here, analyze your location criteria as they will affect your customers.

Is your location important to your customers? If yes, how?

If customers come to your place of business:

Is it convenient? Parking? Interior spaces? Not out of the way?

Is it consistent with your image?

Is it what customers want and expect?

Where is the competition located? Is it better for you to be near them (like car dealers or fast food restaurants) or distant (like convenience food stores)?

Distribution Channels

How do you sell your products or services?

Retail

Direct (mail order, Web, catalog)

Your own sales force

Independent representatives

Sales Forecast

Now that you have described your products, services, customers, markets, and marketing plans in detail, it's time to attach some numbers to your plan. Use a [sales forecast spreadsheet](#) to prepare a projection. The forecast should be based on any historical sales, the marketing strategies that you have just described, your market research, and industry data, if available.

You may want to do two forecasts: 1) a "best guess", which is what you really expect, and 2) a "worst case" low estimate that you are confident you can reach no matter what happens.

Remember to keep notes on your research and your assumptions as you build this sales forecast and all subsequent spreadsheets in the plan. This is critical if you are going to present it to funding sources.

Operational Plan

Explain the daily operation of the project, its location, equipment, staffing, processes, and surrounding environment.

Production

How and where are your products or services produced?

Explain your methods of:

- Production techniques and costs, if any
- Quality control
- Customer service
- Inventory control
- Product development
- Financial controls (handling the income and expenses)

Location

What qualities do you need in a location? Describe the type of location you'll have.

Physical requirements:

- Amount of space
- Type of building
- Zoning or permits/permissions
- Power and other utilities like water for a car wash

Access:

Is it important that your location be convenient to transportation or to suppliers?

Do you need easy walk-in access?

What are your requirements for parking and proximity to freeway, airports, railroads, and shipping centers?

Include a drawing or layout of your proposed location if it is important.

Construction? Most new companies should not sink capital into construction, but if you are planning to build a kiosk, for instance, costs and specifications will be a big part of your plan.

Cost: Estimate any occupation expenses, including rent, but also including maintenance, utilities, insurance, and initial remodeling costs to make the space suit your needs. These numbers will become part of your financial plan.

What will be your business hours?

Legal Environment

Describe the following:

- Licensing and bonding requirements
- Permits
- Health, workplace, or environmental regulations
- Special regulations covering your industry or profession

- Zoning or building code requirements
- Insurance coverage
- Trademarks, copyrights, or patents (pending, existing, or purchased)

Personnel

- Number of Club Members needed to run the project
- Quality of existing Club Members and their best fit within the project (like a Member with good art skills can come in handy with designing the marketing flyers)
- Training requirements
- Do you have schedules and written procedures prepared?
- Have you drafted job descriptions for each specific job associated with the project? If not, take time to write some. They really help internal communications with Club Members.
- For certain functions, will you use additional staff from outside the Club?

Inventory

- What kind of inventory will you keep: raw materials, supplies, finished goods?
- Average value in stock (i.e., what is your inventory investment)?
- Lead-time for ordering?

Suppliers

If you are making and/or selling a project identify key suppliers:

- Names and addresses
- Type and amount of inventory furnished
- Credit and delivery policies
- History and reliability

Should you have more than one supplier for critical items (as a backup)?

Do you expect shortages or short-term delivery problems?

Are supply costs steady or fluctuating? If fluctuating, how would you deal with changing costs?

Credit Policies

- Do you plan to sell on credit? (not likely)
- Do you really need to sell on credit? Is it customary in your industry and expected by your clientele?

- If yes, what policies will you have about who gets credit and how much?
- How will you check the creditworthiness of new applicants?
- What terms will you offer your customers; that is, how much credit and when is payment due?
- Will you offer prompt payment discounts? (Hint: Do this only if it is usual and customary in your industry.)
- Do you know what it will cost you to extend credit? Have you built the costs into your prices?

Managing Your Accounts Receivable

If you do extend credit, you should do an aging at least monthly to track how much of your money is tied up in credit given to customers and to alert you to slow payment problems. A receivables aging looks like the following table:

	Total	Current	30 Days	60 Days	90 Days	Over 90 Days
Accounts Receivable Aging						

You will need a policy for dealing with slow-paying customers:

- When do you make a phone call?
- When do you send a letter?
- When do you get your attorney to threaten?

Managing Your Accounts Payable

You should also age your accounts payable, what you owe to your suppliers. This helps you plan whom to pay and when. Paying too early depletes your cash, but paying late can cost you valuable discounts and can damage your credit. (Hint: If you know you will be late making a payment, call the creditor before the due date.)

Do your proposed vendors offer prompt payment discounts?

A payables aging looks like the following table.

	Total	Current	30 Days	60 Days	90 Days	Over 90 Days
Accounts Payable Aging						

Management and Organization

Who will manage the business on a day-to-day basis? What experience does that person bring to the business? What special or distinctive competencies? Is there a plan for continuation of the business if this person is lost or incapacitated?

If you'll have more than 10 Club Members involved, create an organizational chart showing the management hierarchy and who is responsible for key functions.

Include position descriptions for key staff.

Club Financial Statement

Include [Club financial statements](#), showing assets and liabilities held by the Club and the Club's net worth.

Startup Expenses and Capitalization

You will probably have [startup expenses](#) before you even begin operating your project. It's important to estimate these expenses accurately and then to make sure the Club has enough funds in its treasury to cover these costs. This is a research project, and the more thorough your research efforts, the less chance that you will leave out important expenses or underestimate them.

Even with the best of research, however, starting a project has a way of costing more than you anticipate. There are two ways to make allowances for surprise expenses. The first is to add a little "padding" to each item in the budget. The problem with that approach, however, is that it destroys the accuracy of your carefully wrought plan. The second approach is to add a separate line item, called *contingencies*, to account for the unforeseeable. This is the best approach.

If possible talk to others who have started similar projects to get a good idea of how much to allow for contingencies. If you cannot get good information, we recommend a rule of thumb that contingencies should equal at least 20 percent of the total of all other start-up expenses.

Explain your research and how you arrived at your forecasts of expenses. Give sources, amounts, and terms of proposed loans. Also explain in detail how much will be contributed by each investor and what percent ownership each will have.

Financial Plan

Businesses need a financial plan that consists of a [12-month profit and loss projection](#), a four-year profit and loss projection (optional), a cash-flow projection, a projected balance sheet, and a break-even calculation. Together they constitute a reasonable estimate of your Club's financial future. More important, the process of thinking through the financial plan will improve your insight into the inner financial workings of your Club.

The Club's project will probably take place over a shorter time period, like 3 – 4 months. But you may want to develop a longer term financial plan to help the Club with its project next year.

12-Month Profit and Loss Projection

Many business owners think of the 12-month profit and loss projection as the centerpiece of their plan. This is where you put it all together in numbers and get an idea of what it will take to make a profit and be successful.

Your sales projections will come from a sales forecast in which you forecast sales, cost of goods sold, expenses, and profit month-by-month for one year.

Profit projections should be accompanied by a narrative explaining the major assumptions used to estimate Club income and expenses.

Research Notes: Keep careful notes on your research and assumptions, so that you can explain them later if necessary, and also so that you can go back to your sources when it's time to revise your plan.

Four-Year Profit Projection (Optional)

The [12-month projection](#) is the heart of your financial plan. This section is for those who want to carry their forecasts beyond the first year.

Of course, keep notes of your key assumptions, especially about things that you expect will change dramatically after the first year.

Projected Cash Flow

If the profit projection is the heart of your business plan, cash flow is the blood. Projects fail because they cannot pay their bills. Every part of your project plan is important, but none of it means a thing if you run out of cash.

The point of this worksheet is to plan how much you need before startup, for preliminary expenses, operating expenses, and reserves. You should keep updating it and using it afterward. It will enable you to foresee shortages in time to do something about them—perhaps cut expenses, or perhaps negotiate a loan. But foremost, you shouldn't be taken by surprise.

There is no great trick to preparing it: The [cash-flow projection](#) is just a forward look at your checking account.

For each item, determine when you actually expect to receive cash (for sales) or when you will actually have to write a check (for expense items).

You should track essential operating data, which is not necessarily part of cash flow but allows you to track items that have a heavy impact on cash flow, such as sales and inventory purchases.

You should also track cash outlays prior to opening in a pre-startup column. You should have already researched those for your startup expenses plan.

Your cash flow will show you whether your working capital is adequate. Clearly, if your projected cash balance ever goes negative, you will need more start-up capital. This plan will also predict just when and how much you will need to borrow.

Explain your major assumptions, especially those that make the cash flow differ from the *Profit and Loss Projection*. For example, if you make a sale in month one,

when do you actually collect the cash? When you buy inventory or materials, do you pay in advance, upon delivery, or much later? How will this affect cash flow?

Are some expenses payable in advance? When?

Are there irregular expenses, such as quarterly tax payments, maintenance and repairs, or seasonal inventory buildup, that should be budgeted?

Loan payments and equipment purchases, usually do not show on profit and loss statements but definitely do take cash out. Be sure to include them.

Opening Day Balance Sheet

A [balance sheet](#) is one of the fundamental financial reports that any Club needs for reporting and financial management of its project. A balance sheet shows what items of value are held by the Club (assets), and what its debts are (liabilities). When liabilities are subtracted from assets, the remainder is the Club's equity.

Use a startup expenses and capitalization spreadsheet as a guide to preparing a balance sheet as of opening day. Then detail how you calculated the account balances on your opening day balance sheet.

Optional: Some Clubs want to add a projected balance sheet showing the estimated financial position of the Club at the end of the school year.

Break-Even Analysis

A [break-even analysis](#) predicts the sales volume, at a given price, required to recover total costs. In other words, it's the sales level that is the dividing line between operating at a loss and operating at a profit.

Expressed as a formula, break-even is:

$$\text{Break-Even Sales} = \frac{\text{Fixed Costs}}{1 - \text{Variable Costs}}$$

(Where fixed costs are expressed in dollars, but variable costs are expressed as a percent of total sales.)

Include all assumptions upon which your break-even calculation is based.

Appendices

Include details and studies used in your Club's project plan; for example:

- Brochures and advertising materials
- Industry studies
- Blueprints and plans
- Maps and photos of location

- Magazine or other articles
- Detailed lists of equipment owned or to be purchased
- Copies of leases and contracts
- Letters of support from future customers
- Any other materials needed to support the assumptions in this plan
- Market research studies
- List of assets available as collateral for a loan

Refining the Plan

The generic business plan presented above should be modified to suit your specific type of business and the audience for which the plan is written.

For Raising Capital (Probably not applicable to your project)

For Bankers

- Bankers want assurance of orderly repayment. If you intend using this plan to present to lenders, include:
 - Amount of loan
 - How the funds will be used
 - What this will accomplish—how will it make the business stronger?
 - Requested repayment terms (number of years to repay). You will probably not have much negotiating room on interest rate but may be able to negotiate a longer repayment term, which will help cash flow.
 - Collateral offered, and a list of all existing liens against collateral

For Investors

- Investors have a different perspective. They are looking for dramatic growth, and they expect to share in the rewards:
 - Funds needed short-term
 - Funds needed in two to five years
 - How the Club will use the funds, and what this will accomplish for growth.
 - Estimated return on investment
 - Exit strategy for investors (buyback, sale, or IPO)
 - Percent of ownership that you will give up to investors
 - Milestones or conditions that you will accept
 - Financial reporting to be provided
 - Involvement of investors on the board or in management

For Type of Business

Manufacturing

- Planned production levels
- Anticipated levels of direct production costs and indirect (overhead) costs—how do these compare to industry averages (if available)?
- Prices per product
- Gross profit margin, overall and for each product
- Production/capacity limits
- Purchasing and inventory management procedures
- New products under development or anticipated to come online after startup

Service Businesses

- Service businesses sell intangible products. They are usually more flexible than other types of businesses, but they also have higher labor costs and generally very little in fixed assets.
- What are the key competitive factors in this industry?
- Your prices
- Methods used to set prices
- System of production management
- Quality control procedures. Standard or accepted industry quality standards.
- How will you measure labor productivity?
- Percent of work subcontracted to other non-Club staff. Will you make a profit on subcontracting?
- Credit, payment, and collections policies and procedures
- Strategy for keeping client base

High Technology Projects

- Economic outlook for the industry
- Will the Club have information systems in place to manage rapidly changing prices, costs, and markets?
- Will you be on the cutting edge with your products and services?
- What is the status of research and development? And what is required to:
 - Bring product/service to market?
 - Keep the Club competitive?
- How does the Club:

- Protect intellectual property?
- Avoid technological obsolescence?
- Supply necessary capital?

Retail Project (Selling an item or items like tee-shirts)

- Club image
- Pricing:
 - Explain markup policies.
 - Prices should be profitable, competitive, and in accordance with Club image.
- Inventory:
 - Selection and price should be consistent with Club image.
 - Inventory level: Find industry average numbers for annual inventory turnover rate (available in RMA book). Multiply your initial inventory investment by the average turnover rate. The result should be at least equal to your projected first year's cost of goods sold. If it is not, you may not have enough budgeted for startup inventory.
- Customer service policies: These should be competitive and in accord with Club image.
- Location: Does it give the exposure that you need? Is it convenient for customers? Is it consistent with Club image?
- Promotion: Methods used, cost. Does it project a consistent Club image?
- Credit: Do you extend credit to customers? If yes, do you really need to, and do you factor the cost into prices?