

*Presentation to*  
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# Drafting Effective Business Plans: The Legal Issues

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LeBoeuf, Lamb, Greene & MacRae, I.I.p.  
a limited liability partnership including professional corporations

# What *Really* Makes an Excellent Business Plan?

**“There is no *one* right way to prepare a business plan. An effective business plan tells a great story and draws the reader in. The investor will then want to learn more, which leads to a meeting that significantly increases your chances and reduces the possibility that your plan will wind up in the circular file.”**

**Kiplinger's Raising Capital by Andrew J. Sherman, p. 18**

# Elements of a Business Plan



**Executive Summary**



**Company Overview**



**Product / Service Description**



**Market Opportunity**



**Competition Analysis**



**Management Team**



**Financial Projections**

# Executive Summary



**The single most important component of your business plan**



**Keep it Direct, Focused and Brief**



**Summarize the Business Plan in a Few Pages**



**Write your summary LAST (even though it appears first)**

# Company Overview



**Describe:**

 **How your company is organized**

 **Its stage of development**

 **Legal status**

 *E.g., corporation, partnership, LLC*

 **Location**

 **Company mission**

# Sample Overview

**“Amazon.com, Inc. is the leading online retailer of books. Since opening for business as “Earth’s Biggest Bookstore” in July 1995, Amazon.com has become [...]. Amazon.com strives to offer its customers compelling value through innovative use of technology, broad selection, high-quality content, a high level of customer service, competitive pricing and personalized services. [...] Amazon.com was incorporated in 1994 in the State of Washington and reincorporated in 1996 in Delaware. The Company’s principal corporate offices are located in Seattle, Washington. Amazon.com completed its initial public offering in May 1997 and its common stock is listed on the NASDAQ National Market under the symbol [...].”**

# Product / Service Description



**Before listing any products/services --  
consider NDA's/IP protections:**

 **Patent (including Business Methods Patents)**

 **Copyright**

 **Trademark**

 **Trade Secrets**



**List the products/services and describe how  
different**

# Sample Product/Service Description

**“[Amazon] offers a catalog of more than 2.5 million titles, easy-to-use search and browse features, e-mail services, personalized shopping services, Web-based credit card payment and direct shipping to customers. The Company intends over time to expand its catalog into other information-based products, such as music. Amazon.com has virtually unlimited online shelf space and offers customers a vast selection through an efficient search-and-retrieval**

# Market Opportunity



## **Describe:**

- ③ **Your target market(s) and why you chose them**
- ③ **Market trends that are developing or already exist**
- ③ **Why there is a need for your products/services**
- ③ **Your marketing/distribution strategy**
  - ☞ **This is where most plans fail**

# Sample Market Opportunity

**“Amazon.com’s marketing strategy is designed to strengthen the Amazon.com brand name, increase customer traffic to the Amazon.com Web site, build strong customer loyalty, maximize repeat purchases and develop incremental revenue opportunities. Amazon.com seeks to build customer loyalty by creatively applying technology to deliver personalized programs and service, as well as creative and flexible merchandising. The Company employs a variety of media, business development and promotional methods to achieve these goals, including online and traditional advertising and public relations activities.”**

# Competition Analysis



## **Include:**

- ③ **Why your company can compete successfully**
- ③ **A list of important distinctions between you and your competitors**
  - ☞ ***E.g.*, patents, major contracts, letters of intent**
- ③ **Any barriers to entry for new competitors**

# Competition Analysis

**“The online commerce market, particularly over the Web, is new, rapidly evolving and intensely competitive. In addition, the retail book industry is intensely competitive. [Amazon’s] current or potential competitors include (i) various online booksellers [...], (ii) a number of indirect competitors that specialize in online commerce [...] and (iii) publishers, distributors and retail vendors of books, music and videotapes, including Barnes & Noble, Inc., Bertelsmann AG and other large specialty booksellers and integrated media corporations, many of which possess significant brand awareness, sales volume and customer bases. [Amazon] believes that the principal competitive factors in its market are brand recognition, selection, personalized services, convenience, price, [...]. Many of [Amazon’s] competitors have longer operating histories, larger customer bases, greater brand recognition and significantly greater financial, marketing and other resources than [Amazon]...”**

# Management Team



**Briefly describe the histories and capabilities of your management team**



**Include brief bios of the founders and other key players**



**Be sure to highlight relevant experience that demonstrates their value to the management team**

# Financial Projections



**Indicate your company's expected revenues and profits for years 1 through 5**



**Include long-term goals such as expected sales, number of employees, number of locations, and market share of your company five years from now**

**N.B.: The Business Plan is not an offering memo to solicit the purchase/sale of securities and must be careful to disclose the same**

# Sample Boilerplate Language

**This confidential business plan (the “Business Plan”) of XYZ, Inc. (the “Company”) does not constitute an offer to sell, or a solicitation of an offer to buy, securities. Receipt and acceptance of the Business Plan shall constitute an agreement by the recipient that, among other things, the Business Plan shall not in any manner whatsoever be copied, reproduced, modified, or distributed to any third party, either in whole or in part, without the prior written consent of the Company, that all information contained herein shall be kept confidential, that the recipient shall not reveal or disclose to any third party without the prior written consent of the Company that the information has been made available to the recipient, and that the recipient shall return all copies of the Business Plan immediately upon request by the Company. This Business Plan contains proprietary and confidential information regarding the Company and is based on information deemed by the Company to be reliable. In furnishing the Business Plan, the Company undertakes no obligation to provide recipients of the Business Plan with access to any additional information or to update this Business Plan or to correct any inaccuracies that may be contained herein. In addition, certain estimates and projections prepared by the Company are presented in this Business Plan. Such estimates and projections are subject to significant economic, business and other uncertainties beyond the control of the Company. Although such projections are believed to be realistic, no representation can be made as to their attainability. While the information set forth herein is deemed by the Company to be accurate, the Company expressly disclaims any and all liability of any such information and any representations, express or implied, contained herein, for the accuracy of or omissions from this Business Plan and for any other written or oral communication transmitted to any party in the course of its evaluation of transactions involving the Company.**

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**QUESTIONS?**

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