

How to Write a Bulletproof Business Plan

(Plus a Budget You Can't Shoot Holes Through)

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3 Takeaways for Today's Presentation:

1. Vision/Mission statement and core values
2. How to build a sustainable competitive advantage
3. How to prepare a realistic financial plan



Business Plan
=
Strategic Roadmap

The business plan is
the starting point for
developing your
strategic plan.

If you don't know where you're going...

...any road will lead you there.



Why write a business plan?

- Potential Investor
- Bank Loan
- School Project/Competition
- For Yourself

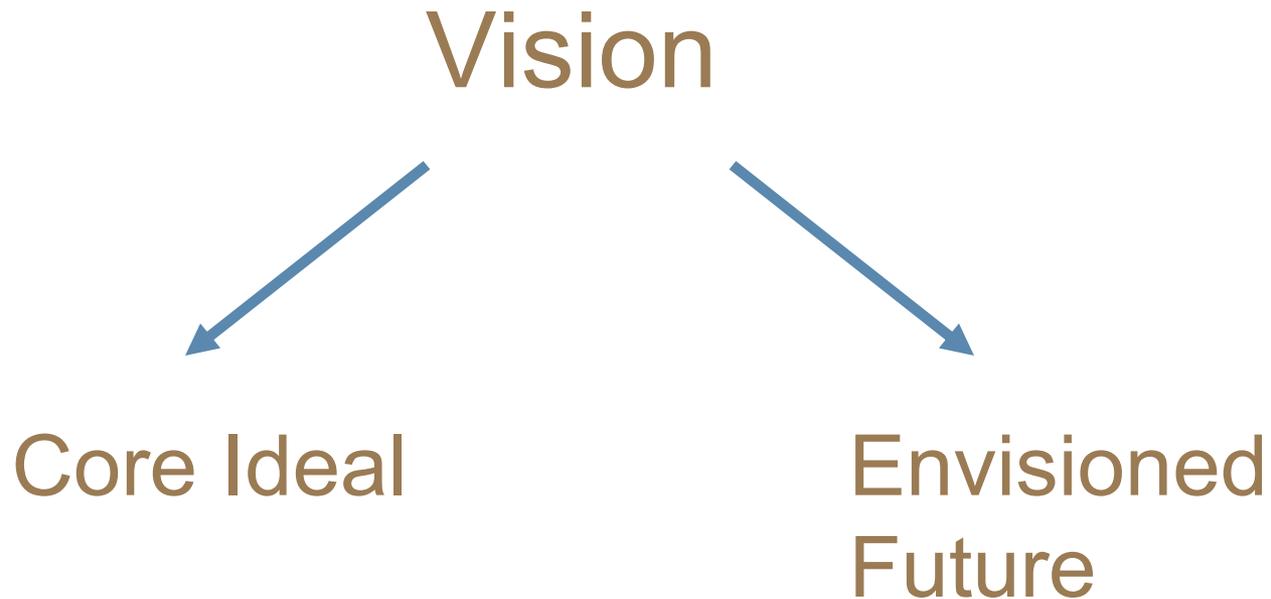
Business plan for internal purposes

Be honest with yourself

Vision

- Core Values
- Mission Statement

Why vision matters



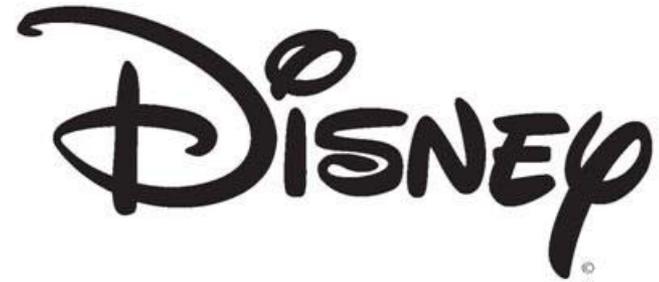
Identifying your Core Values

- Core values are “*Who you are*”
- Captures what you stand for
- Independent of:
 - the current environment
 - competitive situation
 - markets



NORDSTROM

- Service to the customer
- Hard work and individual productivity
- Never being satisfied
- Excellence in reputation; being part of something special



- No cynicism
- Nurturing of “Wholesome American values”
- Creativity, dreams, and imagination



- Corporate social responsibility
- Unequivocal excellence in all aspects of the company
- Science-based innovation
- Honesty and integrity
- Profit, but profit from work that benefits humanity

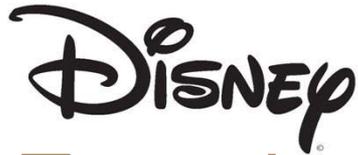


- Customer service – know your customer
- Honesty
- Integrity
- Fairness

Core Purpose (Mission Statement)

- The organization's *reason* for beginning
- Why the company exists

Core Purpose Examples:



To make
people happy



To experience the emotion
of competition, winning,
and crushing competitors



To solve unsolved
problems innovatively



MERCK

To preserve and
improve human life

Envisioned Future

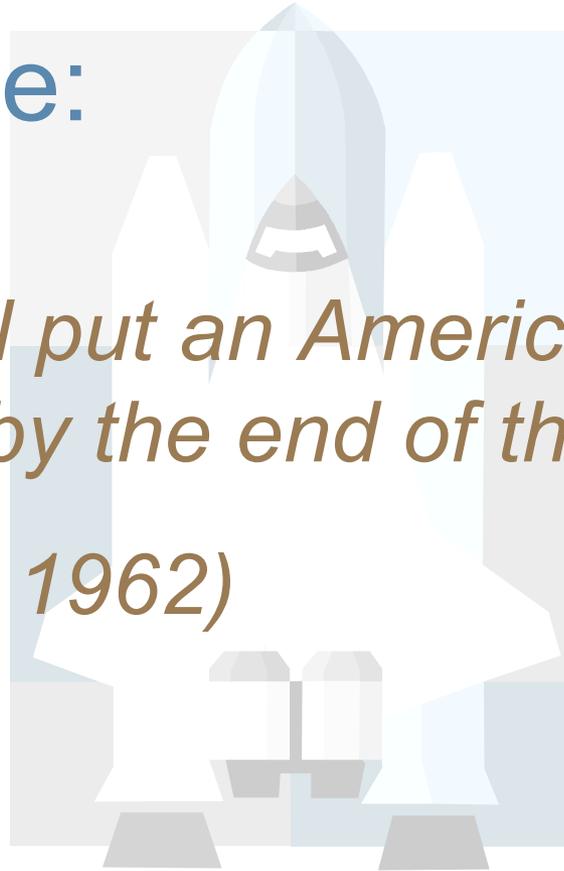
- BHAG

Big Hairy Audacious Goal

- Beyond the current capabilities of organization
 - Represents a commitment to a daunting challenge
 - Clear and compelling
- Engages people
 - Is not a sure bet – outside the box or normal thinking
 - Requires extraordinary effort – and luck
- Is measurable

Example:

*We will put an American on the moon by the end of the decade
(JFK – 1962)*



Executive Summary

- Overview of the company
- Management
- Description of business/services
- Marketing/sales strategy
- Operations
- Financial statements

The Company

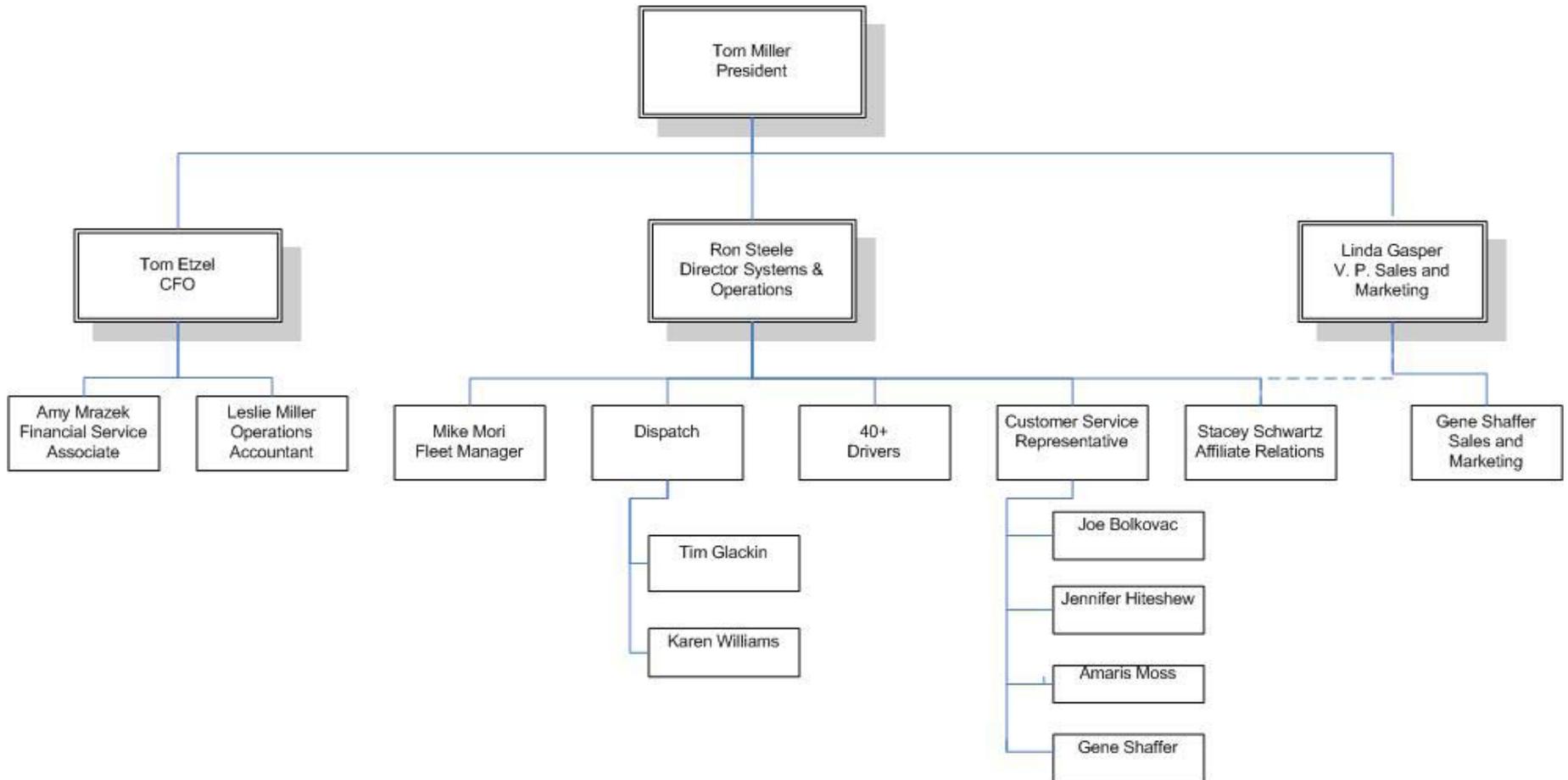
- History of how you got to where you are
- Legal structure
- Ownership

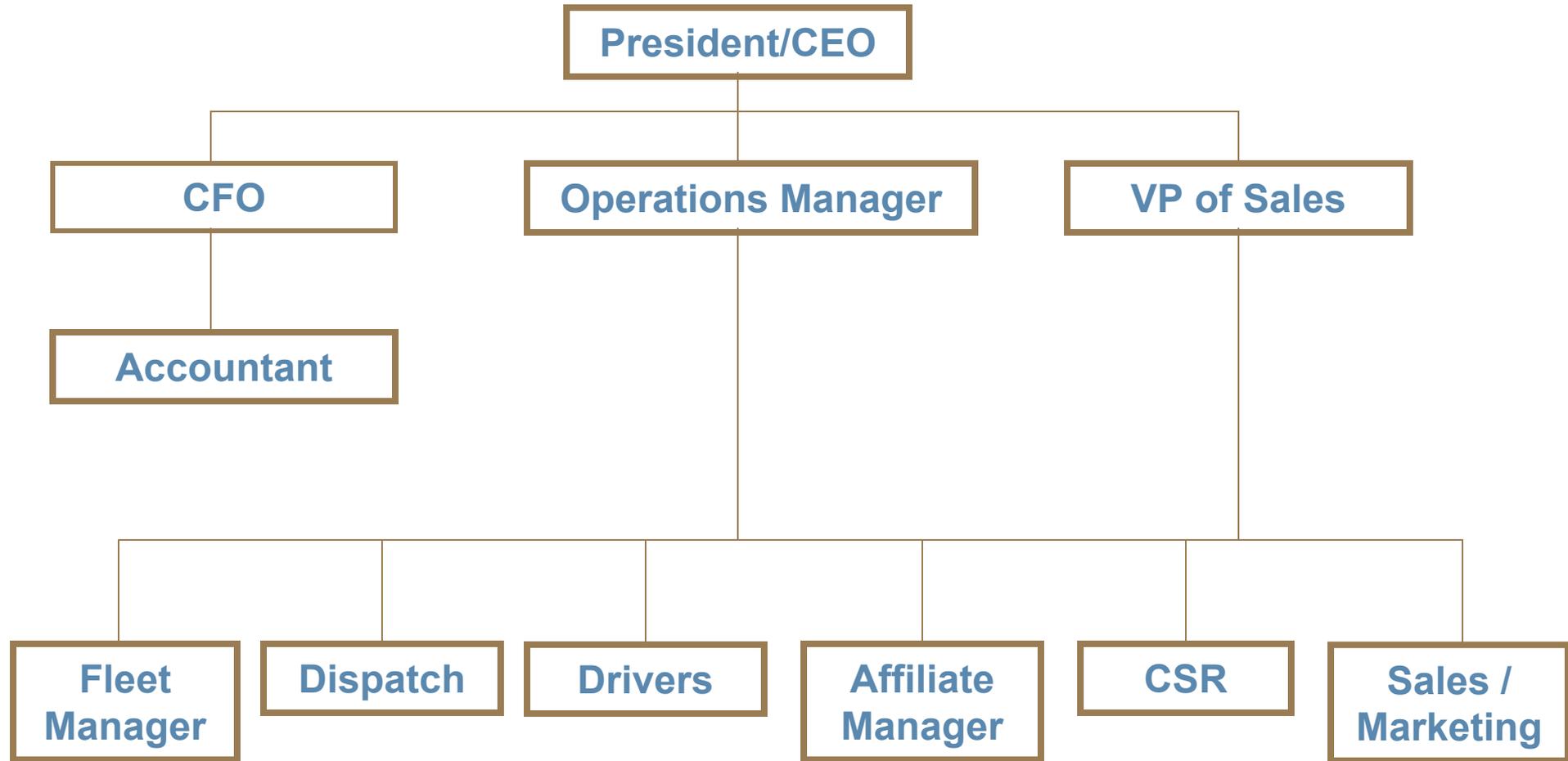
Management

- Summary of key personnel in the company

Operations

- Organizational chart
- Job descriptions





What is your product/service

- What niche will you fill?
- What is your vehicle mix?

What is your market?

- Geographic details
- Competitive analysis
- What is your opportunity?
- Do you have a differentiated advantage relative to your competition?



Capturing the Voice of your Customer

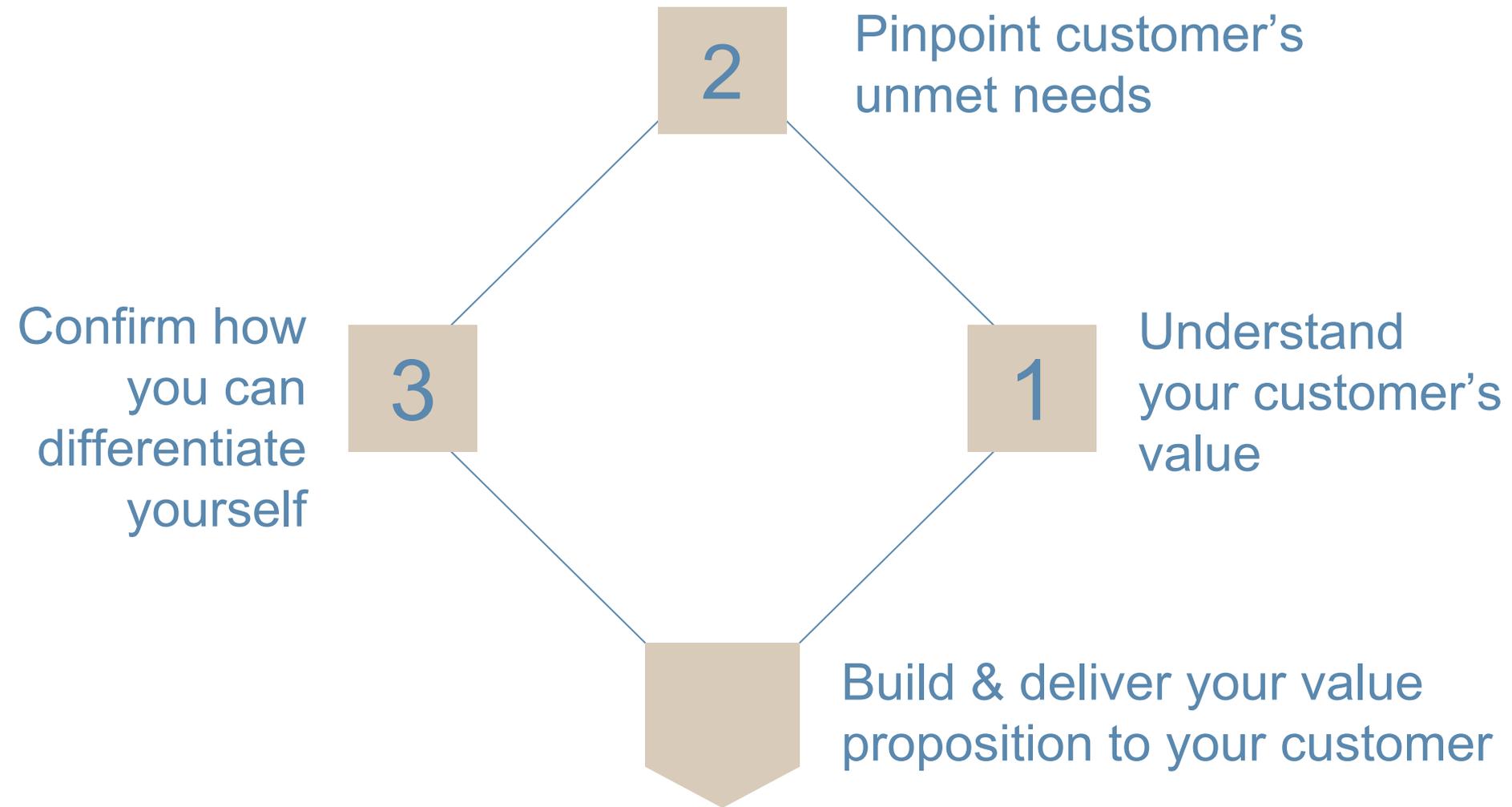
The more successful your customers are, the greater your opportunity for growth and profits.

The more effective you listen, understand, and meet your customers needs, the more successful you can be.

Feedback

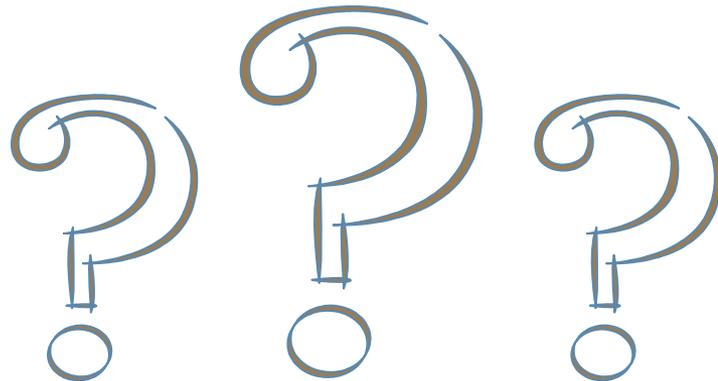
- Voice of customer
- Understand the major business needs of your key customers
- Gain feedback on how well you satisfy their needs
- Gauge how you are doing against competitors
- Learn how you can best achieve your mission

How to Create a Differentiated Advantage



- To an extent, you become a partner with you client. It creates a barrier of entry for your competitors.
- Identify your company's strengths and weaknesses
- Identify your competitor's strengths and weaknesses

What is the opportunity?



Your strategic plan will lead to sustainable profit growth if it:

- Differentiates your company
 - Creates value for your target customers
 - Establishes a clear identifiable difference in the market place

Your strategic plan will lead to sustainable profit growth if it:

- Shows Market Presence
 - Focuses on specific markets that offer you the greatest potential for profit growth
 - Anticipates the major opportunities and challenges in your market place

Your strategic plan will lead to sustainable profit growth if it:

- Demonstrates Operational Excellence
 - Builds competencies for long term advantage
 - Optimizes performance throughout your value chain

Your strategic plan will lead to sustainable profit growth if it:

- Raises the barriers of entry for competition
- Potentially changes the rules of play in your favor

Our Value Chain

- WHAT will we offer?
- HOW will we distribute?
- WHERE will we sell?
- WHO will we sell to?
- HOW will they use it?

Marketing Plan

- Sales strategy?
- Internet strategy?
- Strategic alliances?

Financial Plan

- Budgets
 - Revenues
 - Expenses



Financial Statements

- Income Statement
- Revenue must exceed expenses

Income

- Fleet Income
- Surcharges
- Gratuities
- Local farm outs
- Network farm outs
- Other

How do we estimate revenue?

- Key metrics to analyze
 - Average number of trips per day
 - Average revenue per trip

Monthly Revenue Calculation

Average number of trips per day

X

Number of days in month

X

Average revenue per trip

Example:

January

16.129 trips per day

X

31 days in month

X

\$150 average revenue per trip

= \$75,000

\$55,000 → Fleet Income

\$11,000 → 20% Gratuity

\$5,500 → 10% Surcharge

\$3,500 → Tolls, Parking, etc.

\$75,000

Expenses:

Unlike revenues – which we have to estimate

Expenses should be a known item

Fixed Expenses:

- Rent/Mortgage
- Salaries
- Depreciation
- Interest Expense
- Insurance
- Communication (phones, internet, etc.)
- Advertising
- Utilities
- Professional services (legal, accounting, etc.)
- Travel & Entertainment
- Miscellaneous

Variable Expenses:

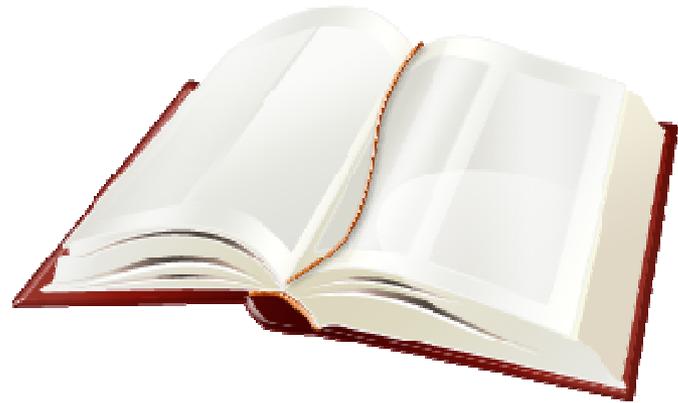
•Chauffeur Pay	30%
Salary as % of base	
Gratuity	
•Fuel	7%
•Maintenance	3%
•Supplies	2%
•Miscellaneous	3%

It's important to understand the relationship between the variable expenses and revenue

Analyzing historical data will give you the formula to accurately project your expenses for each level of revenue.

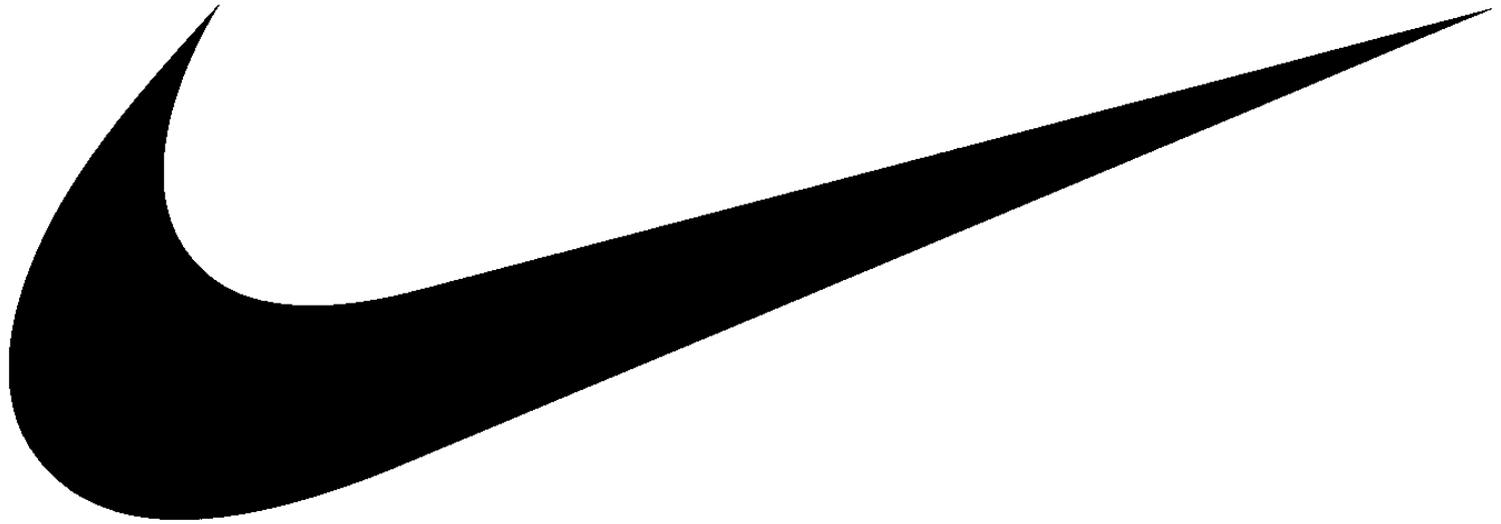
Continuing Education

- Board of Advisors
- Mentor
- Coaching
- Peer Groups
- Entrepreneurial programs at local universities



Summary:

1. Vision/Mission statement and core values
2. How to build a sustainable competitive advantage
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(Just Do It!)

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