



Secrets of the Fairy Tale Business Plan

You never get a second chance to make a first impression, they say. That's certainly true of a business plan.

The key is to keep it simple and clear. The trouble is that when you try to put everything that's in your head down on paper things quickly get complicated.

The answer is to step back, simplify everything and tell it like a fairy-tale. The following will help you paint the pot of gold and enlist backers for the adventure:

- Know your audience
- Credibility and castles
- Numbers and narrative.

Know your audience

Who is your audience and what do they care about?

Your bank manager is interested in whether you can make your repayments on time. A VC will also want to understand your cash flow but is particularly interested in the exit you foresee: how do they get their investment back, along with a huge upside, after two to three years. If your audience is senior management, they will want to know that your project is the best way to deploy the company's limited capital in pursuit of its goals.

Your business plan needs to give the audience what they expect and what they *need* to hear before you can take them on your journey. You are asking them to invest (probably cash, possibly other

resources, certainly their own reputations) in you and your ability to deliver. A failure of credibility at the outset can be fatal.

Credibility and castles

A business plan is a sales document. Paint a picture of the pot of gold or the fairy tale castle. But not at the expense of your credibility.

The vision is one thing; your ability to deliver is another. Don't take the reader's belief in your ability for granted. If you (and your team) have a track record of success in related areas, make sure you mention it. For start-ups, past success and previous blue-chip careers can be helpful to mention. Ensure you demonstrate the skills required for success right across the team: leadership, sales, marketing, operations, finance etc.

With credibility established, take the audience on a journey to the prize. Make it evocative, make it tangible and show the steps from here to there.

Narrative and numbers

A good business plan narrative will go a long way to establishing your credibility (but pay close attention to seemingly minor points like spelling and grammar) and painting that vision of the future. Don't be verbose. Keep it crisp and clear. Make it easy to digest by following the Fairy Tale Business Plan outline.



Words are good, but numbers are the acid test. Your plan needs to include projections for profit & loss, balance sheet and cash flow. These can be in a summarised form but be sure to include any indicators that are either standard for your industry or essential to understanding your plan (number of new customers, customer lifetime value, gross margin, addressable market etc.).

Numbers serve a dual purpose. Obviously, they demonstrate how you will achieve your goals and repay the investment. Secondly though, your analysis underpins your credibility: do you *really* understand the market; are your assumptions ridiculously over-optimistic? Take care with what you present and make sure that you understand those figures to at least one level deeper than you publish so you can answer the inevitable questions.

The Fairy Tale Business Plan

Why the “fairy tale” business plan? Well, clearly we all hope to live happily ever after, preferably with a pot of gold.

There’s another reason, too. As adults, we are steeped in narrative. From the earliest age we have been conditioned to digest and understand information in a certain way. At its simplest, this is: likeable hero (that’s you) encounters challenge (that’s your business plan) and emerges better off. Using the same natural flow helps potential investors quickly grasp your plan. With the fairy tale¹ format, you get:

¹ In his book *To Sell Is Human*, Dan Pink summarises the Pixar fairy-tale according to story-board artist Emma Coates.

Fairy Tale Stage	Contents
Once upon a time...	Executive Summary – your one page pitch
Every day...	... the world did this. The background and context to your plan. The current problems and opportunities.
One day we had this great idea: the product or project or business. What it is, how it works and why it’s better than the alternative
Because of that we developed this business model (how you will make money) and sales & marketing strategy.
Because of that our competitors did this. Show you know who your competitors are and how they make money.
Until finally we all make lots of money and live happily ever after. Include your financial projections here.
Cast List	Include a (brief and relevant) biography for the core team members.

The bottom line is to keep it simple, balancing vision with credibility to show why the audience should invest in you.



Burning Pine Ltd

Words Ideas Numbers

<http://burningpine.com>
andrew@burningpine.com