



Guide to a 1 Page Business Plan

*Simple Easy Steps to Help You Launch Your Successful
New Business*



The Reasoning Behind a One Page Business Plan

OK, so you have an idea. Maybe it's more than an idea, it's an obsession.

You know you want to start a company to pursue your idea, but you're nervous. You have doubts about whether it will work. You hear that startups are risky. But you can't shake the idea.

Friends, professors and common wisdom say you should "write a business plan." I say that's BS!

When I was a venture capitalist, I read hundreds of business plans. It used to be startup gospel that you had to have a business plan.

Here's the problem with a traditional business plan: It is obsolete only moments after you write it. Extensive market research doesn't really help you come up with a great product that customers will love. Detailed financial plans will be wrong as soon as you change the price point, or the marketing channel, or the features.

But it's not as though *planning itself* has no value. It does. It's just that what your product is, what your value proposition is, and how you're going to market and sell it, is likely going to change significantly after you start building and getting real customer feedback. The boxer Mike Tyson once said "Everybody has a plan until they get punched in the mouth."

Instead of a long, boring and intimidating business plan, we're going to spend a couple of hours to create a 1 page document to list out your assumptions about the business. There are a number of templates out there to help you do this in an organized fashion.

In only a few short hours, you can have a plan and gain huge clarity on your new business.

My favorite version of the one page plan is called **Lean Canvas** created by Ash Maurya.ⁱ It is named after the so-called "Lean Startup" movement which emphasizes moving quickly and staying small until you have validated many of your assumptions.

You likely have a bunch of ideas swimming in your head about your business concept. Most people tend to start with the product or service first, either because it's 'what you know' or because it will solve a problem you have. Some of the best businesses come from founders trying to solve their own problems.

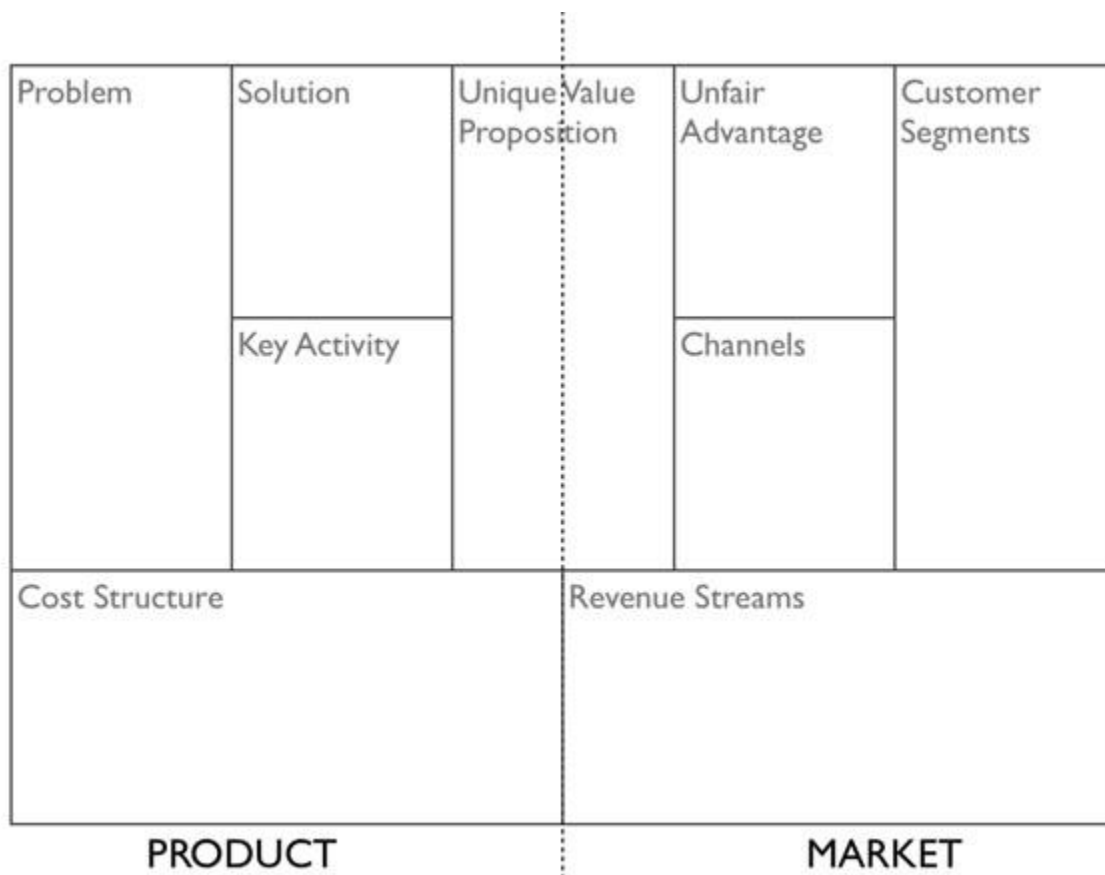
A 1 page Business Plan is a high-level document that will help you think through and write down your most important assumptions.

Let's get started!

Test Your Assumptions & Make a Plan

You need to put some structure to your thinking and write down your assumptions and plans for the business. Writing them down using my approach, you can see how your assumptions relate to each other and how this will eventually become a successful business. This entire plan should only take a few hours.

There are nine parts to the **Lean Canvas** and we will go through these here. This is also the order that I suggest you tackle the sections. In a few hours of focused work, you can create a 1 Page Business Plan and get on with testing these assumptions and **building your new business**.



Section 1- Problem

The largest value in lean canvas is that it forces you to articulate what your customer's problem is. If there is no problem, there is no reason for the customer to turn to your company.

Think about it- either they have a problem and no solutions exist, or solutions do exist but they are not ideal. Your company will either be competing with an existing product/service that the customer already buys, and you need to convince the customer that yours is better and should replace the other guy.

Or your company is competing against non-consumption, which is a fancy way of saying that the customer isn't buying anything right now and just kind of suffering along.

Get out a blank sheet of paper and write down the Top 3 problems that your customer has that you intend to solve.

You can articulate this regardless of what type of business you plan to start. Maybe you are an accountant and the existing accountants are too far away, or not trustworthy, or not cost effective. Or you are building an app to pay for parking. Your customer's problem is that they need a fast way to pay, coins are a pain in the neck, and existing apps are too hard to use.

Section 2- Solution

The next part of the lean canvas is your solution. This is a place to describe your product or service, a place for features. What will your business do to solve the problem? What are the *features* of your business or product? You don't need to describe how yours is better, that will come later. You also don't need to get super detailed.

Write down the main parts of your solution? What are the features?

Section 3- Customer Segments

So you have outlined that your customer has a problem. Now you need to outline who your customers are going to be. Who are you trying to sell your product or service to? Try to break it down into the smallest group you can. Is it stay-at-home moms ages 25-40? Is it Pet owners? Maybe more specifically, is it dog owners?

List your target customers now.

OK now we're going to take it a step further and describe *your first* customers. This is the smallest segment who you think will be most interested, easiest to reach. Why are they the initial target? If you are going after "Stay-at-home Moms" then your initial segment might be Stay-at-home Moms looking for books and crafts for their kids.

This process helps you to determine who you want first, and later, how you're going to reach them. Think of it like concentric circles on an archery bulls eye. Your market is the whole target, your first segment is the smallest part of the bulls eye. In marketing terms, we call this your "early adopters" or "first adopters."

List your early adopters now.

Section 4- Your unique value proposition

This is the place to go through how your product or service is different.

What makes your business different and better? In other words why you vs. the other guy?

And please don't tell yourself "we don't have any competition." Because that's simply not true. Either your target customers are buying something that helps them solve the problem, or they are buying nothing and you compete with *their current way of doing things*.

If you're really creating something totally new, it can be difficult to try to jumpstart the market. It can work, but it's hard because you have to convince your prospect that they even have a problem in the first place. If that's the case, make sure you test and retest your perception of the problem that you wrote down in step one.

Often times, entrepreneurs start businesses to solve a problem they have themselves. Uber founder Travis Kalanick started Uber after a frustrating time finding a ride in Paris.

Thinking about the problem your customers face can help with the unique value proposition. How does your business solve the customer problem *in a way that is different or better than others*.

Write down your unique value proposition or differentiation now.

Section 5- Unfair Advantage

Here you are trying to articulate what parts of your offering are difficult to copy.

You might have some unique technology that you have invented or plan to invent. You may have 'know how' about how to solve the customers problem that will be part of your solution.

If you're a solo-preneur or 'lifestyle entrepreneur', that is fine. You still have to have something that is difficult to copy. If you're a blogger, author, or producer of info products, your largest unfair advantage is *you*. Your insight and voice cannot be replicated. And of course, you're probably planning to build up an email list. That counts too!

Write down your unfair advantage- the things that it will be hard for others to replicate.

Section 6- Channels

This basically means-how are you going to reach your prospects?

Are you going to sell to them directly or through middlemen?

Are you going to use advertising, which can be expensive online or in offline media?

Or are you hoping the prospects will find you? In today's Google-centric world, it is possible to get tons of visitors to get your website by being on the first page or two of Google search results. However, it does take a long time. The important part of this section is that you put down some thoughts and also do some research.

If you will be selling a physical product, you have some choices. You can sell direct through your own web site, you can sell through traditional retailers, you can sell through distributors, or you can sell through Amazon or eBay. You might also use a combination of these.

If you're making an app, then you pretty much have to sell through the app stores like the iTunes store and Google Play. But you can also work with partners who will help distribute your app.

You also want to think about how you will make your prospects *aware of you*.

Write down how you expect to make your prospects aware of you.

Write down how you expect your customers to buy from you.

Section 7- Revenue Streams

Revenue is the money you generate from selling your product or service. The reason we call them revenue streams is that there may be more than one product, or you may get perpetual income if you have a subscription business. It might also be that your customers come back to buy more than once.

In the Lean Canvas, you only need to create high level description of how you'll generate revenue, like "product sales" or "advertising".

Write Down your Revenue Streams now

I think it makes sense to take this one step further and document your assumptions about the revenue. It's probably time to break out your spreadsheet. Even if you're not an 'accounting' type, it's important to make a basic financial plan for your business. The idea here is to make educated guesses about how your business is going to run.

Don't worry, now is NOT the time to create detailed financial plans. At least not yet.

Your goal at this time is to create a "back of the envelope" projection of how much money your customers will pay you, and how frequently.

How much money do you plan to charge for your product or service? How many units will a customer buy? This simple sum produces "average order size." ($\text{Price} \times \# \text{ of Units} = \text{average order size}$)

If you estimate the number of times that customer will buy from you, you can estimate the *lifetime value* of your customer. This is a really important metric because it can help you figure out how much you can spend to acquire your customers.

Get out a spreadsheet and enter your assumptions about the price, the number of units you will sell, and the number of times the customer will buy.

Section 8- Cost Structure

Your costs are all the things you are planning to spend money on.

It's really easy to get overly-detailed in this section. *We don't need to build detailed 5 year projections.*

Similar to what we did with Revenue Streams, keep it high-level in the Lean Canvas.

Write out your major categories of costs now.

Also similar to in the Revenue Streams, we're going to use a basic spreadsheet to outline the assumptions.

Try to keep this to your basic expenses, in large buckets. You want to project the number of people you need (salaries), your cost to acquire a lead (marketing), your sales expense to turn that prospect into a customer (sales), your rent (unless you're working from home which is always a good idea in the beginning). If you have a web site, you will have some hosting or development costs. If you're selling a physical product, you will have the cost of the product itself and the cost to fulfill the orders.

If you have never done anything like this, you might want to read up, get a friend to help. Ultimately though, you need to understand these numbers, so don't "outsource" this part.

Section 9- Key Metrics

The idea here is to list the number that will tell you how the business is doing. You will have some key measurements that you look at regularly.

If you're a blogger, those might be your Unique Visitors, the number of subscribers, and your shares and likes.

If you're setting up an eCommerce store, it's probably Cost of Acquiring a Customer (CAC), conversions (# of web visitors who end up buying), Average Order Size, and Cost per Unit.

I know in Internet Software businesses (SaaS), we measure Unique Visitors, CAC, conversion, churn (number of paying customers who leave or stop paying), and Lifetime Value (how much we expect to make from each customer before they churn).

The goal here is to give you a *snapshot* into the health of the business. If you can measure it, you have a good chance of changing it for the better.

Write down the basic metrics you plan to use

Conclusion

Don't let the idea of writing a business plan get in your way. Now you understand how a 1 Page Plan can jump start your ideas, your efforts, and help you bring your new business into the world.

This type of 1 Page Business Plan is **perfect** for you to get out into the market, test your assumptions, test your message, and figure out if you have a good business. You should make this a **living document**. In other words, use it as a tool, don't just finish it and leave it on your desk or in Dropbox. Go back to it and refine it as you learn.

Time to get after it! It will take just a couple of hours.

Your days of being a “wantrepreneur” are over!

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This one page business plan guide is from **Rob Kornblum**, founder of **StartLaunchGrow.com**, a new blog for founders and entrepreneurs. Rob is a veteran entrepreneur, executive, and a recovering venture capitalist who helps entrepreneurs start and grow successful new businesses.

ⁱ Lean Canvas was created by Ash Maurya <http://practicetrumpstheory.com/why-lean-canvas>
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