

FISCAL FITNESS | BY BILL ANDERSON

Business Plans That Work

As each segment of the beverage marketplace gets more crowded and competitive, the need for beverage entrepreneurs to deliver compelling business plans has become more acute. In our small private equity group, we have reviewed more than 100 business plans in the last year. Here are a few key takeaways from the best plans we've seen:

- Be clear about why your product is different from the rest of the pack. If, for example, you're planning a new relaxation drink, have a clear message as to how you are going to compete against the 350 other relaxation products in the market or in development.
- Be honest about your management team's strengths and weaknesses. It's important for investors to know how your team will be able to execute on the business plan and who else you will need to hire to be able to hit your projections.
- Speaking of projections, it's critical that they be based on conservative growth expectations. Good products take time. It's also wise to build in a substantial cushion of additional capital. If you think you need \$1.5 million, you probably should raise \$2.5 million.
- Knowledgeable beverage investors are going to want to know your go-to-market strategy in detail. If you're adopting the DSD model, summarize your distribution successes to date and why distributors are going to take on your product.
- Authenticity and purpose is critical for any new brand. Brands that are built with passion, on a mission to bring a beverage product to the market with a fun, hard-working and extraordinary team have a much greater chance of long-term success than business plans from founders who are motivated solely by a 'get rich quick' mentality.
- Finally, investors will want to know if there is a well-conceived exit strategy. If you plan to sell to a major supplier, you need to show why they would be interested and whether there will be any hurdles to getting a Coke or an AB InBev to the table. **BW**



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