

Part 4: How to write an Information Memorandum or Business Plan to Raise Capital – Products & Services

By Len McDowall, Integral Capital Group Pty Ltd

In this continuing series of articles on how to write a Business Plan or Information Memorandum to raise capital, Part 4 discusses business plan content specifically 'Products & Services'.

Products & Services

Any potential investor will be vitally interested in exactly what you are going to sell, what kind of product protection you have and opportunities for and possible weakness in your products or services.

A detailed description should be given of the products and services to be sold. Bear in mind that investors may not have any detailed technical or industrial knowledge and therefore the information should be pitched at the layman's level. A more detailed assessment will be made once investor interest has been shown, but is not required in the business plan.

Emphasize any unique feature of your product or service and highlight any differences between what is currently available in the market and what the company will offer which will yield an advantage. If products are under development indicate the stage of that development and what advantage the final product will have over competition, together with the time it will take to reach the market place and the cost of doing so.

The inclusion of product literature, photographs or other supporting information may help in getting the message across to an investor so that he has a clear idea of what the products or services are and who is likely to buy them. These should be presented in the appendices to the plan.

Discuss any product disadvantages or the possibility of rapid obsolescence owing to technological or styling changes or market fads. Do not try to cover up any shortcomings, as these are sure to come out in a more detailed product evaluation and their inclusion will make the plan more credible.

This section of the business plan on products and services should cover:-

- A description of current products and services.
- The application of your product or service both primary and secondary.
- The unique features of each product and/or service.
- Product advantages over competitors and how these will benefit the customer.

- Patents, trade secrets or other proprietary features.
- Any barriers to competition which may enable a favored or entrenched position in the market (exclusive distribution, legislation, development lead).
- Opportunities for the expansion of the product or the development of related products or services, including the extent and direction of any research and development.
- Product disadvantages.

The content of Business Plans will be covered further in subsequent articles by Len McDowall.

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About Len McDowall - Managing Director, Integral Capital Group Pty Ltd

Len McDowall was previously inaugural Chairman and Managing Partner of Bird Cameron Chartered Accountants (now known as RMS Bird Cameron), which employed 1000 people in 50 offices in Australia and Hong Kong. Len, who established Bird Cameron's mergers and acquisitions division, has extensive experience in all facets of financial management with a particular emphasis on structuring and negotiating joint ventures and capital raisings. Following his retirement from the accounting profession Len and his partners established the [Integral Capital Group](#) which specialises in mergers and acquisitions, public floatation's and capital raisings.