

*Case Study***Go-Figure, Inc.<sup>1</sup>**

Go-Figure, a newly formed corporation, has developed a proprietary circuit board inspection system that offers a high-speed way to inspect boards for defects. Data indicate that 10 to 25 percent of circuit boards that leave a manufacturing line have defects such as wrong polarity, missing components, wrong components, etc. Quality control is a serious problem for manufacturers as, in aggregate, they place 2 to 5 million components on circuit boards per day, a number that is increasing rapidly. As circuit boards become smaller and more densely populated with components, the potential for defects increases, as does the difficulty of detecting the defects.

Go-Figure uses a unique technology for circuit board inspections and has applied for a patent on the technology. Product testing shows considerable detection success and the technology is much less costly than alternative mechanical methods of inspection and visual inspection. Visual inspection is prone to error and is very time-consuming. Preliminary market research indicates that, worldwide, there currently are 30,000 manufacturing lines that could be served using the Go-Figure technology.

Go-Figure has developed the technology and a prototype, and has arranged for a host site where it can demonstrate use of the system. The firm is seeking an additional \$1 million from outside investors. It proposes to raise equity capital from business angels by issuing them common stock at \$1 per share. Minimum investment is \$25,000. The entrepreneur and members of the board own existing equity. The management team is looking for additional expertise and is willing to consider board membership for a well-qualified investor.

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<sup>1</sup> The actual company name and product has been disguised.

You are an employee of Go-Figure, and have been deputed with the job of putting together a draft business plan that will be circulated to prospective investors.

1. As a starting point, look at some Internet sites on business plans and develop a brief outline of what you believe the major parts of the Go-Figure business plan should be.
2. Prepare a list of questions you believe any outside investor would want to have answered before investing, e.g., What will be done with the proceeds? What is the exit mechanism that is contemplated? Make this list as complete as possible.
3. After you have developed the outline, explain in which section(s) of the plan each of the following might be addressed.
  - (a). Commitment of the entrepreneur
  - (b). Present and future financial needs
  - (c). Specifics of the opportunity
  - (d). Significant risks
  - (e). Competition
  - (f). Sources of competitive advantage
  - (g). Capabilities of management
  - (h). Harvesting
4. Once you have thought about the outline in more detail, it is certain that you will have a list of questions you will need to have answered, or at least, researched, prior to completing the plan. What are these questions? What are your suggestions for getting them answered?