



## Simple Guide to preparing a Business Plan

### What a business plan should include

Your business plan should cover the following details of your business:

- How you are going to develop your business
- When and where you are going to do it
- Who will be involved in making this happen
- How finances will be managed

It is important to be as clear as possible on these issues, particularly if you are looking for finance or investment. Compiling your business plan will also enable you to focus on how your new business will need to operate to give it the best chance of success.

Your business plan should include the following sections:

- **An Executive Summary**

This is an overview of your business and an essential element of the business plan. Many lenders and investors will form opinions and make judgments about your business based on this section alone.

- **The Business Opportunity**

This is your opportunity to explain clearly and concisely in a brief description, who you are, what services or products you plan to sell or offer, the opportunity you have identified and who your customers are.

- **Marketing and Sales strategy**

This section should explain why you think people will buy or use your service/product and how you plan to sell to them.

- **Management Team and Personnel**

You should use this section to provide your credentials and the skills of the people you work with or plan to recruit.

- **Business Operations**

This section should give details about your premises, production facilities, your management information systems and IT.

- **Financial forecasts**

This section will provide a financial overview of the information provided in all of the other sections.

## The Executive Summary

The executive summary is often the most important part of your business plan. Positioned at the front of the document, it is the first part to be read. However, as a summary it makes sense to write it last.

### What is it?

The executive summary is an outline of the key points of your business plan. It should include highlights from each of the other sections which make up the rest of the plan.

The purpose of this section of the business plan is to explain the fundamental elements of your business in a way which will be informative and interesting to the reader.

It is important to keep this section clear and concise and try and limit it to no more than 2 pages. It is a good idea to write this section of your plan after you have completed the rest.

## Your business, its products and services

you must ensure you are able to clearly describe what your business does.

Start with an overview of your business:

- when you started or intend to start trading and the progress you have made to date
- your business type and the sector in which it operates
- business history (if applicable) former owners, previous achievements etc
- current legal structure
- your vision for the future

Then describe your products or services as simply as possible, defining:

- what makes your service/product different from others
- what benefits does it offer
- why will customers buy it, and why will they buy from you
- what is your plan for developing your products/services
- details of any patents, trade marks or design rights you hold
- the key features of your industry or sector

Remember to try and avoid jargon as the person reading the plan may not be familiar with your industry/sector or not understand your business and the products/services you are offering.



## Your Markets and Competitors

Use this section to clearly explain your market, your position within it and who your competitors are. It is important that you demonstrate a full awareness and appropriate knowledge of your marketplace, including customers and competitors. The use of any data you have obtained from market research will be of particular significance in this section to show how you will attract customers despite the competition.

**Include information covering the following:**

- **The Market**  
Size, historical data, developments and current key factors/issues
- **Your Customers**  
Who they are, how you know they will be interested in your products or services, why they will buy from you
- **Your Competitors**  
Who they are, how they work, their share of the market
- **The Future**  
Anticipated changes, your capabilities for change, contingency plans, competitor developments

## Marketing and Sales

This section should describe the specific activities you intend to use to promote and sell your products and services. It is worth taking time to ensure your marketing and sales strategy is both realistic and achievable as evidence of a strong sales and marketing section indicates you have a clear idea of how you will get your products and services to market.

The information you provide should answer these questions:

- How do you plan to position your product or service in the market place?
- Who are your customers? Include details of customers who have shown an interest in your product or service and explain how you plan to go about attracting new customers.
- What is your pricing policy? How much will you charge for different customer segments, quantities, etc?
- How will you promote your product or service? Identify your sales methods, eg direct marketing, advertising, PR, email, e-sales..
- How will you reach your customers? What channels will you use? Which partners will be needed in your distribution channels?
- How will you do your selling? Do you have a sales plan? Have you considered which sales method will be the most effective and most appropriate for your market, such as selling by phone, over the internet, face-to-face or through retail outlets? Are your proposed sales methods consistent with your marketing plan? And do you have the right skills to secure the sales you need?



## Your team's skills

Your business plan needs to set out your own background and skills and the structure and key skills of both your management team and your staff. It should identify the strengths in your team and your plans to deal with any obvious weaknesses.

### The Management Team

Your Management Team can be an influential factor if you are presenting your business plan to external investors/funders. It is therefore important to explain who is involved, their role and how it is key in the organisation. Include a CV or paragraph for each individual, outlining their relevant experience, skills and qualifications. Investors will be looking for a good balance of skills such as finance, sales and marketing, and management.

### Your People

Provide details of your workforce including how many employees they are and their areas of work. Remember to explain any outsourcing/sub-contracting needs.

You should include any details related to recruitment or training plans, including timescales and costs.

## Your Operations

This section should focus on the operational functions and capabilities of your business and any improvements you are considering for the future. Ensure you include information for the following key points:

### Location

- Premises
- Tenancy/Contracts
- Advantages/disadvantages of your location
- Future plans (e.g. expansion, relocation etc)

### Production

- Production facilities (e.g. in-house, outsourced etc)
- Details of facilities (e.g. age, cost, maintenance costs, ability to meet demand)
- Future costs and/or investment needs
- Who are your suppliers?

### Management-information systems

- Details of procedures (e.g. quality, stock, production, management accounts)

### Information technology

- Detail the systems used, their strengths and weaknesses, and future development plans in this area

## Financial forecasts

You will need to provide a set of financial projections. These should provide an accurate reflection in numbers of what you have already stated about your business.

The following points need to be considered carefully:

- What capital, if any, is needed
- What security you can offer lenders
- How you plan to repay any borrowings
- Sources of revenue and income

## Financial planning

You should provide forecasts for the next three years (or even five depending on who you are presenting your plan to). The first 12 months' forecasts should have the most detail associated with them.

It is important for potential investors/lenders to see the thinking behind your numbers, so ensure you include the assumptions made in your projection (costs and revenues).

Your business plan should include the following financial statements:

### Sales Forecast

The amount of money you expect to raise from sales.

### Cashflow statements

Your cash balance and monthly cashflow patterns for at least the first 12 to 18 months. The aim is to show that your business will have enough working capital to survive so make sure you have considered the key factors such as the timing of sales and salaries.

### Profit and Loss Forecast

A statement of the trading position of the business: the level of profit you expect to make, given your projected sales and the costs of providing goods and services and your overheads.

### Risk Analysis

Alongside your financial forecasts it is good practice to show that you have reviewed the risks your business could be faced with, and that you have looked at contingencies and insurance to cover these. Risks can include:

- competitor action
- commercial issues - sales, prices, deliveries
- operations - IT, technology or production failure
- staff - skills, availability and costs
- acts of God - fire or flood



## Tips for presenting your plan

- Keep the plan as clear and concise as possible. Avoid lengthy sections.
- Use a professional format – even if you will be the only person to see it.
- Include a cover or binding and a contents page with page and section numbering.
- Start with the executive summary.
- Make sure it is legible – use an appropriate font size such as ten point or above.
- You may want to email it, so ensure you use email-friendly formatting.
- Get at least two people to read it and check that it makes sense.
- Obtain feedback from expert advisers such as your accountant.
- Avoid jargon
- Attach important information such as market research data or balance sheets as appendix at the back of the document.

Remember to update your plan regularly to reflect changes, improvements and development.