

Business Plans

Writing a business plan before starting a business reduces the trial and error factor (which can be a very costly process) and will prevent obvious mistakes. The more you put into developing your business plan, the more you will get out of it.

Once you have done the necessary market research and decided to go ahead and start your own business, your next step is to write a business plan that develops the following points:

- Where the business has come from?
- Where it is now?
- Where it is going in the future?
- How it intends to get there?
- How much money it needs to fulfil its plans?
- What makes it likely to succeed?
- What threats or disadvantages must be overcome on the way?

Your business plan can range in length from a few typed sheets of paper to several hundred pages. However, since professional readers of business plans - bankers, venture capitalists, Angel Investors and Local Enterprise Office executives - can be offered more business plans than they can digest, the more concise the business plan, the more effective it will be.

Business Planning

The business planning process for start-ups can be formal or informal, can be completed in a weekend or take several months working full-time. What is important is that you consider - and at the end of the process, are able to answer - the following 'Key Questions'

Business Planning

Business planning is a process carried out to define the goals of the business and the means by which they will be achieved. The process involves a thorough analysis of the major factors involved in achieving the success of the new business. The output from the process is a written business plan that records the final decisions and targets. The real value of the business plan comes in the thinking about the business that is necessary before you can write down what you plan to do.

- Do I understand the process of business planning?
- Am I the right person to set up and run a business?
- Have I got a feasible idea?
- What formalities must I complete before I start my business?
- What sales do I expect and how will I generate them?
- How, and with what resources, will I meet my planned sales?



- Can I describe the people I will need and how I will organise them?
- How will I fund my business?
- Have I the best plan possible?
- Have I got a business plan document that does justice to my planning?

A business plan has many functions, which change as the business develops:

- It makes an idea measurable
- It gives a complete picture of a business
- It gives insight into all the aspects of the business
- It is an exercise to assess the viability of an idea
- It helps people to familiarise themselves with all kinds of possible problems
- It is a communication tool for use with suppliers, clients, advisers, banks, funds, etc
- It can be used as a reference point in history
- It is a planning tool for the future
- It is a teaching tool for the entrepreneur
- It provides a step-by-step approach towards reaching a decision
- It is a way of assessing an existing business
- It is a working manual for the entrepreneur
- It is a checklist for the entrepreneur, bank, funding agency, etc.

A business plan can be written for:

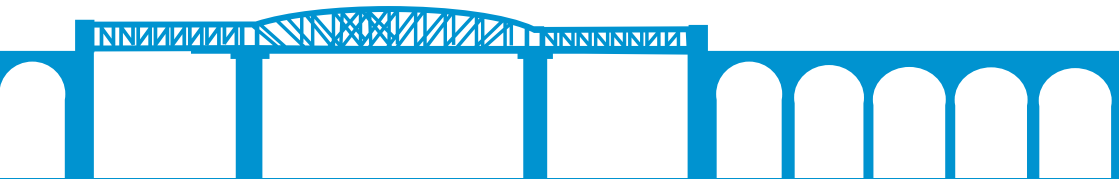
- An entrepreneur
- A potential business partner
- Private investors or venture capitalists
- Suppliers
- Banks
- Local Enterprise Offices or other enterprise support bodies

Each type of business plan is slightly different - but only in emphasis, not in its core job of explaining the proposed direction of the business. A business plan can have several purposes. The main ones usually are:

- To establish the fundamental viability of the business
- To document a plan for the business
- To act as a yardstick for measuring progress against plans
- To communicate plans for the business to outsiders, particularly those you want to invest in the business

Although the business plan is used most often as a marketing document for raising finance, even if you do not need to raise finance, you should still prepare one since it will:

- Focus your thoughts
- Check your numbers
- Provide a basis for monitoring results
- Enable communication of your ideas



The Structure of a Business Plan

When written for readers external to the business, the purpose of the business plan is to communicate. Therefore, it must have a structure that is easily followed and understood by the person reading it. Typically, the structure of a business plan is:

Executive Summary

This is the first part of a business plan to be read - and, because of its importance, the last to be written. Here, in less than a page, the entrepreneur should summarise the key points of his/her plan.

Introduction / Background

This is the start of the business plan. Here, you should set out the basic information that a reader will want to know about your business:

- The purpose of the plan
- Business name and your own contact details
- Whether it is in operation or has yet to start
- The business objective
- The product/service range

Project Outline

Here, you should go into more detail about the business:

- A description of the business
- Its mission statement
- Trends in the industry
- Targets that you have set

This section gives the reader a sense of what you are setting out to achieve.



