

Business Plan Guide

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European Union
European Regional
Development Fund

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GENERAL TIPS

Before you get started, keep the following tips in mind:

- Avoid jargon and repetition
- Write with clarity and write succinctly
- Use graphs, tables, graphics, photographs or bullet points to break up blocks of text
- Check for grammar and spelling. If you can't provide a professionally presented business plan, it's going to be very difficult to get someone to part with their money!

INDEX

An index helps prepare the reader for what's in store in the rest of the document! You can add or delete any items that you like, but we suggest the following key sections:

1. Executive summary
2. Products and services
3. Market research
4. SWOT analysis
5. Your key competitors
6. Marketing and sales
7. Personal profile and team skills
8. Operations
9. Policies
10. Financial forecasting notes
11. Appendices

1. EXECUTIVE SUMMARY

Write this section last!

This section can be written in bullet points and should highlight the KEY points of your plan:

- Who are you?
- What's your business?
- What legal entity is the business?
- Why did you set up the business?
- When did you (or do you intend to) commence trading?
- How much capital does the business require to start-up?
- Where will the business be located?
- What is your financial goal?
- What is your vision for the future?

2. PRODUCTS AND SERVICES

This is where you need to clearly describe what your business does. Tell the reader what you do, what you have to offer and why people will want it.

- Type of business and the sector you are in
- Key features of your industry
- Any relevant history (e.g. if you acquired the business from someone else)
- Describe EXACTLY what your products / services are
- Avoid overly technical detail in the main body of the plan – use the Appendices for this
- If there is more than one product or service, detail each one and, if possible, indicate what each will contribute to the overall turnover of the business
- Make sure you indicate whether your product is patented or you have any intellectual property protection for your product / services / brand
- What makes your products / services different in the marketplace?
- What benefits do your products / services offer?
- How you plan to develop your products / services (feedback forms etc.?)

3. MARKET RESEARCH

This is where you need to demonstrate that you know what is going on in your market (MARKET RESEARCH), you have a good idea of who you will be selling to (CUSTOMERS), and you know you are up against (COMPETITION).

You should also detail the following information if it applies to you:

- Have you sold your product/services to customers already?
- Do you have customers waiting to buy your product/services?

YOUR MARKET

Quantitative evidence:

In other words, the facts & figures. You may like to think about things like:

- What your market size potentially is
- Whether the market is static / declining / expanding / seasonal and the reasons for this
- What trends there are
- What the customer demographics are
- Any historical data
- What the current issues are
- What potential barriers you may face

Qualitative evidence:

This evidence is more about feelings and opinions, which you might gather through things like questionnaires, surveys, interviews and focus groups results.

Some good places to find information are.

- www.upmystreet.com
- www.statistics.gov.uk
- www.direct.gov
- www.oxygen.mintel.com
- www.marketresearch.com
- www.communities.gov.uk

YOUR CUSTOMERS

For this section, you might like to ask yourself the following questions – think about HOW you know this information too (do you have any evidence?):

- What are the characteristics of your ideal customer? Are they individuals or businesses?
- For individuals, consider age, gender, shopping habits, social etc.
- For businesses, consider size, industry, location etc.
- How do your customers buy? What are their purchasing habits?
- Why customers will buy it and how do you know this?

If you're selling to other businesses, you might like to ask your customers some of the following questions:

- How and when do your customers make their buying decision?
- Who is involved in the buying decision? Who else has influence on the decision?
- Where do they get their information from to make their decision?
- Who do they currently buy from?
- Why do they buy from them?
- How satisfied are they?
- Do they have a specific defined need for your product / service now? If not, what about the future?

4. SWOT ANALYSIS

A SWOT analysis is a planning tool that helps you evaluate the strengths, weaknesses, opportunities and threats involved in a project or in a business venture. You can use bullet points.

Strengths and weaknesses are usually internally focussed – all about you and things you have direct control over – whereas opportunities and threats are externally oriented – things outside your control but that have the potential to impact upon your business

STRENGTHS	THREATS
•	•
WEAKNESSES	OPPORTUNITIES
•	•

5. YOUR KEY COMPETITORS

You should consider who are they? How do they work? What do they offer? Use the table to write this information out neatly. You might also like to consider why people will choose to buy from you rather than your competitors, and write something about this in the 'Additional information' section below.

Don't forget online competitors!

Name, location and business size	Products/services	Price	Strengths	Weaknesses

Additional information:

6. MARKETING AND SALES

This is where you need to explain your route to market and how you intend to market and promote your business. Consider writing about some of the following things:

- How do you plan to position your products / services in the market place, including the advantages that you have over your competitors?
- What guarantees can you offer?
- Who potentially is directly and / or indirectly in contact with your ideal customers?
- Who are the 'Top 10' prospects that you have identified and why?
- Who could you collaborate with?
- How have you calculated your prices?
- What is your value proposition?
- What are your terms and conditions of trading?
- What message will you use to promote your products / services?
- What strategic alliances could you make that will give you greater access to specific markets?
- How will you add value to your products / services to encourage your customers to buy from you?
- What will your marketing budget be and how often you will do it? i.e. initial marketing campaign with follow up marketing etc.

You can also use the table to detail some of the key tactics you think you'll use and how much they'll cost.

TACTIC:	COST:
<p>Website:</p> <ul style="list-style-type: none"> • Will you have a website? Who will create it for you, and how will it be hosted? What content will you need on there? 	
<p>Email:</p> <ul style="list-style-type: none"> • How are you going to do this? Yourself or professionally? What platform will you use? Remember, there are rules about contacting people through email marketing. 	
<p>Leaflet distribution:</p> <ul style="list-style-type: none"> • Who will print and distribute you leaflets? Where will they be distributed, and to how many households? 	
<p>Advertising:</p> <ul style="list-style-type: none"> • Where will you advertise? Online, magazines, newspapers, radio? What is their readership / listenership? What types of people read these publications or listen to the radio? Which types of businesses advertise in them? Will you use search engine marketing (SEM)? 	
<p>Tele-sales:</p> <ul style="list-style-type: none"> • Is this relevant for your business and if so, how will you go about it? 	
<p>Events / conferences:</p> <ul style="list-style-type: none"> • Markets, shows, trade fairs can also be good ways to reach lots of people and tell them about your business. Which ones are in your area? Who attends? Who else exhibit / attend? When are they held? How much does it cost to exhibit? What will you need on the day? 	
<p>Memberships:</p> <ul style="list-style-type: none"> • Associations, Chamber of Commerce, networking groups can all be good forms of networking. Before you spend lots of money think about what will deliver the best value: why that association / group? How many members do they have? Who are they? What do they offer? 	

Special offers:

- Could you run any special promotions to attract sales? Two for one deals? Refer a friend? Special giveaways? Discounts?

7. PERSONAL PROFILE AND TEAM SKILLS

This section is all about you, and the expertise within your team. You should detail any of your experience, attributes and qualifications in direct relation to your proposed business.

If you are employing staff, explain who you are looking for, the skills they will require, where you will recruit them from, how you will train them, what your training budget will be

If relevant, include an organisation chart to show how everything fits together.

8. OPERATIONS

Location:

For this section think about:

- Where will your business be located?
- Are you buying or renting your business premises?
- What terms have you negotiated (rent free periods, refurbishment contributions, stepped rent etc.)
- If you produce or sell any products (retail / wholesale), describe exactly how you are going to do it
- What do you need the investment for? Detail what you need, why you need it and what it will cost
- Who will your suppliers be? Why? Will you have a contract with them? What are their terms and conditions (paying money out!)? What is your back up plan if your primary suppliers let you down?

Management information:

For this section think about:

- What process will you use to collate important management accounting information (spreadsheets / accounting software / on-line systems)?
- How will you monitor the quality of your goods or services? (Feedback forms etc.)
- How often will you have a management / board meeting and what will you include in the agenda? (Remember, these kinds of meetings should be minuted!)

Support:

For this section think about:

- Who are you working with to support your business?
- Have you had any mentoring?
- What professional services have you engaged with to help you?

9. POLICIES

Administration:

For this section think about:

- What paperwork do you need to put in place before you start trading? e.g. business cards, email footers, terms and conditions, enquiry forms, quote forms, invoices, receipts.
- What legal aspects do you need to consider? e.g. complaints procedures, health and safety, environmental, equality, disability, data protection etc.
- What types of insurance do you require?
- What licenses and permissions are necessary for your business to trade?

Taxation:

For this section think about:

- The different types of tax and national insurance that you may be liable for within your business
 - VAT
 - Corporation Tax
 - Personal Taxation
 - National Insurance Class 2
 - National Insurance Class 4

Exit strategy:

For this section think about:

- Outline your exit strategy – this may include seeking investors, selling the business or passing it on to members of your family
- How will you pay back the loan if the business is unsuccessful?

10. FINANCIAL FORECASTING NOTES

Arguably one of the most important sections of your business plan. You should write this in conjunction with the cash flow forecast and personal survival budget template we've provided on the 'Useful resources' page of our website.

Some things to think about include:

- **Sales** – the amount of income you expect to raise from sales.
 - How have you calculated this?
 - What assumptions have you made?
 - Evidence needs to be provided as to how you reach these sales projections (i.e. how many products are you going to sell per month – why you arrived at this figure – tie this back to your market research)
- **Cost of sales** – the cost to produce your product or buy in the materials for each of your sales
- **Expenses**
 - What will your expenses (variable costs / overheads) be to run your business?
 - What do you need to draw out of the business (drawings)? (The minimum should be your personal survival budget. Remember this is your take home /net pay!)
- **Wages** – if you are employing staff, this figure should be their take home / net pay.
- **Tax / NI** for both your drawings and any staff wages
- **Cash flow** – the cash balance and monthly cash-flow include capital introduced into the business through own funds or loans
 - Detail the sources and uses of funds for the business – these must all be included in your cash flow forecast.
 - Do you have any evidence supporting revenue and cost assumptions? (e.g. supplier cost contracts, marketing quotes, tenancy agreements and product costs?)
 - Make sure to project a conservative sales forecast within the first 3-6 months
 - Is your cash flow still positive after the initial set up costs? If not, you need to reconsider either cutting the costs or changing the amount of the loan that you require.
 - It is advised you do not over inflate your expected revenue in order to make this cash flow work – this will only make your cash flow difficult to maintain over the coming year.
- **Breakeven point** – have you identified a breakeven point within the first year of operation? If not, provide commentary around this.

- Seasons / trends: have you ensured that cyclical/seasonal trends are reflected in your sales figures? (i.e. will you be producing more ice coffees in Summer than in Winter? Will this product produce higher sales figures? Will it also produce a higher cost margin?)
- And finally, have you included your Start Up Loan repayments in your cash flow forecast? Obviously, this must demonstrate that you can afford to repay the loan!

11. APPENDICES

You can include a range of documents in your appendices to support your business plan at your discretion. Some of the things you may like to consider include:

1. Certificates / regulatory / contracts

- Copies of any educational, vocational, professional certificates and diplomas
- Accreditations
- Insurance policies / certificates
- Trading licenses / permissions
- Sales contracts
- Supplier contracts

2. Orders / contracts secured

- Copies of any orders placed with your business or contracts signed
- Commitment to purchase your goods or services
- Outlets / intermediaries who have agreed to sell on your behalf
- Agencies / intermediaries who agree to refer business to you
- Testimonials from existing customers / clients / agencies / intermediaries

3. Equipment / resources already possessed and required

- List of capital equipment and resources already put into the business
- List of capital equipment and resources, if required
- Cost

4. Asset & liability statement for both personal and business

- List the details and values of all your assets and liabilities (self-certified)

5. Market research findings

- Self-conducted (summaries, charts etc.)
- Professionally sourced
- Survey forms (summaries, charts)
- Feedback form results (charts)
- Business references and testimonials

Cash flow and personal survival budget guidance

If you are applying for funding, you will need a comprehensive cash flow such as our example used by Government provide Start-up Loans.

CASH FLOW GUIDANCE

- Green cells will calculate automatically and should not be edited.
- Enter Start Up Loan amount in the pre-start cash in [cell E15].
- Enter Start Up Loans monthly re-payment in first month expenses which will pull through subsequent months [cell G24].
- Replace zeros with your relevant business revenues and expenses.
- Amend the revenue and expense categories as necessary to suit your business
- Owner salary is assumed from the personal survival budget.
- Include your bank opening balance in the pink [cell E54].

Make sure of the following:

- Revenue and cost assumptions are realistic and supportable.
- Cash inflows and outflows are input accurately (all numbers should be positive).
- Be conservative with the cash flows within the early months of business trading.
- Cash flows should be positive after all set-up costs have been incurred.
- Incorporate all expected start-up costs within the cash flow forecast.
- Incorporate Start Up Loan repayments in expenses.
- Account for any other debt repayments you will incur in the cash flow expenses.
- Ensure that the start-up costs demonstrated in your cash flow statement correspond to your business plan.
- Your cash flow forecast must run for at least two years.

CASH FLOW FORECAST

APPLICANT NAME:

COMPANY NAME:

DATE:

Revenue	Pre-start	Month of FIRST YEAR trading												Year 1 TOTAL			
		1	2	3	4	5	6	7	8	9	10	11	12				
Sales source 1 [please describe]	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales source 2 [please describe]	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity / cash introduced	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Start Up Loan / other loan cash in	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income (A)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure																	
Owner salary (If personal survival budget is in deficit) Note 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Start Up Loan repayments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other loan repayments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Business rent	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Business purchases [please describe]	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Inventory expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marketing expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Staff wages and taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Packaging	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Telephone / mobile	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Heat lighting & power	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Council tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Postage, printing and stationery	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Travel and car expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transport and delivery	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Computer expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repairs and maintenance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Legal and professional fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equipment leasing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VAT payments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other expenditure [please describe]	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other expenditure [please describe]	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total expenses (B)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash flow (A-B)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Monthly opening bank	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash position	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Comments and assumptions:

Note 1 - Owner Salary is assumed from Personal Survival Budget. Equal to income from business necessary for applicant to cover personal expenses.