

GUIDE

Your guide to writing a business plan

Whether you're starting up or have already begun, a business plan is an essential tool. It keeps you on the right track. And, if used properly, it prevents unpleasant surprises, enables you to be flexible and helps you adapt to changing circumstances.

We understand that compiling a business plan can be quite daunting. That's why Business Gateway has developed a template. Using the template is an easy and efficient way to focus on your business and get organised.

This guide helps you complete the template. It sets out the different sections a business plan should cover, including financial forecasts.

By using this guide to answer the template questions, you're steered through the whole process, saving you time, effort and worry. Working this way, you get a comprehensive plan, ready for use. You can of course add appendices to give more details, for example, on research, evidence, analysis and other matters.

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1. Executive summary

It's a summary. So writing this section of the document usually comes last, after you've completed the other sections. When you complete the other sections, you'll find it pretty straightforward and quicker to write this section.

In this summary you **reiterate the highlights of sections 2-29**. You should also explain the purpose of the plan. For example, whether the document is intended for seeking funding from lenders and investors or looking for new partners. It could of course also be a strategic internal document.

2. Business details

In this section you set out the details of your business.

Give your business name. If it has a different trading name, include them both.

Your business address goes in here. For example, does it operate from a home, office, retail unit or manufacturing space? Or is it a mobile business or something different?

Enter your own contact details.

Mention the legal structure of your business. For example, sole trader, partnership, limited company, limited liability partnership, social enterprise or Community Interest Company.

Insert the date your business was or will be established.

If you've registered your business, you may be liable for corporation tax, so mention the registration date.

Your Business Registration Number goes in here. If you're not registered, just put 'Not Applicable'.

Have you registered for VAT? If so, mention the date when you did so and then your VAT number. If not, put in 'Not Applicable'.

Do you have an online presence? For example, a website, Twitter handle, Facebook page or Instagram account. Mention them all here.

3. Business overview

If you're a start-up, this is where you **explain your idea**, and what your proposed products or services are.

If you're an existing business, **explain what the business does**.

It may be useful to include a bit of background. For example, how you got to this position. Did you buy the business or are you the original owner? And do you own intellectual property, such as a patent or trademark?

In either case, explain **why the business should or does exist**, other than simply to generate profit for you.

4. Business goals

Describe **what you want to achieve in the coming year**.

This can be a financial or a non-financial goal.

If you're a start-up, you may simply want to break-even by a particular date, make a specific amount of profit, get a set number of clients or have your product stocked in particular stores.

If you're already trading, you may want to break into another geographical market, launch new products or services or increase (or decrease) your workforce.

In either case, try to be precise. **Use SMART objectives** – specific, measurable, achievable and realistic. Then you can tell

when you have reached them. Or they give you a benchmark, so that you know what to change or improve in order to achieve it.

After that, **describe where you see your business in 3-5 years' time**. These longer-term objectives don't need to be so precise. However, the more precise, the easier they are to plan for.

5. Target market

Say **what type of customers you're aiming at**. For example, consumers, businesses or organisations.

When you're aiming for consumers, include their age and gender.

When aiming for businesses or organisations, mention the size of their business.

What about their location? For example, where they live or work. State it here.

Describe the **key characteristics of your customers**.

List what they care about most when it comes to your product or service. For example, what influences their buying habits – price, quality, speed of delivery, environmental issues or ethical concerns.

What are their reasons for buying from you? For example, why they wouldn't buy the same product or service from somewhere else.

You can get this type of information from a variety of sources. For example, marketing questionnaires, surveys, focus group reports, online research, social media, testimonials from customers and personal experience.

If you target different customer groups or segments, you may have to give several target profiles.

6. Market overview

This section **shows how much you know about the market in which you operate**. Try to be precise and use your experience or research to complete this section. Please visit bgateway.com/your-sector for more information about each market.

Just as in the target market, many sources provide market data. You can also visit trade fairs or conduct mystery shopping to get more information.

Describe the size of the market. What is the market outlook – do you see it growing in years to come? What are the key features and are there any specific trends?

7. Competitor analysis

In this section, look at **outlining the main competition**. Who are your main competitors? What are their products and prices? You should gather up-to-date information on at least three competitors. That may take some time, if you haven't already done so. For this purpose, you can study competitor websites. You can also buy and try out their products.

You might want to consider the following:

- » Three competitor names and locations.
- » What products or services do they sell?
- » What do you see as the strengths of their business?
- » What are their weaknesses?
- » What prices do they charge?
- » If you know, mention their market share or position.
- » If they have one, describe their reputation.

8. SWOT analysis

A **SWOT analysis** is a good way to reveal insights and flag up risks, whether you're starting or growing the business. It also helps in the future, when you're assessing your situation and have to change your plan.

Strengths and weaknesses are internal – about your business. Opportunities and threats are external – factors that affect your business.

Describe your strengths. For example, you have a superior quality of product, specialist team or wide range of services.

Mention your weaknesses. For example, a lack of finance or staff, dependency on one supplier or reliance on one main customer.

List the opportunities. For example, an increasing market for your product, clear gap in the market, new technology or business partnership.

Don't forget threats. For example, you could face increased competition, an economic downturn or a change in legislation, which will make trading more difficult for you.

9. Competitive advantage

This section shows you're clear about **why you feel your business can survive profitably in a competitive market.**

- » What do you see as a gap in the existing market?
- » How do you differ from the competition?
- » What is your unique selling point? Any points of difference?
- » What proof do you have to make each claim? If you don't have any supporting evidence then you won't be able to claim it and will need to find something else to justify your competitive advantage.

10. Sales

Describe **how you sell your product or service.** For example, on the internet, through a retail outlet, or both. Also highlight whether you're selling to individuals or organisations. Or if you're using or planning to use an agent.

This should be a general description. Later in the form, you have to calculate the costs involved in selling, including management time or commission fees.

11. Promotion

This section shows **how you promote your business**.

You should say how you inform customers and persuade them to buy your product or service. For example, through social media, advertising, direct mail, exhibitions and conferences, websites and PR.

Promotion costs are measured in money and time.

12. Management team

In this section you **mention the key people in your business**.

It may only be you, but you could also have a management team, in which case you should give profiles of all managers.

Management team:

- » List the names of your management team. Mention their responsibility in your business. For example, in production, sales, marketing, finance or administration.
- » Who do they report to?
- » Do they have experience relevant to the business?
- » Do they bring investment to the business?
- » What key skills do they bring to the business?

You may want to have somebody who would be in charge should anything happen that prevents you from fulfilling your own role. You can include this in section 24 when you describe risks.

In addition, you may have advisers and access to support services, for example through business networks, including accountants, independent financial advisers and tax advisers. You can also outsource business functions. For example, book-keeping or secretarial work.

Advisers and support services:

- » List the names of you advisers and support service suppliers.
- » Describe the advice, services or support they supply.
- » Mention their contact details.

| Method | Detail | Success will be measured by | Competitors using method? | Costs |
|--|------------|--|---------------------------|---|
| Print advert in local free community newspaper | ½ page ad | Number of people phoning up for more information | No | £50 |
| Advert in Gumtree | Display ad | Number of people phoning and booking services | Yes | 1 hour taking photos and writing and posting the ad (calculate the cost of one hour of your time) |

13. Staff

Here you should **state how many employees you have or need**, in addition to the management team mentioned in the previous section. Say whether they have or need any special skills. Are there minimum national standards/ employment regulations which you need to bear in mind?

14. Premises

Describe in detail **what premises you have or are looking for**. For example, a home, rented or bought property. If there's a lease involved, mention the length of lease. List all the related costs. For example, rent, mortgage, gas, electricity, telephone or furniture purchases.

It's also useful to state whether you'll be considering changes in the future.

What are the advantages / disadvantages of your current location, if the business is to grow, change or move?

15. Equipment

This section shows **what resources you have or need in terms of equipment and machinery**. There's room for three resources – X, Y and Z, but mention more resources if they're needed.

- » What is the resource you need?
- » Do you already own it?
- » What's the current value? There are separate boxes to say what the value is if the resource is bought, updated or replaced.
- » When do you need the resource?

16. Suppliers

This section **lists your main three suppliers**. A good relationship with suppliers is essential for success, as it should mean timely delivery, good quality and efficient cash flow.

- » Give the names of the suppliers.
- » What products or services do they supply?
- » What is the number of days credit they offer?
- » Describe your reasons for choosing them.
- » Are there any risks?
- » Do you have a tendering process?

17. Distribution

Here you **describe how your customers actually get your**

products. For example, by post, courier, wholesaler, distributor or retail outlet.

If you're selling a service, explain how it's delivered to your customer. For example, by you in person or an intermediary.

Mention the costs to you of using these distribution channels.

18. Transport

Describe the transport you need. For example, for goods, equipment or yourself, to meet clients. Mention who conducts the transport, how you travel and what it costs.

19. Insurances

This section **lists the various policies you need.** For example, insurance to cover public liability, goods in transit, buildings and contents, employer's liability, product liability, vehicle, legal expenses or stock.

You should take professional advice on insurance matters. For example, on what policy suits the size of your business or getting the best deal. You can also explain how updating and renewing policies affect your cash flow.

There's room for three insurances but mention more policies if they're needed.

Give the name or the type of insurance.

- » Who supplies it?
- » What is the renewal date?
- » What does it cost?
- » Could you be getting a better deal from a different insurance company?

20. Management information systems

Here you **described what management information systems you have in place**. For example, on book-keeping, sales data, stock and quality control. You should also explain whether they can cope with any proposed growth of your business.

21. IT

Describe the IT systems you have in place or still need.

For example, if you have or plan a website, you may require content management and payment systems, e-commerce engines, CRM packages and other software. Also mention the hardware you have or need. You can also explain whether these systems will cover any expansion you have in mind. It's important to include any related costs, for example hosting or server costs.

22. Legal

This section **lists the licenses you have or need**. For example, a food licence from a local council, regulatory standard such as ISO 9000, or voluntary registration such as Investors in People. Or do you need a patent, trademark or copyright?

- » What is the name of the licence or permit?
- » Who issued it?
- » What is the renewal date?
- » Mention the cost, if applicable.

23. Costs and pricing

This section **lists the costs to produce and deliver your products or services**, and the price at which you sell them.

Include overhead items such as rent costs, utility bills, wages and national insurance contributions. You also need to include your time that is or will be invested in production and delivery. If you already know your hourly rate, then a basic formula for calculating costs is $\text{hourly rate} \times \text{hours}$.

If you're already in business, this may be a time to make adjustments. For example, with new suppliers, amended credit terms, more efficient equipment or reduced overheads.

Please use additional tables for more products or services.

24. Risks

This section **lists all possible risks to the business that would prevent you from trading**. For example, disappointing sales, planned investment falling through, inability to recruit staff, IT systems failure, competitors' actions, sudden changes in compliance law or environmental hazards.

It may be useful to include who can take charge of the business if you, for whatever reason, would be unable to fulfil your role.

- » Mention the risks you foresee.
- » How are you going to manage these risks?
- » Mention possible cost implications.

25. Financial forecasts

Financial forecasts are an essential part of a business plan, whether you're starting out or already in business. However, forecasts are only successful when they're thorough and realistic.

a. Start-up costs

If you are a start-up, use this table to calculate how much money you need before you start trading and how much you may need to borrow.

b. Personal survival budget

This section lists estimates of your own annual personal expenditure. It allows you to calculate your survival income – the minimum amount you need to earn from your business in a year – and determine how much you may need to borrow.

Include as many costs as possible.

c. Sourcing finance

Consider whether you need extra financial support to allow you to start-up your business or develop your existing business further. This simple table will help you calculate what you might need to borrow.

Consider what types of financing you want where it could come from eg it may be a loan or an increased overdraft facility. Do you need it all at once or should it to be staggered?

d. Profit and loss forecast

In this section you give a statement on the trading position of your business. It's a requirement of any business plan. It shows the profit you expect to make, the costs of providing goods and services, and your overheads.

You may have to make assumptions. If you do that, you should note it in your plan. It's useful to provide a range of forecasts. For example, three forecasts, including expected, pessimistic and optimistic sales figures.

If you're a start-up business, this table allows you to determine your break-even date.

Include as many figures as possible.

e. Cash flow

In this section you forecast when money comes in and goes out of your business. Getting this right helps you ensure that there's always enough cash to pay expenses when they are due, and to avoid having to raise extra money or cease trading.

The table allows you to include income and expenditure for a 6-month period, with subsequent tabs for the time after the initial six months.

For more information visit www.bgateway.com
or contact your local Business Gateway office for
further guidance on the next steps and further
support on developing your business.

To download the template visit
www.bgateway.com/businessplan