

Business Plan Guide for New Businesses

This business plan guide is designed to help you think your ideas through; as a result you will have a much clearer idea of how to take things forward having identified many of the potential pitfalls and how you may overcome them. There is a separate document to help you with the important financial forecasts which will help you to determine whether your business will be profitable or not and may encourage you to rethink some of your ideas.

Executive Summary

The aim of the summary is to gain the full attention and interest of the reader. It should be an overview of the plan with reference to key people, the main objectives and how they will be achieved. The executive summary should be written last but will appear at the front of the plan.

Introduction

This is where we give background information; discuss the concept and the rationale for starting the business. Business status sole proprietor, partnership or Ltd. Company could also be noted here.

Products/Services

Try to make clear what it is that you are offering whether products if you are producing something or the service you intend to provide. Is it just a product or service that you are offering or is it a lifestyle statement or a totally new concept? What are the main features and benefits of the product/service?

Premises

'Location, location, location'. Deciding where to set up a business is a major decision. Do you need to be high profile? Does your image require you to operate from a prestigious office or from a high street outlet? Do you rely on foot traffic? Would customers track you down no matter where you were trading from? Do clients need to visit your premises or is it simply a base? Can you work from home or is work to be kept separate?

Equipment

What do you need to get started? It is sensible to buy only what is essential in the early stages with planned introduction of other items. Do you need to buy new? Sometimes second hand will do very well until some income has been generated or the expenditure has been fully justified.

Leasing of larger equipment should also be considered as this will help to spread the cost and may enable you to buy newer, better, more efficient equipment than you could otherwise have considered.

Suppliers

Who will supply you with goods and materials, what kind of credit agreement have you negotiated with them? Have you selected your suppliers for ethical or environmental reasons? (Your customers may select you for these same reasons).

Mission Statement

A mission statement is an explanation of the vision and purpose of your business; it captures the culture and what it is that is special about what you are offering. Many large organisations have a mission statement with a strap line and you will see this used in much of their advertising. If ever you feel that you are moving off track it can help get you back on target.

Your Vision and Goals

It is important that you have clearly defined goals; it is then possible to work out one step at a time how they can be achieved, working continuously towards your vision. You may have a very clear vision or this may develop as you gain more confidence in your self and what you are able to achieve. Remember when setting your goals to be specific following up every statement with how, where, why and when they will be achieved. The goals should also be measurable and may include turnover, personal income, number of employees or number of clients by a specified time. Be realistic about the length of time different stages will take. You should include short term goals (1-2 years), medium term (2-5 years) and long term (5 years plus).

Marketing

Who and where are your customers? Who are your competitors? More importantly will your target clients buy what you are offering? Marketing is about understanding who your customers are and how to communicate with them. A marketing strategy should be central to your business plan, supported by evidence from research carried out. It is essential that you know where the sales will come from and to have a planned approach with joined up thoughts. Innovative marketing ideas are what will set you apart from the competition. A large section of the business plan should be dedicated to marketing with the following headings:

- Market research
- Competition
- Your USP (unique selling point)
- Image/Branding
- Advertising/promotion
- Networking (including social networking)
- Sales
- Website
- On-line marketing

Although social media may play a big part in your marketing it stills requires a planned approach to ensure that you get a return on the time you invest in it.

Skills Analysis

What skills does your new business need? What skills do you and the key people in running the business already have? Is there a gap to be filled between the two? Having identified the gaps you can plan how they will be filled.

Training Needs

When employed within an organisation there is usually a training program in place so that skills can be constantly updated and developed allowing new practices to be taken on board. When working for yourself it is important to continue with personal development and the best way to do this is to draw up a personal development plan setting targets for realistic achievement.

If you employ staff, training them will not only make them better at their job but shows that you value them. A highly motivated workforce is of the greatest value to any business, it's worth considering your own situation as an employee, what made or would have made you give that little extra to the organisation.

Business Administration and Use of Technology

There is usually more to administration than just keeping the books but it's a good starting point for discussion. Financial control of the business is important and this means keeping the accounts up to date. If you are VAT registered and submit a quarterly return you have a built in discipline usually four times a year. You may choose to keep your accounts manually or use a software package.

As you begin to build a client base it is useful to record client information for future analysis. Good CRM (customer relationship management) will help retain customers, help identify trends and opportunities. Software packages are available for this purpose although simple databases can also be effective.

Are you aware of changing technologies and how they can be effectively used within your business?

Trade Associations

Membership of trade associations can have many advantages - they keep you up to date with industry specific news, legislation, new philosophies and much more. Many offer access to sources of information such as library services and often free legal advice. Insurance for members has often been negotiated at a competitive rate too.

Some trade associations offer accreditation with qualified membership, this is usually worth seeking, as it will give greater credibility in the early days of business while you are trying to establish yourself, it will also give additional confidence.

Insurance

If you are working from home it is essential that you inform your insurance company. You may not be charged extra but it is important that your activities are noted on the policy to avoid problems should you need to make a claim.

The same applies with car insurance. There are a number of different types of insurance that you may wish to consider including Professional indemnity, public liability and employers liability. Talk to a broker for advice or better still go through your trade association or professional membership organisation.

Legalities

There are a number of legalities to be considered in any business. These include employment, health & safety, trading standards, licensing, contract law, data protection and intellectual property. Any changes that are made to legislation come into affect on either April 1st. or October 1st each year.

Personal Survival

Businesses usually take longer to establish than anticipated. This means that it may be some time before satisfying levels of income are generated, personal survival is often an area which is overlooked. If this is a concern it is a good idea to calculate income and expenditure for the past year and consider any areas that you can cut back in if necessary. Certainly look at your options such as mortgage holidays or a break in loan repayments if it seems they may be necessary.

Finance

Lack of financial control is one of the main reasons for business failure. Your business plan should include a financial statement – a couple of paragraphs that explain your reasons for seeking investment, the amount of personal capital you have invested or plan to invest and any grant or loan applications. How credit control will be handled and the procedures that you have in place may also be included.

A breakdown of start up costs, sales forecasts, a cash flow forecast and profit and loss forecast will be necessary.

Contingency Planning – What If....

So what could go wrong? Insurance can cover some of the financial consequences of disaster but there are many things that you need to consider that will prevent disruption to your business and loss of valued custom. Make a list of possible threats to your business whether environmental, political, technological or personal and plan how you will deal with each situation.