

Business Plan Guidelines

ABi Associates Limited 2009

Business Plan Guidelines

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Business Details

Name: Business Name

Contact: Contact Name
Contact Position

Address: Number Street
Town
County
Postcode

Tel: 020 8000 0000
Fax: 020 8000 0000
Mobile: 07900 000 000
Email: address@website.co.uk
Website: www.website.co.uk

Legal Status: Limited by share, Limited by Guarantee, Sole Trader, Partnership

Company No: 0000 0000
Registration Date: 01/01/08
Registered Office: Number Street, Town, County Postcode
Directors: Names (Executive Director, Non-Executive Director - for limited companies only)
Co. Secretary: Name (for limited companies only)

Trustees: Names (for charities only)
Executive Committee: Names (Roles - for social enterprises and charities only)
Chief Executive: Name
Managing Director: Name
VAT Registered: Yes/No
Charity Status: Yes/No
Number of Employees:
Business Activity: Main product or service types

** Delete as appropriate*

Executive Summary

This should be easy to do as this section is written only after the main body and the appendices of the Business Plan are completed.

The following represent the questions this section should address as a minimum:

- What is your business idea/concept?
- What are the products/services your concept is describing?
- What are your business objectives and how are you going to achieve them?
- Where will the business be located?
- How many employees will you have in the first, second and third years?
- How many sales do you anticipate in the first year, and what level of investment will this require?
- How much do you need to borrow (i.e. loan, overdraft, venture capital, lease hire, grant, bids etc) and what is the purpose of the loan?
- Who/Where are you requesting funds from?
- How much of your own funds are you committing?
- What is the purpose of writing this Business plan – a guide, a strategic working tool, a means to raise finance...

Financial Summary

These are key financial highlights which are already there in the forecast, but here are selectively isolated to reflect the key trends.

The projections should span, say, a forecast 1-2 year period, and should cover:

- Annual Sales
- Annual Cost of Sales
- Annual Gross Profit
- Total Overheads
- Gross Margins
- Break-even Sales (See Section 9.4)

About Yourself / Your Partners

Personal History

Basically your qualification, training and experience to date

You should cover the following:

- Relevant professional and academic qualifications.
- Relevant Training Courses attended.
- Relevant experience, especially skills applicable to the venture you are going into.

Your full CV (and those of other directors/ partners, if any) should be in the appendices.

Your business Idea

- The proposed business idea.
- What is unique about your idea?
- Why you have chosen the idea?
- What is needed to succeed – link it to the knowledge and experience listed above?

Business Objectives

You need to cover the following:

- What is your business **vision & mission**?

Short term Objectives – (1 year)

Medium term Objectives – (2-3 years)

Long term Objectives – (3+ years)

The final test is to ask yourself (and get a “yes”) about your objectives:

- Are they specific?
- Are they measurable?
- Are they agreed?
- Are they realistic?
- Have they got a deadline?

- What is your personal objective?

Products/Services

- What products or services will you be offering?

List and describe each one in terms of what it is, what it is used for, whether it is perishable and its physical characteristics and attributes.

- Will you manufacture them, buy them in, or sub-contract to specification?
- How much will it cost per unit?
- How long does it take to manufacture, or for it to be delivered?
- Who are your suppliers, and how will you guarantee quality?
- Are there any special packaging/storage requirements? What are they? How much will they cost?
- Are the users different from the buyers? Who are the users? Who are the buyers?
- What products or services compete with your product, and what advantage does your product have over them?

Unique Selling Point

- Your USP is what makes your offer 'better or different to the competition' (i.e. why should customers/clients who are currently happy change to you?).
- Your USP can relate to the products/services or to your business and the way you do things.
- Try to keep your USPs to about four so you do not dilute their impact.
- Avoid clichés (i.e. better quality than the competition or cheaper).

Suppliers/Sub-contractors

- Who are your suppliers or sub-contractors?
- Why have you chosen them instead of others?
- Have you got enough of them lined up, should the lead supplier fail for any reason?
- Are they quality accredited, and how long have they been trading?
- What are the terms of credit/discount/trade – if any?
- How far are your suppliers from you, and could affect your own ability to respond to customers?

Market Profile & Need

The Market

- How big is the market, both in volume and in financial terms?
- What is the geographical distribution of the customers?
- What element of the market have you identified?
- How does your product meet the needs of this market (niche) in a way that has not previously been met?
- Are there enough potential customers on which to build a viable business, even if only a fraction of them buy from you?
- Is the market growing, in a steady state, or declining?
- Is the market seasonal?

Market Research

This section is about **investigating** the market. You need to use all or some of the following:

Desktop Research:

Sources of information:

- Internet: www.upmystreet.com, www.keynote.co.uk, www.google.co.uk.
- Government Agencies: www.berr.gov.uk, www.statistics.gov.uk
- Libraries: relevant Industry sector magazines and directories, current business affairs newspapers, Yellow pages

Your objective is to discover the unique characteristics of the market you are targeting.

It really depends on what your products or services are and who your target customers are.

Field Research:

Going to the centre of action to interview customers or to observe their buying habits?

Develop a questionnaire to build in the questions you need answered; this can be posted or telephone canvassed.

You need to ask yourself for instance:

- Where do these target customers live?
- Where do they work?
- What newspapers do they read?
- What are their eating habits?
- Are they professionals or are they manual workers?
- Is it possible to segment the market in any way, say age, sex, geographical location, etc?
- Do you have any customers already committed to buy from you?

Show in the appendices a copy of any questionnaires used.

Questionnaires:

- Keep the questionnaire to one page and about 10 questions.
- Have a majority of 'closed questions' that can be measured statistically (i.e. Yes/No, numbers, a range of options 'Once a Day, Once a week, Once a month, More" or ratings like "Very Dissatisfied, Dissatisfied, Satisfied, Very Satisfied').
- The last question should clearly indicate to the client that you would like to sell to them - now or later when you start the business; and ask for their permission to keep their details on file so that you can contact them in future (as required by the Data Protection Act which you will register for).
- Networks: colleagues, competitors, ex-employers, friends, informal mentors, suppliers, clients.

Market Research Results

Give a summary of the analysis carried out on the results of your research, as bullet points.

Competition

- Who you are competing against?
Identify the 3 nearest ones to your business location.
- Who your indirect competitors are, i.e. those who sell substitutes.
- How do competitors set their prices?
- What medium they use in advertising, and how they advertise?
- What they compete on – is it on price, on quality, on service, etc?
- Which distribution channels they use?
- Their strengths and weaknesses?

SWOT Analysis

- For **STRENGTHS** and **OPPORTUNITIES** decide on how you will take advantage of them towards achieving your objectives
- For **WEAKNESSES** and **THREATS**, decide on how you will address them.

Business Plan Guidelines

Strengths

- Competitive advantages/USPs (unique selling points)?
- Resources, Assets, People?
- Experience, knowledge, data?
- Financial reserves, likely returns?
- Marketing - reach, distribution, awareness?
- Innovative aspects?
- Location and geographical?
- Price, value, quality?
- Accreditations, qualifications, certifications?
- Processes, systems, IT, communications?

Weaknesses

- Gaps in capabilities?
- Lack of competitive strength?
- Reputation, presence and reach?
- Financials?
- Own known vulnerabilities?
- Cashflow, start-up cash-drain?
- Continuity, supply chain robustness?
- Morale, commitment, leadership?
- Accreditations, etc?
- Management cover, succession?

Opportunities

- Market developments?
- Industry or lifestyle trends?
- Technology development and innovation?
- Global influences?
- New markets, vertical, horizontal?
- Niche target markets?
- Geographical, export, import?
- New USPs?
- Tactics - surprise, major contracts, etc?
- Business and product development?
- Partnerships, agencies, distribution?
- Volumes, production, economies?

Threats

- Political effects?
- Legislative effects?
- Environmental effects?
- IT developments?
- Competitor intentions - various?
- Market demand?
- New technologies, services, ideas?
- Vital contracts and partners?
- Loss of key staff?
- Sustainable financial backing?
- Economy - home, abroad?
- Seasonality, weather effects?

Marketing & Promotion

Having identified the market, researched it, you now need to say how you plan to reach the customers.

- How will you attract & retain customers?
- How will you get more from existing customers – if applicable?
- Who sells products complementary to yours and how will you deal with them. For instance, will you turn them into 'partners' or are you planning to sell those complementary products yourself?
- What image do you want to present, and how will you build it into every communication point?
- Have you sourced your distribution channels?
- Do you know what you can do better than your competitors? How will you exploit this?
- What is your pricing strategy?
- How will you advertise and promote your products; and how will you measure the effectiveness of your campaign?

Branding

Explain your branding:

- Corporate colours: One or two colours should be chosen for what they represent rather than your taste. Check the Internet for the meaning of colours (e.g. red = danger, passion etc).
- Corporate style of design: This should reflect your image (i.e. contemporary, old-fashioned etc). Who will design it, and at what cost?
- Logo: How your logo suits your positioning or explains how you will have one done, by whom and how much it will cost.
- Slogan: It should be short, punchy. The slogan should define what you do, how you do it and should be simple and memorable.
- Stationery: Who will design it, at what cost.

Promotional Literature

Describe the type of marketing literature you may want to include:

- Leaflets, brochures, banners, posters, merchandising, etc. How many? Who will design it, and at what cost?
- Specify whether your promotional material will be electronic or on paper. If on paper, get a quote for the cost of printing and specify how many will be produced.
- Explain how and where you will distribute the materials as well as the cost of distribution.

Website

If existing, give the website address and a summary of what it contains. If it is not ready yet describe:

- Domain name and corresponding email addresses.
- Design, including the number of pages, and content.
- Optimisation: Your website will only be visible if optimised.

Explain how you will ensure that your website reaches higher ranking in search engines and the cost of optimisation.

- Who will design your website? Specify design, and hosting cost.

Advertising

- Directories (Yellow Pages, specialised, online, paper etc).
- Magazines, newspapers, newsletters (generic, specialised, national, local etc).
- Websites, search engines (links, banners, pop-up windows etc).
- Advert panel, post-office, bus (inside, outside), underground, bus-stop, etc. Type & Frequency of adverts over the year & cost?

Marketing & Promotion

Public Relations

- Networking through attendance at events, exhibiting at fairs etc.
- Events such as launch or anniversary events.
- Press releases or advertorials in the media.

Detail each event, when it will take place, where and how it will be organised, the budget allocated and the objectives.

Marketing Budget & Schedule

Summarise your marketing strategy. List the marketing action, some of the details, the cost and corresponding suppliers. Refer the reader to the corresponding appendices.

Pricing Policy

In setting your price, remember:

- To cover your costs, unless you are operating a deliberate strategy of forcing your way in by under-cutting the competition.
- The invisible cost of downtime when you are quoting in the hope of getting an order. You are earning nothing during such times; and so you have to build that into your costing.
- Ascertain that the market will bear the final price you have arrived at by checking out the competition.
- State how you will monitor it, and how often it will be reviewed.

So, state clearly what price you have decided to charge, and how you arrived at that price. In addition, will you offer discounts of any sort? If so, why?

Management & Staffing

Management

- Who are the owners of the business, and will they be running it?
- What experience do they have, and how will they apply them to this business?
- What training courses have they attended, and how will they apply them to this business?
- What additional training do they require, when will it be provided, how much will it cost and who will provide it?

Staff

- If professional managers are to be employed, provide as much information.
- How many other staff will you have? How many are full-time, or part-timers?
- State qualifications and experience required, and their roles.
- State pay-rates and whether they are employed under Pay-As-You-Earn (PAYE) or as self-employed.

Premises

Consider the following before deciding on your premises/location:

- The goods/services you intend to offer, and what implication it has for the sort of premises you need.
- Your target customers, the location of your key suppliers and what allowance or restrictions it places on where you can site the business.
- Is it possible to start initially from home, and if so what local authority requirements do you have to satisfy? Does your Bank/Building Society or Insurers place any restriction on the use of your home, and if so what is the cost of removing those restrictions?

You need to cover the following:

- The size and location of the premises and, bearing in mind your anticipated expansion, how long you intend to stay there.
- Is it leasehold or a freehold? Give commercial reasons for the choice you have made.
- Cost of refurbishments – (may also include legal costs).

Capital Expenditure

1. Equipment

- Prepare a checklist of equipment you need to run the business; to lease or buy the equipment – new/second-hand and your suppliers.
- List what you already have.

2. Transport

- Prepare a checklist of vehicles you need to run the business; to lease or buy the vehicles – new/second-hand, plus other associated costs such as insurance, road tax, etc?
- List what you already have.
- Do you have to transport the goods or staff providing the services yourself, or can you buy in sub-contractors?

Start-up Costs

Here are some of the key costs you will have to consider:

- Equipment
- Fixtures and fittings
- Initial stock
- Sales & Marketing - logo design, website design
- Legal and other professional fees (including Business/Company formation)
- Licences
- Insurance
- Specialised computer software
- Rental deposit (premises)
- Initial petty cash
- Cash to cover trading for the first month or two until the payments start rolling in

The list is by no means exhaustive but it is a first step to finding out how much it will cost you to start up. Business expenses can be deductible against income, so they reduce taxable income.

Legal Status

Write your legal status. There are 3 main forms of business – Sole-Trader, Partnership, and Limited Company (Ltd). Why have you chosen a particular legal form?

Attach any partnership agreement or certificate of incorporation in the Appendices. Other Legal Requirements

- You may need to contact your Local Authority (depending on your business type), or Government departments (e.g. Health & Safety Executive)
- Have you informed Inland Revenue Services and the Contributions Agency that you are starting a business?
- Do you need to register for VAT?
- Have you taken out business insurance (*product liability or professional indemnity (depending on if you have products or services), employers' liability (if a limited company or employing staff), public liability and content (premises)?*)

Financial Information

Forecast Assumptions including Sales Forecast

- List every item of income and expenditure.
- Isolate the ones that are factual, i.e. you know for certain that these will be their values. (For example Rates and Insurance)
- For every other ones, you would have made assumptions in arriving at the figures you have used. Now state these assumptions one by one. For example Sales may have been forecast on the basis of the Market Research, which suggests the sort of prices customers are prepared to pay, and the high and low seasons.
- Assumptions have to pass a 'reasonableness test' so avoid wild assumptions.

Break-even Analysis

- Further calculate the Break-even figure under two scenarios. First if Gross Margin is 5% above and second if Gross Margin is 5% below the above Break-even figure.
- Further calculate the Break-even figure based on a 5% increase in Overheads, and again on the basis of a 5% decrease in Overheads.

Profit and Loss Forecast

- This is about checking out whether the business is, in the final analysis, worth going into. Your Profit is the excess of your Income or Revenue over your Out-goings or Expenditure. This is not the same as a Cash Flow Forecast, which is only concerned with physical movement of cash.
- List every item of income or expenditure you anticipate - monthly.
- **Remember that you are interested in the amount expended in producing the goods or services, whether paid for or yet unpaid for.**

Cash Flow Forecast

Unlike the Profit & Loss Account Forecast, the Cash Flow Forecast is about the anticipated physical movement of cash from or to your bank account. So it is not when the goods are received but when they are paid for that matter. In the same vein, it is not when the goods are sold/service provided that matters, but when payments are received.

Management Information Systems

This is about monitoring so that you are in control all the time.

- Maintain a book-keeping system that allows you to extract information you can use to update your Forecasts with actuals.
- Will you have any Advisers/ Professionals – Accountant, Lawyer etc?

Risk Assessment

Have a series of scenarios of:

- What could go too right? For example, having client requests going up by 30% compared to your existing capacity.
- What could go wrong? What happens for instance if Orders are 50% up?

Business Plan Guidelines

Appendices

Include every useful additional piece of information not in the body of the Business Plan.

- CVs of Owners/Directors, and key members of staff.
- Certificate of Incorporation of the Company, if applicable.
- Partnership Agreement, if applicable.
- Forward Contracts/Advance Order Agreements.

Business Plan Guidelines

Personal Survival Budget

- Quantify how much you need to survive normally on a monthly basis, to see if you can afford to take drawings from the business.
- The difference between the above two points represents the shortfall. Explain how you will make up the difference.

	Week	Month	Quarter	Year
Rent/Mortgage				
Council Tax				
Water Rates				
Gas/Electricity				
Telephone				
Insurance				
Life Assurance				
Housekeeping				
Clothing				
Travel				
Holidays				
Membership Subscriptions				
Magazine Subscriptions				
TV/Other Licence Fees				
TV/Other Rental Fees				
Newspapers				
Car Expenses inc Tax/MOT/Petrol				
Child Care				
Children's Pocket Money				
Presents				
HP Repayments				
Credit Card Repayments				
National Insurance class 2				
Contingencies				
Fun				
Other				
	£	£	£	£
Annual Total				£

CV Template

CV Template

Name
Address (home and term)
Telephone (home)
Telephone (mobile)
E-mail

Personal Profile

Summary about what you have done (degree, relevant experience), the skills you have to offer (target towards the advert/job description) and what you are looking to do. 3 lines max.

Education and Qualifications

Date University, Course, Qualification (grade or predicted grade)
Subject
Modules studied, dissertation

Date School / FE College
A Levels (grades if good) / Other qualifications

Date School
GCSE – number of subjects, including Maths and English

Work Experience

(most recent first)

Date Company Name, Job Title, Main responsibilities
Skills gained (communication, team work, interpersonal, problem solving, etc)

Skills

Languages
IT skills
Other relevant skills

Interests and Activities

Not just a list – try to make them relevant to what the employer is looking for – eg. Travelling around Europe helped develop my communication skills through meeting a variety of people.

References

Available on request

VOCABULARY

- Words used must be positive, strong, and 'doing'...
- Do not use words such as 'Think', 'Hope', 'Feel', 'Maybe'
- You are either a Ltd company or Sole trader – NOT both. Refer to sole trader as a/the business.
- Your Financials (Cash flow & Profit/Loss forecasts) must match the 'words' in the Business plan. For example, Advertising spend of £1000 in the Cashflow must be reflected in the business plan under 'Promotion', for the same amount.
- Keep it clear, short and simple. You are writing this plan mainly for yourself, your funders and your collaborators. Just because it is a formal document doesn't mean you need to use formal language: say what you mean. Never use a long word where a short one will do. Communicate - don't complicate!
- However, a plan is usually written in the third person, i.e. „The project will be run at ...“ rather than „We will run the project at ... „
- Be SMART! Find out and use facts. S.M.A.R.T. stands for things which are Specific, Measurable, Achievable, Relevant and Timely. You need to put figures in and state the time period over which you hope to achieve targets
- Break the writing into manageable chunks. Start with a framework or skeleton like the one above and fill in each bit as you can.

Now go on, and write the business plan but keep it short and simple!