

ABi's series of 'Fact Sheets for Retailers' provide concise information on the key topic areas that impact on business success within the retail environment. Each fact sheet highlights the key issues and provides practical advice on the given topic.

If you would like any further advice on any issues relating to this fact sheet then please contact us. We will be delighted to help.

ABi Associates Limited is recognised by clients, businesses and agencies as one of the country's leading business development companies. We have over ten years of experience and expertise in providing business support to small businesses to help them succeed and grow.

Today's fast paced, competitive and chaotic consumer world provides a multitude of challenges for retailers. ABi offers a diverse range of unique, innovative and tailored business services to meet these challenges. These services include business diagnostics, training, sign posting, market planning, specialist consultancy and networking events. Whatever your business challenge, we will show you a way of meeting it effectively.

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## Business Planning: an opportunity to review your business



### Why should retailers get involved with Business Planning?

Many retailers have built and run successful shops without bothering with formal business planning. So why would they bother?

There are four main reasons why retailers might develop a formal business plan:

1. They are just starting up and they need to check that they have a realistic chance of success
2. They need to get finance or to re-finance their business
3. They want to change the way they do things
4. Their trading situation has changed.

Independent retailers will need business planning in some form or another if they want to get help from outside the business.

Depending on their motivation for developing their business plans, retailers will focus on different aspects, but the basic approach is fairly similar.

Government-subsidised specialist support is often available for start-ups and for those seeking finance so make sure that you access the professional support that you need. This ABi Fact Sheet just gives an indication of what a retail business plan looks like and covers some of the things independent retailers need to consider.

One of the key issues facing retailers over the next few years will be change in the trading environment. That covers just about all retailers because the sector is forecast to grow but the growth will not benefit everybody\*. Existing independent retailers need to review their plans to ensure that they are among the traders who do benefit.

(\* see the ABi Fact Sheet on the "Future of Retail" for more information about the forecasts for London)

## Does the plan have to be written down?

Not unless you want someone else to see it. But we have found that the process of writing things down does show up any problems with plans, even if you yourself will be the only reader. In our minds, we tend to wash over the difficulties, but if it is written down, it's harder to fool ourselves or other people. But, unless you are presenting it to a bank or somewhere to get money, it doesn't need to be typed. Only you need to be able to understand it. You can do it in note form – or Olde-English gothic script if you prefer!

## My business be a retaile shoppe

### What should it cover?

To be effective your business plan should draw together your main ideas about how you see your business and how you want it to progress.

Many people do not like to fit their business into a pro-forma plan: they think their business is too unique.

But no matter how unique your business is, advisers and bankers will ask you the same kind of questions.

This means that your plan should address the points listed overleaf in the Planning Checker – and if it doesn't you should have good reasons why it doesn't.

## Retail Business Planning Checker

### Overview

What is my business?

Why should the person I want to read this plan be excited by it?

### The Business

What does it make or do?

Is it profitable?

What type of business is it? (Limited company, partnership, sole trader or other?)

Why have I chosen that structure?

What are my business aims and objectives?

Why do I believe these can be achieved?

Who are my suppliers and are they reliable?

### The Market

Why is there a need for my goods or services?

Why will people choose to buy from me in preference to my competitors?

Who exactly are my customers?

How much are they prepared to pay?

What do I need to charge?

How many customers am I likely to get in the future?

What evidence do I have for likely sales in the future?

Who are my competitors? (Include local competitors, competitors in other shopping centres and internet retailers)

What are their strengths and weaknesses?

### Marketing Strategy

How do I attract customers?

What is the best way of informing customers of my goods or services?

What are the costs of marketing to my customers?

Do I have the skills to handle marketing or do I 'buy' in the skills?

## Sales Strategy

Do I have the necessary sales skills or will I need help?

Can I cope with peak periods?

What after-sales support do I need to provide?

Should I be trading on the internet?

## Resources

What does it cost to keep the business up and running?

● Premises – rates, power, parking, security, etc.

● Equipment – production machinery, computers, telephones, etc.

● Transport – petrol, tax, insurance, repairs, etc.

● Insurance – professional indemnity, employers liability, etc.

● Legal – contracts, data protection, health and safety training, etc.

● People – staff wages, National Insurance.

● Stock or materials . . . . .

● . . . . and anything else I need to buy?

∑ What skills does the business need to grow?

Have we got all those skills or do I need to employ staff, get experts, seek help, take up training offers?

Are my current premises suitable?

What are the legal implications – e.g. Employment, Health and Safety, Food Hygiene, Environment, etc.?

## Financial

How much money do I need as working capital?

How much do I need to borrow?

How much am I investing directly in the business?

How long does it take for customers to pay me?

Do I have or do I need to set up credit card payment facilities and what does that cost me?

How much credit do suppliers give me?

Who does the accounting, bookkeeping, VAT, etc?

Have I got a sales forecast and a cash flow forecast?

Have I done a profit and loss forecast?

What happens if interest rates change?

What do I do if a customer doesn't pay?

## The Personal Dimension

Can I work all the hours needed?

What does my family think about the business?

What happens if I break a leg or need a holiday?

What income do I need to survive on and be able to keep running the business?

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*ABi produces a range of Fact Sheets for businesses. The "Cash Flow Management Review" and "Getting More Customers" Fact Sheets provide additional information to support independent retailers with business planning. The ABi Fact Sheet on the "Future of Retail" provides more information about the forecasts for London. ABi also publishes general guidance on business planning.*