

# Writing a Business Plan

## 1. What is a business plan?

At the risk of sounding obvious, it is the plan of how an enterprise is to be established and developed. It describes how it will work and explains why it will work.

## 2. What is in a business plan?

That which will make it a meaningful document. Business plans should be constructed to describe an actual business rather than businesses developed to suit business plan templates, though sometimes it is necessary to translate your business plan into the format of some outside agency such as a bank.

**The following subject areas will have to be covered** though not necessarily in exactly this format:

### 2.1. Introduction or Synopsis (some would say Executive Summary).

- It tells the reader what the rest of the document will explain

### 2.2. The Product or Service

- What it is
- Why it is so wonderful

### 2.3. The Market

- Who will buy it
- What they are like
- Where they are
- How many of them there are
- Why the product will be of benefit to them
- Why it is better than any alternative they might buy

### 2.4. The Marketing Plan

- How the benefits of the product will be explained, and made irresistible to 3

### 2.5. The Organisation of Production and Delivery of Service

- What needs to be done to create the product and get it to the market, reliably and at minimum internal cost
- What inputs are required, where they will come from, how supply continuity and quality will be assured
- What processing is required, what equipment will be needed etc.
- How the quality of work will be monitored and assured

### 2.6. People

- Who we have on the team
- Why they are the perfect people to do the production, marketing and management
- How they will be organised as a team, what the management and communication structures are

- Could include sub contractors

## 2.7. Business Structure

- Who owns, who controls, who employs, by what mechanism, and why

## 2.8. Premises

- What it takes to house production and organisation as close as possible to the market and contributing to the marketing effort
- Why the chosen article fits

## 2.9. Financial Projections

- Costs of setting up
- Fixed capital and working capital requirements
- Cash flow projections for at least three years
- Notes explaining the assumptions upon which these figures are based
- Profit and loss projections for at least three years
- Projected balance sheets to correspond

## 2.10. SWOT Analysis

- List the
  - Strengths
  - Weaknesses
  - Opportunities
  - Threats
 of the proposed enterprise
- Say what you are doing to address the weaknesses and threats
- Demonstrate risk management – that you have a contingency plan or fall-back position

## 3. Why have a business plan?

It is often assumed that the business plan writing is a tiresome necessity entered into only to convince someone to put up a loan or an overdraft. Though this may be a part of the story it should come a long way down the list.

### The list:

**3.1. To provide a structure** within which to establish what needs to be looked into.

- To provide the questions which drives that research

**3.2. To establish in your own mind(s)** whether the investment of your own time and energy is appropriate.

- Never mind what a bank manager might think
- What do you think about it? It's your life we are talking about here
- Construct the business plan
- Read the business plan
- Do you believe it?

**3.3. To be a blueprint** to follow in the setting up process. Very few businesses can possibly be into full production and sales immediately. The more that can be

worked out up front, the faster things come up to speed. Many, many businesses fail before they truly get going, often having done enough to prove that it would have done well if it had got up to speed faster.

**3.4. To be a benchmark.** A business plan should not be written and then thrown into the back of a filing cabinet. It is the yardstick by which actual performance can be measured. Are sales up to projection? Are the costs on target? What is going right and what is going wrong?

**3.5. To establish Common purpose.** To make sure that everybody involved in the enterprise knows what it is all about and what they are committing themselves to. Those who are going to take the responsibility for it, workers, associates, key suppliers, marketing people, possibly key customers, family, friends, auditor, accountant, solicitor, landlord and the people who put up the money.

## **4. How to go about it?**

**4.1. Knock up a first version immediately.** Getting past the blank piece of paper is the most difficult part of the whole process and the sooner it is done the better. It really does not matter how poor draft 1 is. It is not where you start it is where you finish.

**4.2. Ask the business plan questions.** What ever it cannot answer is something you need to know and put in it.

**4.3. Every time you find something worth putting in the business plan do so.** If it is on computer this is easier. There should always be a hard copy version, preferably in a ring file, organised into sections. When that version gets too scruffy it is time to redraft it.

**4.4. Get advice from everybody.** You do not have to take it, but every question raised is either a) something you can answer, b) silly or c) something you will have to get an answer to. It is surprising how many cs turns up. Even people you previously considered to be totally brain free come up with cs.

## **5. How much detail?**

The actual plan should say only what it has to say. Seventy page business plans look impressive but nobody actually reads them so they are of no use at all. Say what you know and why you know it. For each part of the business plan have a resource file which contains the back up information on how you know it, e.g. the detail of desk research, market research, quotes, work flow diagrams, etc. You can refer to these at will.

## **6. Where to start?**

Try a mission statement. What is it all about? What is this enterprise setting out to achieve. The business plan describes how. The mission statement says what. It is much easier to plan how to do something if you know what that something is. This is especially true of enterprises where a group of people come together to achieve something. Agreeing a common statement of what that is will save many tears before bed-time.