

Starting a Business

Module 6: Your business plan

Your business plan

In this module, you'll have the opportunity of compiling your business plan. You can use this module standalone if you wish. However, completing modules 3-5 will provide you with the material to populate your business plan. You may also find module 2 helpful in deciding if business is right for you. Following the icons in each section of the business plan will link you back to the relevant module and section in which the worksheet can be found.

Compiling a business plan is a key step in starting a business. It sets out what you aim to do in your business and how you'll do it.

The business plan has four main purposes:

- to enable you to develop your vision about your business
- to make sure you've thought of everything
- to help you raise start up finance
- to compare your actual progress with what you'd planned at the outset.

Your business plan is also a living document that will help you guide business growth and development as the months and years go by. You should review and update your business plan on a regular basis.

Deciding on what business plan you need

We have provided two complementary templates for your business plan: an **essential** business plan and a **comprehensive** one. Your business needs will help determine which template you should follow.

Everyone starting out in business should create the essential business plan. This plan is evidence that you've given careful thought to your business. It shows you're being professional and businesslike in your approach. Psychologically, it's an important statement of your commitment.

You may be asked for a copy of your business plan by your bank or other banks you want to borrow money from, external investors, business grant providers, potential partners, or anyone interested in buying your business. If this is the case, you should also continue to complete the comprehensive sections of the business plan. This will give the information your bank or outside investors will require.

Of course, even if you are not looking for external financing, there may be areas of the comprehensive plan that you may wish to include in your business plan. Once you have completed the essential sections feel free to complete other sections that make sense for you and your business.

You will follow one of two content structures - depending on which template you have decided to follow:

1. Essential business plan

Contents:

6.2 Business details

6.5 Business goals

6.6 What the business does

Marketing

6.9 Market research

6.10 Profiling customers

6.11 Profiling competitors

6.14 Promotion and advertising

Finances

6.21 Profit and loss forecast

2. Comprehensive plan

Contents:

Executive summary

6.1 Executive summary

6.2 Business details

6.3 Key personnel

Vision

6.4 The business idea

6.5 Business goals

6.6 What the business does

6.8 Legal requirements

6.9 Market research

6.10 Profiling customers

6.11 Profiling competitors

6.12 Managing market risks

6.13 Pricing

6.14 Promotion and advertising

6.15 Staff

6.16 Premises

6.17 Suppliers

6.18 Equipment

6.19 Managing operational risks

6.21 Profit and loss forecast

6.22 Sourcing finance

6.23 Managing financial risks

6.24 Cashflow forecast

Executive summary

6.1 Executive summary

6.2 Business details

Company name:

Address:

Telephone number:

Legal status:

The business will:

6.3 Key personnel

Details of owner(s)

Name

Position/main responsibilities

Experience and knowledge of our industry

Previous employment

Key skills brought to the business

Business experience and any training undertaken

Academic/professional qualifications

Most recent salary

Other key personnel:

Name

Position/main responsibilities

Experience and knowledge of our industry

Previous employment

Key skills brought to the business

Business experience and any training undertaken

Academic/professional qualifications

Most recent salary

6.4 The business idea

Sum up your business idea:

6.5 Business goals

1. What do you want to achieve in your first year of business?
2. Where do you see your business in 3-5 years' time?

6.6 What the business does

Product/service	Features	Benefits

6.7 What makes the business different

Your product/service is unique or different compared with the competition because:

6.8 Legal requirements

The legal and insurance requirements that apply in your business are:

You will meet your legal and insurance requirements by:

6.9 Market research

Trends in your chosen market are:

How you know this:

6.10 Profiling customers

The customer groups you will be selling to are:

Your customer research has shown what your customers want is:

How you know this:

Number of customers you expect to win in each group and what they might pay:

Group	Number of customers	Price they might pay

6.11 Profiling competitors

Competitor name	Strengths	Weaknesses

How you can improve on their offer and/or price

6.12 Managing market risks

Write down the risks you have identified:

How you will manage these risks so that they become less of a threat:

6.13 Pricing

How you calculate your prices:

How your prices compare with the competition:

Product/service	Your price	Competitor price

Reasons for the differences between your prices and your competitors' prices:

6.14 Promotion and advertising

How and where will you promote your product/service?

Running the business

6.15 Staff

Role	Total cost	Necessary experience	Specialist skills and/or qualifications

6.16 Premises

	Cost £
Premises required at start-up:	
Premises required in the future (if different):	

6.17 Suppliers

Your key suppliers and their credit terms

Supplier	What you'll buy from them	Number of days credit

6.18 Equipment

Resource	When	How Funded	Cost

6.19 Managing operational risks

Risk	Solution
Staff	
Suppliers	

Finances

6.20 Start-up costs

Calculate how much money you need before you start trading	£
IT and computers	
Telephones and broadband	
Equipment	
Stock	
Tools	
Vehicles	
Professional fees	
Insurance	
Rent/rent deposit	
Stationery	
Marketing	
Consumables	
Licences	
Training	
Association fees	
Wages/recruitment	
Security/health and safety equipment	
Market research costs	
Other: (please specify)	
Total start-up costs	
Your contribution to these costs	

Personal survival budget

Calculate how much money you need before you start trading	£
IT and computers	
Telephones and broadband	
Equipment	
Stock	
Tools	
Vehicles	
Professional fees	
Insurance	
Rent/rent deposit	
Stationery	
Marketing	
Consumables	
Licences	
Training	
Association fees	
Wages/recruitment	
Security/health and safety equipment	
Market research costs	
Other: (please specify)	
Total start-up costs	
Your contribution to these costs	

6.21 profit and Loss forecast

	Year 1 (£)	Year 2 (£)	Year 3 (£)
Total Expected Sales			

Less variable costs

Gross profit (sales less variable costs) =			
Calculate your gross profit margin (gross profit ÷ total sales x 100)	%	%	%

Salaries/wages (survival income + any staff)			
Premises (including rent, rates, utilities)			
Telephone and Broadband			
Printing, postage, stationary			
Advertising and promotion			
Bank charges			
Bank/Loans/HP/interest (payable to bank or lenders)			
Professional fees			
Insurances			
Equipment and vehicle leasing			
Depreciation			
Other			
Total Fixed costs			
Net profit (gross profit minus total fixed costs)			
Calculate your net profit margin (net profit ÷ total sales x 100)	%	%	%

6.22 Sourcing finance

Total borrowing requirements for the business

Start-up costs		
Personal start-up contributions	-	
Other start-up contributions	-	
Total required	=	

The assets you have available as security

Estimated net personal assets (from table above)	=	
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6.23 Managing financial risks

The risks that you've identified for your financial forecasts are:

How you will minimise their impact:

Cash flow forecast

See module 5 and 6 Cash flow template