

## **Planning Factsheet: Writing a Business Plan**



Writing a good business plan is an essential task for anyone setting up a new business or taking on one that already exists. This factsheet describes what a good business plan should contain and gives tips on how it can help ensure that your business is successful.

### **Why write a business plan?**

Writing a business plan gives you the opportunity to:

- Bring together all your ideas about your new business (including its overall purpose)
- Establish your objectives and targets (notably sales and financial)
- Predict possible pitfalls and consider how you might avoid or deal with them
- Establish future strategy (particularly in marketing)
- Perhaps convince possible investors that they should support your business.

### **Contents of the plan**

A well-structured business plan should contain the following items.

#### ***Executive summary***

A well-written summary - no more than two pages long - of your plan, which contains:

- The name, owners and address of your business
- The products or services you are going to sell
- The target market
- Who your competitors are
- What it is that makes your product or service original
- What relevant experience you and your team have
- What will make your business viable and profitable
- The amount you are investing
- What additional finance you require
- How and when any investors will receive a return.

#### ***Table of contents***

A list of the main sections and page numbers.

#### ***Business objectives***

What you want to achieve in, say, five years' time. It's always good to have vision for your business – it helps you to keep on track and something to aim for.

#### ***Business description and purpose***

What exactly your business will do. How this will differ from what your



potential competitors do and so attract customers.

**SWOT analysis**

An analysis of:

- The strengths and weaknesses of you, your staff, your product/service and processes
- The opportunities and threats presented by external factors, such as changes in technology and legislation, market and consumer trends (which will take into account a *PESTLE* analysis: the political, economic, social, technological, legal and environment factors that may affect your business in the future).

**Legal status and licences**

Whether you are planning to be a sole trader, a partnership or a limited company (or perhaps a limited liability partnership or community interest company). What licenses or planning permission, if any, that you need.

**Operational requirements**

What you need in terms of:

- Premises
- Equipment
- Staff
- Suppliers
- Compliance with regulations
- Licenses and insurance.

**Marketing strategy**

An overview of what you are going to sell, and to whom, where, when and how you are going to sell it.

**Market situation**

Basic facts about:

- The size and location of your possible market
- Your target customers -who they are (in terms of specific groups or market segments) and how many you hope to attract
- Your competitors -who they are, what their products/services are, how these differ from your own, their market share, their future strategy
- Your unique selling points -why customers should buy from you.

**Sales targets and objectives**

Your sales forecasts in terms of:

- Different product/service types by volume and value
- Different customer groups/market segments



- Different distribution channels

### ***Financial requirements and forecasts***

Details of:

- The amount you need to start your business
- The amount you personally need over a year
- The amount you are planning to invest
- The amount of additional finance you require.

Also:

- A breakeven analysis to show how much you need to sell to break even
- A profit and loss forecast to show when your business might start to make a profit
- A cash flow forecast to show how much cash will be available in any given month
- A balance sheet forecast to show your predicted financial position at a given future point.

### ***Business risks and contingency plans***

The things that could go wrong and what you might do about them. Among those you might consider are:

- A lack of management or trading experience
- Economic uncertainties
- An over-reliance on particular staff, suppliers or customers
- An increase in competition
- A failure to meet your sales targets and a resulting lack of finance

### ***Training needs***

The additional training you and your staff will require.

### **What else do you need to think about?**

Even if you don't include them in your written business plan, you also need to think about what management processes you are going to put in place for:

- Finance
- Marketing and sales
- Product/service development
- Recruitment and HR
- General administration
- Monitoring your business performance



### **Tips to help ensure success**

Before you write your business plan, make sure that you have:

- Thoroughly researched your target market
- Thoroughly understood the requirements of any funding body you plan to approach.

### **In writing the plan, make sure that it:**

- Is not based on assumptions about what the reader (e.g. a possible investor) knows
- Is comprehensive yet concise
- Contains no contradictions (e.g. financial)
- Has a clear lay-out, with headings, sub-headings and bullet-point lists, to make it easier to read
- Is realistic about projected growth and profits, and includes solid facts and figures (while convincing possible investors that the business can be successful)
- Contains plans to manage business growth and market change

**Above all, make sure that your business plan makes sense!**