BSBSMB404

Undertake small business planning

Learner Guide

Contents

Learner guide

This unit describes the skills and knowledge required to research and develop an integrated business plan for achieving business goals and objectives.

It applies to individuals who operate a small business that operates independently, or as part of a larger organisation. Individuals in this role interpret business information and numerical data competently.

Areas to cover as follows:

1. Identify elements of the business plan
2. Develop a business plan
3. Develop strategies for minimising risks

Your assessment tasks will reinforce learning in the above areas.

About this document

The notes provided are basic notes only and there is an expectation that learners may need to undertake research, ask questions of their trainer or other individuals, or draw on experience and/or information that may be gained in the workplace or through communication with a workplace.

Where learners are undertaking study through online learning, the relevant copy of this workbook will not contain assessment activities as they are being done online, however, the information and the activities will remain constant through both approaches.

NOTE: Only basic information is supplied and there is an expectation that the learner will conduct further investigation and research into these subjects. All materials used are used under creative commons.

1.1 Identify purpose of the business plan

Why do you need a business plan?
When starting a new business or you are working to develop the growth of a company you currently own, it is important to create a plan of how you will conduct your business. You will be required to have a written plan when submitting a request for a loan or working with potential investors, but the primary beneficiary of the business plan is yourself. Business plans give you an outline for how you will make decisions and conduct your business in the future.

Planning for your business includes creating a vision for where you want your company to go and what you want to achieve, setting goals that you are capable of achieving. Business plans continue to develop over time as goals are achieved and the business grows. This plan will typically lay out short-term goals (five to ten years) and what steps will be taken to achieve these goals. Creating a thorough business plan can be considered as important as the written blueprints for building a city skyscraper.

When building your business plan, you may consider making goals and develop business processes for the following:

- Business constancy
- Development and growth
- Changes

Purposes of creating business plans
Having a written plan creates structure and discipline that is a vital part of maintaining a successful company and accomplishing action plans. It will help ensure that investors and bankers are able to review the company fully, to establish a budget, create plans for potential investors, and to establish realistic company goals. A business plan should have a very specific list of activities pertaining company growth or development of a partnership. It should include plans for budgets and loans the company will need, customer acquisition, any same industry competition, manufacturing if applicable, marketing, description of the services conducted by the business, or anything else that is specific to the business.

Purpose of a business plan is to:

- Give banking and or loan companies a picture of the structure of the company and expected future;
- Gives Purchasing Power Parity the opportunity to grow through the business and with investors;
- Have a current plan that will allow for easier success in receiving financial backing.

You would not begin construction on a skyscraper without having descriptive plans in place first. This can be said as well in regards to starting a business. A plan should be in place prior to building your company. Planning for your business helps you foresee any issues that may occur and begin to problem solve them before you are faced with this issues. It also allows for your employees to have power to make decisions, as the information will be readily available to them.

In some cases, written plans are required when municipal parties need to gain money from banks or from investors. Some government programs will require a business plan as well to be completed along with the necessary applications. When a plan is created, it demonstrates a level of excellence in management, planning, and communication, which are vital to be successful in business.

Important things to keep in mind

Organisation

When you write down your plan for your company, you are establishing your desires and vision for your company and are organising the necessary steps to achieve these goals. There are many factors that must be taken into consideration for your company to be successful, by writing down your business plan, you are able to clearly determine if you are missing any important factors and allows you to problem solve any foreseen issues.

Keeping on schedule

Once the plan has been established, you can use it as a guide to make sure you are on pace to achieve long term goals and keeps the overall vision of the company readily available. The business plan provides vision, which makes sure that you are not missing vital elements of your business in daily activities as well as provides a schedule of when goals should be accomplished that will keep you on schedule and drive your company.

Specify goals

When a business plan is put together correctly, you have established reasonable goals and the measures that need to be taken in order to achieve them. It showcases the vision and overall objective of the company, which is a great reference for your employees, partners, and investors. To investors, you are describing in writing how much money is needed, where the money is coming from, and how investors will make their money back as well as the intended use for profits.

Getting your business ready for the future

When you write out the descriptions of the things you wish to achieve as a company and the steps that will be taken to accomplish them, you are helping your business prepare for future outcomes. When you are researching your market for the service your business is providing, you will need to make sure that included in your business plan is how well the market will accept your service or product, the need, and how you will fulfil these orders. You should also include a plan on what steps will be taken if the projections you made initially are too high. You should take time to think through different obstacles that may hinder your projections.

Your potential client base may change and you will need to ensure you are ready to make the decisions necessary to continue growth according to your business plan.

Scenarios should be developed to identify potential obstacles, including possible changes in the market.

Here are some things to consider when creating your business plan:

- Current state of the economy
- Competition and what is already available
- Available resources
- Budgets
- Staff
- Licenses
- Insurance
- Marketing strategies
- Target market
- Regulatory and other legal requirements

Your business plan will show the outline for how your business will operate. It is important to have when you are looking for outside investors. A business plan will also help you to locate any areas of your business that will need development or will show any financial risks that may occur. You should always be updating your business plan so it is current in the ever-changing growth of your business.

A business plan can be used as:

- An Action Plan
- A Road Map

You may choose to include any business opportunities into your business plan.

These opportunities are influenced by:

- Financial availability
- Management
- Balance sheet
- Cash flow
- Projections for revenue
- Inflation and taxation
- Interest rates
- Stock turnover
- Accounts receivable payment period
- Creditor payment period
- Return on investment
- Risk assessment

- Target market
- Marketing
- Organisation arrangements
- Proposed size and scale of the business
- Seasonal aspects
- Resources required and available
- Sources available
- Specialist services and consulting requirements
- Staffing

Important aspects of your business plan:

- Documentation
- Outlines
- Goals
- Vision
- Landmarks
- Continued growth and evolution
- Reviewing process
- Definition
- Length of time
- Strengths and weaknesses
- Finances
- Plans of action
- Sales and marketing

You will need to document your findings, continue with the process and direction, and continually review your plan to keep it up to date.

1.2 Identify and review essential components of the business plan

Important factors of a business plan
A business plan is a series of individual plans that combined make up the overall outline for the business.

These include:

- Researching target market
- Marketing
- Operational plan
- Finances
- Action plan

A. Title page and table of contents
The first page of your business plan includes the name of the business, the dates that the business plan includes, the date of review, and contact information for the person responsible for the plan. This is a first impression for your business to investors, so it will need to be concise and professional.

You should include a table of contents page that will offer easy reference to the topics and section that are applicable to your readers.

B. Business summary and profile
The objective of having a business summary in your plan is to briefly highlight and outline the main components of your plan that can be used as a reference for your readers. This is typically written after the entire plan has been established.

It should include:

- A brief description of the business and target markets;
- Purpose of the business and why it's important
- Business projections during the time period that the plan covers
- Required finances and how the money will be used and repaid;
- Linkages to the business's strategic plan;
- Description of the organisation and ownership;
- Previous financing; and
- Proposed launch date.

Market Research

An outline of the methods that were used to determine your target market for your service.

Marketing Plan

This shows the plan to promote your business, the timeline, and the funds necessary to achieve it.

This plan will need to describe the industry applicable to the business, how to make a mark within that industry, developing the market for the product. This also will include the pricing of services, sales projections, a description of the client base, and how to promote these services. You may choose to not include a full marketing plan in your business plan, but you will need to address all the alternatives before finalising your plan.

Here are so different exercises you can use in your planning:

- SWOT analysis
  - Strengths
  - Weaknesses
  - Opportunities
  - Threats
- PEST analysis
  - Political
  - Economic
  - Social
  - Technological
- Balanced scorecard: shows the impact of achieving objectives from a financial, a customer, and an internal perspective.
- Brainstorming with different members to gains different strategies.

The marketing plan should cover:

- Market conditions and economic standing
- The affordability of the product, trends, technologies, and new products
- Any legal requirements that may hinder production
- Competition within the industry
- Cost margins and pricing based on market
- Locations for concentrated promotions
- The best way to deliver to customers.

Marketing plans should cover product, price, promotion, and place, or the location for distribution. These are known as the four "P's" of marketing. You should determine at this point as well the status of your business, where you want to the company to go, and the steps needed to get to that point. You will need to closely determine the sales projections. You can rate your projections as most likely, optimistic, and pessimistic.

Operations Plans

The operations plan is the description of how the business will be conducted day to do. How will the services be completed? Who will complete the specified tasks? List of policies and procedures and how work performance will be evaluated.

Operations plans can be considered common sense, but here are some examples of some factors to consider when creating your plan:

- How the goods or services will be made or provided
- A list of vendors to purchase materials;
- Any requirements after the sale is done (repairs, etc.)
- What property and equipment is needed as well as the financing information
- The staff and management requirements
- For brick and mortar locations, a description of why the location was selected on competition, clientele, etc
- Capacity of the production based off the plan and the staff

Financial Plan

The financial plan scrutinises the comings and goings of money and how much profit is expected to be made. Is the debt to cash ratio high? How much money is needed within the timeframe in order for the business to end in the positive with a profit?

This plan is vital in the business plan. This creates sales projections and puts pressure on the team preparing the business plan to make sure that all other areas of the business plan are considered. This will include revenue, expenses, and cash flow projections. This will help show if there are unrealistic expectations or gaps in the plan. This is very important when looking for investors or government agencies to offer funds. The financial plan includes the income statement, cash flow summary, capital sales and purchases, financing schedule, and balance sheet.

Income statement

The income statement will show the yearly revenues the business acquired as well as the expenses throughout that time. If you are creating a business plan for a business that has been in existence for a while, you will need to have an income statement that shows at least the last year or two years of the business.

Cash flow summary

The cash flow summary is a very difficult report to generate as it's more so a guess than it is actual fact. This is where you make a projection of when the money will come in and go out and how much. This helps determine what expenses the business can afford and how well the business will operate on a day-to-day basis.

You can determine the state of a bank loan, if you need to increase the bank loan throughout the year. These are typically done on a quarterly basis, but for new companies, you may want to complete them every month.

The balance sheet

The balance sheet is an accounting statement that shows equity, assets, and liabilities of the company. This is a helpful tool as it lets business managers as well as the company creditors to evaluate the estimates and how well the business is performing and compare that to how other companies within the industry are performing.

Capital sales and purchases

When seeking investors or creditors, you will need to have a list of the capital purchases that you are projecting over a period of time. This report will need to show the purchases as well as the life time expectancy of that purchase and how you are going to pay for them, whether financed or not. This includes buildings, equipment, and land.

Financing schedule

The financing schedule is a view of loans on the company. This includes new and previous loans held by the company. This schedule should include the interest rate, how often payments are being made, what type of loan it is, and what the term of the loan is. You should also list the name of the institution the loan was provided through.

In a new business, there is no expectation on generating profit immediately. Some business will not generate profit within the first year or even two years. In creating your financial plan; you should have a plan to get to generate a profit. You will need to let investors know that they will get a return on their profit and show your plan in a realistic time frame of how that will happen.

Action Plan

You will need to create a detailed timeline of how you are going to utilise your business plan and meet you goals. When you create an action plan, you are creating documentation that will allow you to stay the course to meet goals. This will help you with daily tasks that will meet overall projected goals that will help your business grow. Your action plan can include your employees, your customers, or even your manufacturers.

Step 1

Title and date your action plan. Create a summary of the business or write the vision statement to keep the overall objective of the company at the forefront. Try to keep your vision statement specific.

Step 2

List your business goals in order of priority or importance. These can be any goals that will help you grow your business. This can be in any department such as marketing or employee recruitment.

Step 3
Create steps that are needed in order to accomplish these goals under each one. Try to be as specific as possible.

Step 4
Create a realistic deadline for each of these goals.

Step 5
Create a budget for meeting these goals and each action. When you have created a budget for each action, total this and list the overall budget for your business action plan. You will be able to monitor the budget as you complete each action plan.

You will need to monitor your progress and review the action plan on a consistent basis to make sure you are staying on track as a company. Set up an established period to review the business plan whether this be quarterly or annually. This review should determine the success of the action plan and decide whether a change in plan is needed.

Review can be completed by:

- Audit
- Statistical analysis
- Historical comparison
- Consultation with relevant persons

1.3 Identify and document business goals and objectives as a basis for measuring business performance

Your company goals may be to a level of growth or expansion, an increase in profits, decreasing overhead, or business continuity.

The elements of the business plan

Company summary	This is the crucial points of your plan that is summarised in one to two pages.
Company overview or mission statement	This is the listed vision or mission of your company. What opportunities you are planning and how your company is unique.
Competitive analysis	This is an analysis done that shows how the market is doing, the customer's, industry competition, and how your company stands in relation to these.
Company strengths and weaknesses	This is the list of the benefits and edge that your business has over competition.
Marketing and company strategy	This is an outline of how you will manage risk including good risk (opportunities) and bad risk (threats and decline.) This will also include your marketing plan and may even include a plan to end the business if necessary.
Financial plan	This is an overview of the business finances.
Action plan /resources / timescales	This is a list of the steps taken in order to achieve your business goals, the resources, and the deadlines.

You will need to ensure that you are reviewing the business goals and the ownership structure of the business frequently. This will help keep your business plan accurate.

Target analysis

You will need to make sure that you are thoroughly documenting information about your targets. This includes:

- How the operation is currently working
- Preferred markets (be sure to include details as to why they are preferred)
- Contractors (include cost and location)
- Relationships
- Any existing contracts and their length of time
- Contact information

Examples of goals for the business:

- Financial goals
- Marketing goals
- Sizeable growth of business
- Customer acquisition
- Short term and long term goals
- Community goals
- Acquiring newer markets

You may think that a goal and objective have the same meaning. However, an objective is actually an explanation of what is necessary for achievement.

Example:
"My objective is to increase my sales target online by 20% or to be $40,000."

An objective is also described as: (S.M.A.R.T)

SMART is an acronym that will help guide you in establishing the objectives in your business plan. This can be used in many different areas of your business such as project management and employee performance. S stands for standard and M stands for measurable. Various authors in different fields have changed the remaining letters. Peter Drucker is considered the first author who created the SMART objectives concept, however, George T Doran was the first one to use it in publication. When you use the SMART method you are making it easier to determine when objectives have been met.

A goal is typically defined as something that the business would like to accomplish and is not as descriptive or specific as an objective is.

With a goal, you can be vague and use more emotional wording, in an objective you do not.

Goals are statements that depict exactly what the purpose and what the business, project, team is trying to accomplish. In your business plan, all of your individual goals should match up with the overall goal.

An example of a goal could be to increase customer satisfaction when using the company website.

Using goals and objectives in your business plan

When you are trying to inspire creativity in a brainstorming session or trying to create company vision, you will want to use "goal" language that is not as specific to help the process.

If you are using the SMART method, you can hinder the creative process. You want to make sure that you are creativity an environment for innovation when creating your business plan and may want to stick with using goal language.

The process of working your goals into actual actions plans is called, "strategy formation."

Strategy formation:

- **Strategy –** a process of designing the business and how it will continue day to day.
- **Formation** – involves researching to find new business opportunities and potential.

When using strategy, you will be able to answer all the questions on how you are going to accomplish goals. This is the point where you will use your objectives to define how goals will be achieved. Writing out the objectives in relation to your goals is great for the initial test of the strength of your strategy.

If you find that you are having issues depicting exactly what needs to be done in order to complete your goals that is a sign that you have a weak strategy and need to revaluate. When your strategy is strong and well defined, you will be able to easily write out your SMART objectives.

2. Develop a business plan

2.1 Research resources, legal and compliance requirements, specifically in relation to occupational health and safety (OHS), in accordance with business goals and objectives

2.2 Research market needs, and market size and potential

2.3 Identify sources and costs of finance, from financial plan, to provide required liquidity and profitability for the business

2.4 Identify methods, from marketing strategies, to promote market exposure of the business

2.5 Identify methods/means of production/operation from production/operations plan to conform with business goals and objectives

2.6 Identify staffing requirements to effectively produce/deliver products/services

2.7 Identify specialist services and sources of advice, where required, and cost in accordance with available resources

2.1 Research resources, legal and compliance requirements, specifically in relation to workplace health and safety (WHS), in accordance with business goals and objectives

You will need to create a safe place for your employees to work in order for your business to be successful. There will be fewer turnovers in staff and you will be able to increase productivity. It is costly to maintain safety procedures and have correct safety equipment however if you do not practice safety in the workplace it may cost you greatly. It is your responsibility as the owner to take care of your employees and customers. You cannot have a business that causes health and safety issues.

Having an understanding of the Work Health and Safety laws, or WHS, will help you ensure that your workplace is as safe as possible to eliminate injury or illness. Your business can achieve long-term success if you maintain a safe workplace.

If you're not sure on where to start with health and safety standards in your workplace there are some simple steps you can take the can make a big difference and help you be prepared in many different scenarios.

And important first step would be to make sure you have the right attitude in regards to WHS safety regulations. It should be seen as an insurance policy not as an expense as it can prevent major health or safety issues in the future.

If you need help understanding the WHS requirements for safety specific in your industry can contact your local WHS agency. They will be able to give you full details in the requirements for your business.

Your WHS requirements

Under WHS laws you must provide:

- Safe workplaces
- Safe equipment
- Safe systems
- Safety training, readily available safety information, and supervision
- A suitable working environment and facilities.

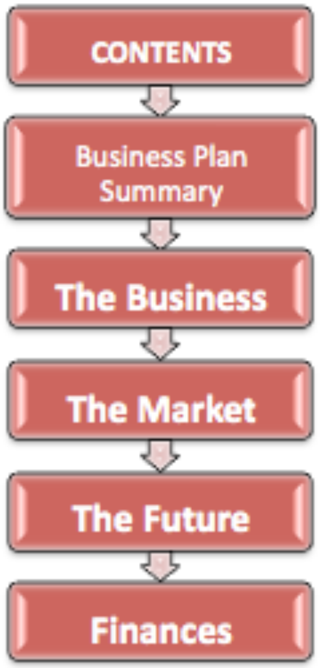
By maintaining the listed requirements, you can ensure your business is not fined or face other legal setbacks and will help prevent employee turnover.

WHS agencies everywhere have a duty to enforce the WHS laws in different businesses. They are also a resource for you and offer training and helpful tips on providing a safe workplace. You can visit their website to get their helpful resources. Note that every industry has different requirements and you may need to have legal counsel on the requirements specific to your industry.

You should:

- Check with Comcare’s website to get more information on training
- Learn all the regulations and requirement based on your state or territory
- Go to the Safe Work Australia website for more information
- Read Business Victoria’s Occupational Health and Safety guide
- Visit the Safe Work Austrailia website

Here is an example of a business plan index on the pages below: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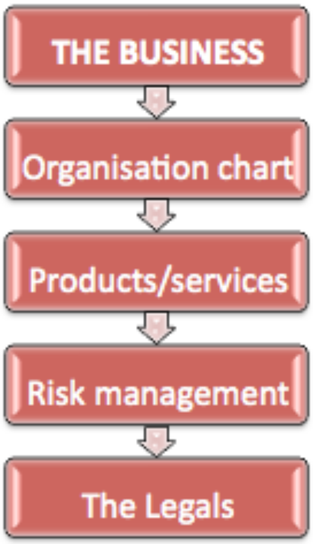
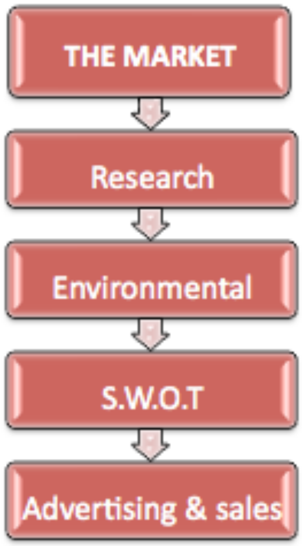
Business Plan Summary
The Business
The Market
The Future
Finances


THE BUSINESS
Organisation chart
Products/services
Risk management
The Legals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Research
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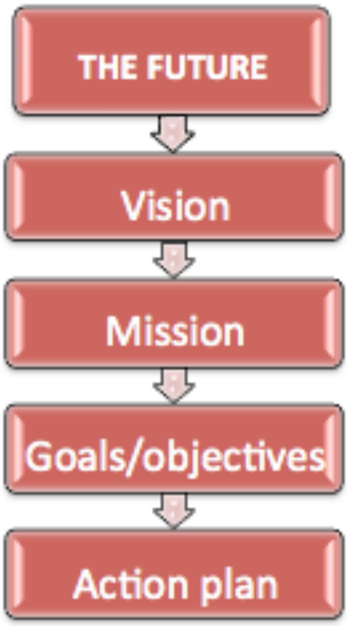
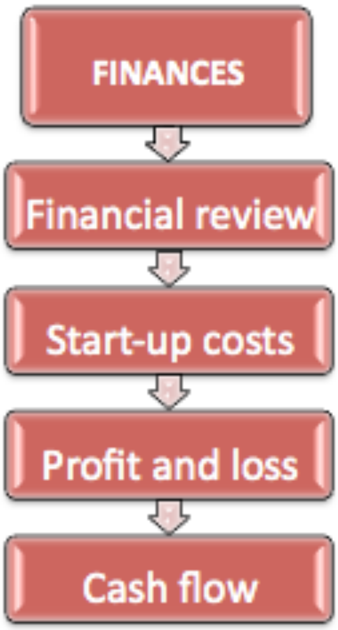
S.W.O.T
Advertising & sales


THE FUTURE
Vision
Mission
Goals/objectives
Action plan


FINANCES
Financial review
Start-up costs
Profit and loss
Cash flow

Legal and compliance requirements

Workplace health and safety (WHS), in accordance with business goals and objectives

WHS in Australia has the primary function of working to create safety in the workplace by preventing illness or injuries in the workplace.

Some locations where you can source information around legal and compliance requirements and for work health and safety may include:

- Regulatory authorities both state and federal
- Safe work Australia
- Work health and safety specialist
- Lawyers
- Accountants
- Government agencies
- Industry bodies
- Department of industrial relations
- Comlaw

In January 2012, the WHS laws were made national in order to create cohesion between different states and territories as they all had their own set of regulations. This allows for more harmony between states and territories regarding WHS laws.
It is not compulsory that every state and territory to fully comply with the new laws, there are states that have adjusted them to meet their specific needs. You should visit the government's webpage to ensure you know and understand the most current WHS laws.

All business must comply with the legislation pertaining their business both with the state and commonwealth legislation that applies to their industry.

Workplace health and safety include:

- Properly identifying hazards
    - Security
    - Equipment
    - Hazardous materials
    - Occupational violence
- Including WHS standard in the business plan
- Business policy regarding management of hazards
    - Identify
    - Assess
    - Control
- Steps taken to ensure public members or outside workers who are on site are safe
- Fully researched legal requirements

Examples of WHS regulations:

- Having safety representatives on your staff as well as safety committees
- Taking care of health and safety concerns in a timely manner
- Providing safety training or information
- Providing basic duty of care
- Regulations specific to hazardous materials in the workplace
- State or territory specific laws
- Documentation requirements for incident reports

WHS Provisions (Nationally)	Every jurisdiction is different, but there are core elements that are the same: **Common to all are:** ➢ WHS support ➢ Safety systems within the workplace ➢ Working to prevent sickness ➢ General public's safety measures ➢ Inspections
WHS Legislation	Workplace health and safety (WHS) **legislation** is on a state and national levels. Private businesses are covered by State or Territory legislation. Legislation is different but has the same core values: • There is a duty of care for employers to provide safe environments for their employees • Employers must have safe systems in place • Employers should train their staff on safety • Business requirements to provide safety • Businesses must consult with WHS on safety matters • WHS has the right to inspect businesses to confirm that they are up to code for safety measures

Codes of practice	Regulations are put in place as codes of practice to detail functions of WHS. These include: • First-aid • Protective equipment • Training employees, • Dealing with hazardous substances • Competency requirements • Documentation and reporting of incidents • OHS record-keeping.

Employee and contractor responsibility
The WHS regulations are not only put on the employer. There are requirements for the employees to operate safely in the workplace and ensure the safety of others, to follow any safety guidelines that are put in place by the company, to report any safety problems or hazards that arise to management, and to fully cooperate in any WHS training or inspections.

Hired outside labour will have WHS guidelines to their own employers, however, sometimes the responsible party for where the contractors are working can be held accountable to injuries that happen to contractors while working on site.
You will want to go over WHS guidelines with any contractors at your workplace and include them in any safety training.

Managing risk
Risk is the potential for something occurring that will have an impact on the action plan of your business. This can be a negative or positive thing.

Legal requirements
Before you begin your business plan, you will need to research the legal aspects and requirements of your industry. There are state and federal laws that you will need to be aware of prior to the start of your business.

There are government regulations on every area of your business more than likely and you will need to follow them all. These include licensing and other documentation with local and federal branches. Without the proper documentation you will not be able to start your business.

The compliance requirements depends on:
- The structure of your business plan
- The business industry
- The business type

Compliance is obeying all the legal facets of your business according to safety laws. This includes taxes, safety laws, and accounting.

Depending on your business, the following Government Departments require compliance and application of their requirements.

Here are a few government agencies that may apply to your business industry that you will need to comply with.
- Australian Taxation Office (ATO) compliance - tax department
- Australian Competition and Consumer Commission (ACCC) compliance –encourages competition and fair trade

- Australian Securities and Investments Commission (ASIC) compliance - regulates corporate, markets and financial services

Trade practices programs

The Trade Practice Act works to provide protection for consumers, fair trade, and encourages competition.

This Act is applied in various elements of the work force including:

- Suppliers
- Competitors
- Customers
- Retailers
- Wholesalers

And covers:

- Mergers
- Acquisitions
- Product labels
- Equipment safety
- Unfair trade
- Monopoly practices
- Monitoring of pricing.

Building a compliance culture

This includes making a commitment as a company to obey and act according to regulations, knowing and understanding the regulations, and making compliance a foundation of the business.

Why should you invest in compliant companies?

- Business benefits
- Creating good business character
- Lower chances of being penalised

A trade practice program is used to find risks within the company that may be in violation of the Competition and Consumer act of 2010. This practice will also reduce these risks and help with any breach that may happen. If you have a well-formed trade practice program you will be compliant in all areas and will maintain a good corporate image.

There is no common compliance program that can be utilised in various business as each business is unique in its requirements.

Some businesses just need a small procedure to handle complaints within the company and others require specific training on trade practices and activity within the business.

Small business compliance

Here are a few things that are common that are required for businesses to operate. If you are using a business name you will need to look into the legal requirements for you business name as well.

Have a registered office
Your business must have an office that is documented by ASIC. This is the place where communications need to be sent.

Have a principal place of business
If you have separate locations from the registered office, you will need to let ASIC know of this location.

Disclose personal contact information of directors
You will need to inform ASIC of the personal contact information of the directors and secretaries in your business. This includes date of birth and current address. You cannot use a PO box as a registered address; place of business, or as an address for your business directors.

Keep financial records
Financial records must be current and accurate with information depicting details of transactions and detailing the current financial position of the company.

Pay relevant fees to ASIC
Pay all appropriate fees due to ASIC when registering your company. You may be charged late fees if you do not pay them by the deadline.

Notify ASIC of changes
If information in your business changes, you will need to update your registered information with ASIC.

Check statements
When you receive your annual statement, you will need to make sure that these details are accurate and current with ASIC. Directors will need to annually complete a solvency report as well.

Ensure your company is solvent
You will need to make sure that your company can pay its debts when they are due and are able to be paid. This makes your company solvent.

Keep the company's best interests
You will always need to keep the company's best interest above your own personal gain. Even if you started the company for personal or tax reasons. You will need to make sure that the shareholders and creditors come above your own personal resources and you use your position at the company with integrity.

Use information appropriately

You will need to use any information given to the company with discretion and not for personal gain keeping with the company's best interest in mind. You do not want to use company information to commit a crime or harm anyone in anyway. This can be done by simply being dishonest with company information or even exposing confidential information.

2.2 Research market needs, and market size and potential

Market research

Market research is very important aspect of creating your marketing strategy. You will need to get information about how your customer thinks so you can gain an understanding of what they need and how your product can help them. You can also do market research to understand the market trends and what's going on in your industry.

Having an understanding g of the market will help you build a foundation for your business. You will be able to make better business decisions, decide what products or services to offer, the location of your business, customer communication, and how you will distribute your products.

Step 1: Purpose of market research

Maintaining ongoing market research is pivotal in the success of your business. This will help you keep up with changes in the market and your competition. With market research you can find your target market.

You can identify customers, understand consumers, and this will overall increase your sales. This can be done at any point in your business, not just in the initial planning.

Identify potential customers

- Who will need your service or product?
- Male? Female?
- Married? Single? Divorced? Families?
- Where do they live?

Understanding your existing customers

- Why would customers choose your product over competitors?
- What do they value? Is it service, product quality?
- What magazines do they read?
- What websites do they visit?
- What do they enjoy doing?

Set realistic targets

Based on your research, you'll have the opportunity to set realistic goals for growth or new developing services or products.

Develop effective strategies
You'll be able to make better marketing strategies based on your research. This includes distribution, pricing, advertising avenues, and whether you will need to create new services or processes. It also will help you determine whether or not you will diversify the company or reduce business activity.

Examine and solve business problems
When problems arise you will be able to research and determine the factors of the problem. If sales have fallen you can research and find that there's new competition or new product on the market.

Prepare for business expansion
You will be able to determine if the market is ready for new products or if you are ready for expansion. If you want to open a new retail location, you can connect market research that will determine which location you need to use for your customer base.

Identify business opportunities.
Research will help you identify any new business opportunities that are available. May find a market that is untapped and you can bring new opportunities into that market and expand your business.

Step 2: Set your research objectives
Market research can be as simple or as in depth as you'd like to make it.

Your market research can be as detailed as you would like. How much research you do is dependent on the objectives you have what decisions you need to make.

You will need to thoroughly define your objectives prior to market research. This will save time later on.

Before you get started it is essential that you define your objectives. This will save you time as you continue your research.

Answer these questions to help the process:

- What is the purpose of the research?
- What information is being sought?
- How will the information be used?

Four stages of research study

1. Check if similar research has been conducted previously

2. Review any existing relevant data
3. Determine when the information is needed
4. Decide how the data will be used, and by whom.

If you need to make a large-scale position such as a new product, you may consider hiring outside professional marketing consultant. An expert will be able to give you more reliable information.

If you cannot afford to hire a consulting firm, you can at least get a few hours of professional research to help you with your own research. This could help you have more accurate information and prevent future flaws.

Step 3: Find out what information already exists

Before you begin your research you can first look at existing resources that are already available. This information is known as secondary data. Primary data is newly collected data.

Secondary data research

There is an extensive amount of data that has already been researched that is available to you this will save you resources. They can be company records or online sources. If you collect daily information you can find trends on products or the demand of products. Secondary data can be categorised into two areas: official and non official.

Official

This is data created by federal, state and local government branches.
The largest source of official research in Australia is the Australian Bureau of Statistics (ABS). The ABS collects census data, trade and industry data, and demographic statistics.

Non official

This is data that can is readily available to anyone. This includes books, Internet, newspapers, magazines, colleges, publications from research businesses, banks, etc.
The State Library of Western Australia has a resource centre available that offers statistical information for small businesses.

Other sources of secondary research include:

- Australia Post
- Libraries
- Business Local
- Industry association

Primary data research

Primary data is gathered through surveys or focus groups. This data is expensive and can pose more risks than the collection of secondary data. Make sure you define your objectives to determine if this data is necessary.

Maybe your sales are down 6% and you want to find out why. So you conduct interviews to find out what errors are in your company when the real issue is the changing market. To resolve this problem, you could evaluate secondary data to find out that the sales you have are because of a decline in market share. You can then find out if this is across the industry or just in your specific product. This data can be found by creating a survey completed by unbiased professionals.

Step 4: Conduct research using surveys

Observation

When completing a survey, you should consider taking a brief tour of your competition. Observe their performance, products, how they deliver the products, and what their prices are. Surveys also include focus groups that will give you their opinion on your competition. You may also want to utilise the Internet as a resource for observing your competition.

Personal interview

You will need to have someone delegated to conduct personal interviews. This person will contact some potential clients to get quality information and quantitative information.

Qualitative information is information that applies to opinions based on the services and or products the business is offering. It’s also towards the company and a whole and any issues that the company may have. The key in qualitative information is to gain an understanding of your client base and why they want your product and if they have positive feedback on your marketing. This information is used when planning promotions or sales techniques.

Quantitative information is determining how many people will purchase your product. This is based on interviewing numerous people. This is helpful in determining how well the market will take to your product and future sales.

Surveys involving personal interviews include:

- Face-to-face surveys
- Group interviews (focus groups)
- Post or mail surveys
- Online surveys
- Survey samples.

Personal interviews can be done by:

- Online surveys
- Focus groups
- Mail surveys
- Samples of surveys
- Individual in person surveys

Once you have determined the best method to utilise, you will need to then decide what group of people you will use to survey. You may want to consider a diverse group of people in order to get the best information. You will want to select people at random to get the best view of the population. You will then decide how many people you need to participate in your survey.

- 100-200 in a small area
- 400-500 in a midsize metropolitan area
- 600-1000 for Western Australia

You will have a lesser chance of error and a more reliable outcome when you use a larger respondent size.

Step 5: Review and act on results

When all the information has been gathered you will need to review the responses. Be objective when reviewing this information. Do not manipulate information in order for personal gain; this is not the best outcome for your business.

Here are some guidelines to help you in your analysis:

- Faulty questions produce faulty answers
- Be conscious of personal bias
- Be honest
- Higher quality research will provide more informed decisions

If your analysis shows a likelihood of business failure, re-evaluate before you continue with your business and restructure your business plan.

Document the people that you used in your survey. If they like your product you can use it in the future as clients if you continue with your business.

If you are currently in business, use your research to better grow your company by strengthening weak areas and building opportunities.

Keep in mind that you must use market research correctly to obtain the best results.

Market needs

Researching your market will help:

- Reduce financial risk: spending habits
- Eliminate any risk in finances
- Find your primary market
- Optimise your products
- Demographic makeup
- Determine how effective your advertising is
- Identify risks
- Find sales leads

When you understand the market means you will be able to prepare for the future and understand current needs of the market.

When you research and understand what your customers want you also understand how they evaluate their purchases, which will help you determine how to advertise your product.

Market size

The total market is the company's sales of it were to obtain 100% of the market. This is a very difficult task for some organisations because they need to do extensive research. You will need to determine how the market contributes to your business, find customers in terms of what they need, what they're looking for in a product, in their desires, and you will need to research valuable prospect lists. You will need to characterise the customer in respect to the products and services and how they want to receive information.

You'll need to be sure to include relevant market your business plan.

Relevant market size

Is difficult to determine the relative market size in a business especially if it is a new venture. In your business plan you want me to make sure that your plan is realistic and that you only forecast a segment of the market. It's nearly impossible to have 100% of the market.

Competitors

When evaluating your competition, you need to answer the following questions:

- Who's your competition?
- What products are already out there?
- What is the timeline for competition to enter the market once you open your business?
- What businesses are likely to enter the market?

Customers
When evaluating your customer base, you need to answer the following questions:
- What is the demographic of your primary client base?
- Are there any products that they are currently using to fill this need?
- How are these products purchased?
- Are these customers loyal to their current products?

Market Factors
You will need to consider other factors that may influence the size of your market. This might be influx in pricing for materials, government sanctions, market consolidation, etc.

Case Studies
Check and see if there are other cases that were previously done in markets that have similar business plan as you. Review their outcome and see what their customer adoption rate was in the market.

Potential
Look into new markets that are available and check to see any new opportunities that you may have to enter new markets. I can see if there any other problems that your product may be able to solve. Or are not many untapped market available that are still profitable but you can always look into it need to assess cost-benefit risks and opportunities to help you determine if it's profitable to go into new markets.

Processes and strategies
Many different ways to find the size and needs of your market. Here are a few examples:
- Hiring a consulting firm
- Using a third-party service to conduct your surveys
- Using social media or direct marketing campaigns
- Partnering with brokers

2.3 Identify sources and costs of finance, from financial plan, to provide required liquidity and profitability for the business

Money and a profitable business

Establishing good financial practices

It is vital in business that you create a culture of good financial practices. This includes regular account review, paying expenses on time, and developing an accounting system.

Obtaining finance

This is where your finances are sourced in your business.

Financial forecasts

You will want to be able to provide an educated guess in regards to your sales, expenses, cash flow, etc.

Reviewing your finances

Frequently reviewing accounting statements to determine the state of your finances in your business.

Providing credit to customers

Terms of credit applications.

Getting paid on time

Review the terms of invoices and debts.

Developing good financial procedures

An important part of running a business is establishing good financial procedures and systems to monitor the financial health of your business and ensure you meet your tax obligations.

You will need to ensure that systems are in place to monitor the status of your finances in your business as well as ensuring you are meeting your tax requirements.

Some examples include:

- Establishing business banking accounts
- Designing a business budget
- Developing accounting strategies
- Regularly reviewing accounts
- Collections procedures

In some cases, you may want to seek professional advisement.

Setting up a business bank account

You should keep a separate bank account from your business account. If you keep personal and business expenses together, it will be difficult to extract the information you need for taxes.

According to tax code, you must open a desperate account unless you are a sole trader. However, sole traders should open a business account as well, even if it's not required. In some cases, you will need to provide documentation to the bank to open a business account.

Creating a budget

Be sure to establish a company budget that is realistic. A budget will help you meet goals and understand where your business is at the given time as well as help you make educated guesses into the future of the business. You can compare your forecasts with the results to analyse business spending.

Establishing an accounting system

Accounting is the system in which financial records are documented. When you keep good records of your finances you have a clearer picture of the Gina vial health of your business and will help you manage taxes and applying for loans or financing.

Legally, your business must record employee payments, income, GST, and tax reports. You must be sure to keep tax documents for five years. They must be in English and in ATO formatting. You can visit the ATO website for additional information.

There are two accounting systems: cash accounting and accrual. A cash system records transactions when cash is received, not when the sale was made. This is ideal for businesses that rely on cash. Accrual systems are based off when the sale was made and not when payment is received. This is the most common system.

You can keep these transactions recorded using a manual or via computer.
Keeping records manually invokes entering every transaction into a notebook or ledger. These can be purchased at an office supplier.

A computer system uses software or Internet programs that allow you to record transactions. With software, you typically have more options such as invoicing and inventory. Using a spreadsheet is also available to record transactions. If you visit the ATO website, they have a list of recommended accounting software.

Reviewing your accounts

There are two basic financial statements of relevance to small businesses:
Small businesses typically use two financial statements.

Balance sheets and profit and loss statements.

- Profit and loss shows income, expenses, and profit.
- A balance sheet shows assets, liabilities and net equity

Try to review these statements once a month if not more. This will allow you to foresee problems and work to eliminate them.

You can always ask for help from your accounting department to better understand.

Procedures for providing credit and collecting outstanding debts

To regulate cash flow, you will need to establish procedures relating to collection on debt. You may want to evaluate the terms and conditions you have as well as how you invoice and collect payment.

Obtaining finance

If you're opening a new business or considering expansion, you may need financing to continue. There are different types of financing that will have an impact on your taxes and cash flow.

- Types of finance
- Sources of finance

Before sourcing finance;

- Establish the total amount of funds needed
- Create your business plan
- Establish the time in which the loan will need to be paid
- Evaluate the company's ability to pay the loan.

You may want to get a professional opinion to help you make financial decisions for your company.

Types of finance

- Debt finance – money borrowed from external companies such as a bank
- Equity finance – investing your own money, or other stakeholders, in exchange for stake in ownership.

Type	Pros	Cons
Debt finance	You are in control of your company. You can use the interest as a tax deductible. Short or long term loans	You must pay back the loan within the allotted time. You will have to begin payments immediately after signing the papers. Your assets may be used as collateral. Cash flow is limited because of loan payments.
Equity Finance	Less risky in that you do not have to pay back right away. Cash flow. Investors can be strategic partners	Investors will need ownership in the company, which allows them to make business decisions. You will need to do investigations in order to find the right partner for your business. The investor(s) will want some ownership or

Sources of finances

The main sources of debt finance are:

- Financial offices- banks, credit unions and building societies.
- Retailers –purchasing goods for your business through store credit.
- Finance companies – must be registered with the Australian Securities and Investments Commission (ASIC).
- Suppliers – allows you to delay payment for goods on credit.
- Factor companies- this is when a company will see their accounts receivable rather than waiting for the cash to come in. Typically, it can take 30-60 days to receive the payments for invoicing. Be sure to research the cost before making a contract with factor companies.
- Invoice finance – basically it's the same concept as factoring, except clients will still make payments to your company.
- Peer-to-peer lenders - people who want to invest are matched with people who need a loan.

- Family or friends – may offer you money as a loan. Make sure you seek legal assistance and draw up a legal contract.

The main sources of equity finance are:

- Personal finances- these are your own funds that are from savings or sale of assets
- Venture capitalist- these are investors that work to invest large sums of money into businesses that have a high probability of growth.
- Friends or family- they may want to invest in your company for equity stake or as a business partner. These need to be taken into careful consideration, as these are close relationships.
- Private investors- these are wealthy individuals that are looking to invest for an equity stake in your business.
- Crowd funding- this is done by collecting funds from a large group of people. This is mostly done on the Internet through crowd funding websites.
- Government- some government assistance programs that are available for companies provide advisory services. In some cases, you may be eligible for a government grant.
- Stock market- raising the needed capital by giving share of your company to the public.

You should always revisit your relationship with any lenders every year to make sure the terms are ideal.

Financial forecasts

Financial forecasts are a future prediction of how the finances of your business will continue. Using business statements show what is current; forecasts are predictions of the future. This is not something that can be done easily, especially for new companies that do not have any financial history to go off of. If you frequently forecast your finances, you will be able to get better results in the future.

You may want to complete forecasts every week or every month when you first begin your business, if you are growing rapidly, or if you are in a financial decline. Consistent forecasts will give the opportunity to monitor your finances and work to solve problems.

Financial forecasts may include:

- Initial company expenses
- Sales
- Overhead
- Cost of goods sold (COGS)
- Cash flow

Start-up costs
When you start a new company you will always have initial costs that you need to take into consideration. These may include:

- Legal registration fees
- Insurance costs
- Equipment, furniture, or office costs
- Marketing
- Permits
- Capital required until you begin to receive payments from clients
- Staff salaries

Things will always come up, so be sure to add an extra 20% to your estimated start up costs to prevent any problems.

Sales

Predicting the sales of your business is not an easy task. If this is a new business, you can make your forecast based off of other companies in your industry and your market research. If this is an existing company, review sales from the past few years to see any established trends. You will want to remember the market and economy in your predictions.
Be sure to consistently check the sales against what you predicted and make any adjustments to forecasts based on this information. Try to pinpoint the reason for the discrepancies.

You can forecast sales in two ways. Unit sales, which are the number of the units you plan to sell, multiplied by the price. This can be done by each product if you have different categories. Or you can use margin sales forecast, which can be done by this formula:
Margin sales forecast = (total cost of stock x mark up ÷ 100) + total cost of stock
You can only use this formula if you use the same mark up on every product. If there are different mark-ups, you can group them into categories that way.

Expenses

Forecasting your expenses is showing the cost of your business over time. This can include rent, marketing, salaries, legal fees, or insurance.

If this is for a new business, review existing companies within the industry to establish this forecast. If this is an existing business, review previous year's records. Be sure to remember any changes in cost or staff changes.

Cost of goods sold (COGS)

If you are in the business of selling product, you will need to determine the cost to produce each item. This is known as cost of goods sold or COGS.

You will need your sales forecast to determine your COGS format, as you will need to spend more to produce more inventories.

You will need to include all components of producing your product. These may include:

- Wholesale cost of purchasing goods
- Insurance
- Commission
- Labour costs
- Packaging

Cash flow

This is forecast that predicts how much money will come in and go out through income and expenses. This is typically done over a year but can be done at different time variables. This can help you determine times of excess and times of shortages with your income. This can help you schedule different purchasing times.

You will need to consistently review this report against what is actually happening. You will need to pay attention to:

- Cash payments are more than invoices
- Net operating cash flow is less than profit after tax

Reviewing your finances

- Profit and loss
- Balance sheet
- Financial health indicators

Forecasts are a prediction of your finances and financial statements are what the current status of your business really is. These are typically created annually and monthly.

You will need to review these statements monthly in order to grow your business. These are usually profit loss and balance sheets.

Profit and loss (P&L)

This shows your income and expenses for a given time. This will show whether or not you were profitable.

A P&L usually has five main components:

- Revenue
- Cost of goods sold
- Gross profit
- Expenses
- Net profit (gross profit minus expenses)

Formula: Sales – COGS = gross profit – expenses = net profit

The net profit will show if you lost or gained money.

Analysis	KPI	Formula
What percentage of the sales price covers the cost of producing the product?	COGS is a % of sales/revenue	COGS ÷ revenue x 100
Determine profitability	Gross profit margin Net profit margin	Gross profit ÷ revenue x 100 Net profit ÷ revenue x 100

Your gross profit will show you have efficient you are. The larger the gross profit the better. If there is a decline over time you will need to review and assess why.

The net profit margin shows how much profit is made for each dollar spent. When there is a decline in profit margin, typically this means there was an increase in overhead and you will need to review this. To be more profitable you need to decrease your expenses. Depending on how your business is structured, you will need to calculate your expenses in a specific way. You can always ask your accounting team on how this is structured for your business.

Sole traders- money that is used for personal expenses or drawings cannot be documented as a business expense. Net profit is calculated once the owner's personal money is removed and then that leaves the taxable income. Your company will pay tax on net profit no matter how much was taken for personal use.

Partners- in these businesses, net profit is based on the partnership agreement. If no agreement has been made, it is distributed equally. Each partner will pay the taxes off the profit that they receive.

Companies – salaries for working directors are treated as an expense along with employees' wages. Net profit is what is left over after these salaries have been deducted; it is then available for distribution to shareholders as dividends.

Companies- compensation for working directors are considered expenses along with the remaining staff members. Net profit is what is left over after that and the remainder is left for dividends.

Balance sheet

A balance sheet shows a picture of the business assets and liabilities at any given time. This is typically done at the end of the month and will be able to show the health of the finances of the company.

A balance sheet includes:

- Assets – this includes accounts receivable, equipment, etc.
- Liabilities – this includes loans, debts, and overhead.
- Owner's equity – the amount left after liabilities are deducted from assets

Below are the listed types of assets and liabilities

Current Assets	These are items that are expected to be turned into cash within the year.
Non-current assets	These are items that are not expected to convert to cash within the year, such as equipment, vehicles, and offices.
Current liabilities	These are items that should be paid off within the year such as credit card debts, short-term loans, and stock purchases.
Non-current liabilities	These are items that are not expected to be paid off within the year. Such as mortgages on buildings and long-term loans.

Financial health indicators

The profit loss and balance sheet can be reviewed more thoroughly if you need to find more key performance indicators. Here are some examples listed below.

Analysis	KPI	Formula
What does my business need to sell to cover all my expenses?	Breakeven point	COGS + expenses
Is my business making money?	Gross profit margin Net profit margin	Gross profit ÷ revenue x 100 Net profit ÷ revenue x 100
Does the business have too many expenses?	Debt to income ratio	Total liabilities ÷ sales x 100
Will my business survive economic downturn?	Debt to equity ratio	Total liabilities ÷ equity x 100
Will my business be able to pay bills?	Liquidity ratio	Current liabilities ÷ current assets x 100
How much working capital is needed?	Working capital ratio	Current assets ÷ current liabilities
Is my business creating a good return on investment?	Return on investment	Net profit ÷ equity x 100
How rapidly will stock turnover?	Inventory turnover	Closing stock ÷ COGS x 365
How long does it take to receive money from customers?	Inventory turnover	Closing stock ÷ COGS x 365
How rapidly are invoices being paid?	Accounts payable turnover	Accounts payable ÷ COGS x 365
Are my expenses too great?	Expenses ratio	COGS ÷ revenue

Providing credit to customers

- Payment terms
- Credit application process
- Register with the PPSR before selling assets

Payment terms

Payment terms are terms set for customers to pay for your services. This includes the time allotted to pay their bills. Payment terms are different depending on your business type and reference the payment terms you set as company. Will you provide credit and what are the terms of this credit? What is your debt collection policy?

Payment terms are considered part of a contract and are covered by law. If customers do not comply with your payment terms, they are under breach of contract per Australian law.

Here are some examples of payment methods:

- Cash
- Cheque
- Credit and debit cards
- Online payments
- Vouchers and gift cards
- Direct debit

There are restrictions when it comes to credit card charges that you will need to understand. Be sure to visit the Reserve Bank of Australia website for further information.

You can have your goods purchased upon delivery or receipt or you can have customers set up with credit where they are not required to pay for an allotted time after the goods or services have been provided.

If you offer credit, you are running the risk of being paid later than anticipated, or in some cases, not at all. Be sure to monitor this closely and consider setting up payment arrangements for customers you don't know upfront to make sure you can get payment.

This is all dependent on the cash flow needs of your company. Some companies offer both options while others only offer credit and some only payment upon delivery. Make the best decision for your customers and your business.

The most basic terms of credit are a week, three weeks, or four weeks.

You may consider a credit application process if you are considering setting up clients with credit option. This way you can screen for any customers that have bad credit history.
Be sure to include payment terms on the invoices. You will want to have a shorter term on your invoices than on the bills your companies have to pay for cash flow purposes.

Credit application process

You will want to check a client's credit history before you offer credit with them and your business.

You will want to create an application for that that requires:

- Contact information
- If you're getting the credit of a business: the ABN and company structure
- Three supplier references
- Signature of the applicant agreeing to the terms and conditions
- Signed permission to complete a credit check of the applicant.

TIP: If the business is a company, you may want to consider obtaining a director's guarantee (include this request in the application form). This means if the company gets into financial difficulties you can hold the directors' liable for the debt.

Decide whether to offer credit

Once you have completed the application process, you will need to review. This includes:

- Checking the business's registration
- Contacting the customer's references and review their payment history
- Completing a credit check
- Obtaining relevant guarantees

Advise the customer of your decision

You should let the customer know the decision in writing, even if you are declining their credit application.

If you decide to provide credit let them know the:

- Credit limit
- Credit terms
- Penalty terms
- Any other terms and conditions

Invoice on a consistent basis and monitor the outstanding accounts receivable.

Register with the PPSR before you sell assets

If you've decided to offer credit to your customers, know that this is a risky business. You have a better chance of collecting on any debt if you register with the Personal Property and Securities Register (PPSR.) This is in the case that customers' go broke or do not pay their debts with you.

You may consider registering the following:

- Goods
- Buildings and equipment
- Vehicles
- Livestock or crops

Getting paid on time

You should set up policies and procedures in order to get paid on time. This includes:

- Outlining terms and conditions
- Setting up a system for invoicing and payments
- Credit and collections procedures

Terms and conditions for providing goods and/or services

You will need to make sure that the terms and conditions are in writing when working with customers. This will help you in the case that there are disputes. Be sure to check with legal counsel to make sure that your terms and conditions are legally binding.

Terms and conditions should:

- Detail how payments are to be made and when
- Show what penalties are for late payments
- Show any additional fees
- Make sure this is listed on any estimates or quotes
- Be fair and legal

You should have your customers sign the terms and conditions prior to servicing them. Providing credit has its risks, so make sure your business can handle it or look or alternatives to credit.

Invoicing and payments

If you consistently invoice you will be able to maintain a consistent cash flow for your business. The invoices should be easy to read and include the details of the goods purchases, the total due amount, the date the payment is due, and the methods of payment that are available. You will need to know the difference between an invoice and a tax invoice.

If you are not registered for GST, there will be no tax component and your invoice will be just and invoice. If you are registered for GST, then you should have GST stated for each item and you need to include the phrase 'tax invoice' on your invoice.

The Australian Tax Office is available as a resource to you to show the standards of the layout for invoices and they can also answer any question you have regarding tax issues.
Be sure to check on people who owe you money in a timely matter when there are late payments.

You may consider issuing a reminder to customers when their payments are due.

Debt recovery

If you are not paid for your services this will have a negative impact on your cash flow as well as the overall profitability. Make Sure you establish a process to work through collecting debt in a manner that allows you to continue to have a good relationship with your customers.

Here are some steps that may help you.

Contact your customer when the invoice is overdue and try to reason with them as to why the payment has not been received. If necessary, renegotiate a new deadline.

1. Send a statement. If you have still not received payment, you should write out a statement that shows the overdue balance and the new deadline for payment. If there is an action to be taken if there is no payment received, outline this as well. You will need to keep a copy for yourself as well as a receipt of mail to keep for legal purposes.
2. You should never use methods that are considered harassment to receive payment. This is illegal. If you need help with debt collection you can contact the ACCC for information.

1. Seek assistance

If you have a customer that is refusing payment because of a dispute over the services you provided, you may consider using an Alternative Dispute Resolution service in order to help settle out of court.

2. Hire a debt collector

You can hire a licensed debt collector that will work on collecting the debt on your behalf. They typically charge a fee or want a percentage of the collected amount.

3. Start legal proceedings

In some cases you may decide to take legal action. This can be very costly so you will want to consider:

- Likelihood of being paid the remaining debt
- Time spent pursuing this debt
- Total legal fees

Here are some examples of associated legal fees

Magistrates Court	District Court	Supreme Court
Minor claims - debt up to $10,000 **General** claims - debt up to $100,000	Debt or damages up to $750,000	Debt over $750,000

Here are some sources of finance for your company:

- Bank loan
- Venture capital loan
- Sale of equity percentage
- Sale of assets

Bank loan

The most commonly used form of loan for a business is a bank loan. This can be long term or a mid term finance that the bank will set over a period of time. The bank will also establish the interest and term of the loan.

Venture capital loan

Venture capital has many differences from a typical bank loan. A loan is when money is given to the company and the company legally has to repay that amount with interest. These loans can be backed by equipment or inventory assets or the company's accounts receivables. Sometimes with small businesses the loans are backed by a business owner. This is in case the company is unable to make payments and the lender can still get some of their money back. With venture capital, the company gives shares of the company in exchange for money. The venture capitalist then becomes a partial owner in the company. This is typically only used with companies that are high risk in high growth industries. Typically, there are no assets to back this loan and there must be high potential payouts in order for there to be a successful investment.

Sale of assets

There can be tangible or intangible property. When assets are sold, typically the seller will get the cash equivalent to the asset and the buyer will gain ownership of that asset.

Business financial plan:

- Sales reports by product or service
- Cash flow forecasts
- Current financial state
- Estimates of profit and loss forecasts
- Financial performance to date
- Likelihood of return on investment
- Returns in a selected time period
- Non-recurrent assets reporting
- Profit, turnover, capital and equity targets
- Projected profit targets
- Projections based on budgets
- Sales projections
- Resources needed for remaining business plan
- Review of financing required
- Financial risks and plans to minimise risk
- Working, fixed, debt and equity capital

Financial plans should always include:

- The income statement
- The cash flow projection
- The balance sheet

The financial plan should also include information on any:

- Current investments
- Bank loans
- Accounts receivables and payable
- Details on if business expansion is possible
- What approach should be taken to receive interest from potential investors or lenders

Brief financial plan set up

When you have covered all the financial planning, you will need to summarise this information for your business plan.

Review by looking at existing expenses.

These can be broken into two categories:

- Start up expenses
- Operating expenses

Start up expenses

These are cost that are acquired when the business first begins.

These expenses may include:

- Registration fees
- Licensing and permits
- Initial inventory
- Rent deposits or payments on property
- Down payments on equipment
- Utility setup fees

These are just some examples and all business is different. Be sure to keep track of the expenses and add them to the list as they occur.

Operating expenses

These are expenses that are needed in order to run the operation of your business. These are considered day-to-day expenses.

Operating expenses may include:

- Payroll
- Rent or mortgage
- Internet or phone services
- Building utilities
- Materials
- Distribution
- Loan payments
- Office supplies
- Maintenance

The income statement

This is one of the main statements that must be included in your business plan.

- The income statement
- The cash flow projection
- The balance sheet

The Income Statement reports the business Revenues, Expenses, and Profit.

This statement shows if your company lost or made money in a given period of time.
Revenue LESS- Expenses = Profit/Loss

NOTE: EBIT means earnings before interest and taxes. This is the measure of profit that does not include interest and income tax expenses.

You should create an income statement every month when first starting your business.

Example – Income Statement

YOUR BUSINESS NAME		Income Statement dates	
Revenue	**$**	**Expenses**	**$**
Revenue: services		Direct costs:	
		Supplies	
Revenue: other		Equipment	
Bank interest		Wages (owner)	
Total revenue: miscellaneous		Wages (staff)	
		Expenses	
Total revenue		**Total direct costs**	
		General and administration:	
		Accounting fees	
		Advertising	
		Bad debts	
		Bank fees	
		Depreciation	
		Insurance	
		Interest	
		Mortgage payment	
		Utilities	
Net income prior to income taxes		**Total expenses**	

The cash flow projection

This is a report that shows your projections for the cash flow in the future.
This part of the financial plan will assist in indicating if expenditures are too high or when you might wish to consider financial options such as short-term investments to deal with a cash flow surplus.

This will help you analyse if you're spending too much or if you should get a short-term investment in order to help with cash flow.

The cash flow projection will help you with how much of an investment you really need.
Benefits:
It can show that your business has good credit
Will show that the business has cash available to get a short-term loan if necessary.

A cash flow statement is different from a cash flow projection.

A cash flow statement shows actual historic evidence of what has occurred in the past, your projection shows an estimate for the future.

Example – The Cash Flow Projection

Cash Revenues	Cash Disbursements	Reconciliation Of Cash Flow
➢ Revenue from sales **Total Cash Revenues**	➢ Payments to manufacturers ➢ Management wages ➢ Employee wages ➢ Promotion Expenses ➢ Professional fees ➢ Rent/Mortgage ➢ Insurance ➢ Power/Utilities payments **Total Cash Disbursements**	1. BEGINNING CASH BALANCE 2. ADD: TOTAL SALES REVENUES 3. SUBTRACT: TOTAL CASH 4. DISBURSEMENTS 5. CLOSING CASH BALANCE

You will need to be cautious of being too optimistic in your cash flow projection, as it will hinder your business in the future.

The Balance Sheet

The balance sheet will show the worth of the business.

Balance sheets include:

- Assets: property or materials of cash value owned by the company
- Liability: debt owned by the company
- Equity: the amount remaining from assets and liability.

For the purposes of your business plan, it is advised to just create a pro forma Balance Sheet intended to summarise the information in the Income Statement and Cash Flow Projections. You will need to create a balance sheet that will summarise the income statement and cash flow projections. This is an annual report

Balance Sheet – Example Only

Your Company Name	**NAME OF COMPANY DATE**
Assets Current Assets Bank balance Cash on hand Net Cash Inventory in warehouse Accounts Receivable **Total Current Assets** **Fixed Assets** Physical properties Buildings -depreciation value Net Land & Buildings Equipment -Depreciation Net Equipment **Total Assets**	**Liabilities** Current Liabilities Accounts Payable Income Tax Payable Super Payable **Total Current Liabilities** Long-Term Liabilities Long-Term Loans Mortgage **Total Long-Term Liabilities** **Total Liabilities**
Equity	
Earnings Owner's Equity – Capital Owner – Draws Retained Earnings Current Earnings **Total Earnings**	 **Total Equity:** **Liabilities and Equity:**

When you have completed the balance sheet, you will need to summarise your financial plan and the three financial statements created. Keep your summary short and concise.

Sources and costs of finance

You will need to identify the source of finance in your business plan. This is vital as without proper funding your business could not start.
This part of the plan will display your company as a viable business.
The most difficult step of opening a new business is raising the funds to start. If a company cannot come up with the finances needed, it's not likely that the company will have the momentum needed to be successful.

Campaigning to raise start up takes careful consideration and strategy.

Sources and costs of finance

You will need to answer the following questions in your business plan.

- How much money does the company need?
- How long is this finance needed?
- Is there any security that can be provided?
- Can equity be given up in return for potential investment?

The needs of the business and sources and cost should contain these factors:

- Start up costs
- Initial assets or investments needed before business can begin
- Working capital or initial investment needed for start up
- Development plans

To provide the required liquidity and profitability for the business

For a company that is looking for different sources of finances, you can separate these options into external and internal sources as listed below.

Financial Sources	
Internal sources	**External sources**
Personal sources such as friends and family	Loans: this can be from lenders or bankers
Shared capital- this is capital raised by the founder members of the company who then share the equity amongst themselves.	Loans will give a long term finance options for company start ups. This is a fixed rate over a period of time.
Shares can be sold to external investors	Overdraft loans are available as short term financing. It's mainly considered a loan facility.
Savings and other options from personal use. This may be an inheritance or other forms that is personal money that is invested into the company.	Share capital- outside investors. This is typically close friends or relatives to the business owners.

Adding another mortgage on a property creates capital that is often times used as start up for a company.	Credit cards are also used in financing a company as part of a day-to-day expenses.
Professional investors	
Investors typically want to invest in businesses that have large potential for growth. They make money by selling businesses and have a lot of expertise in building companies.	
Venture capital is investments made by professional investors. Venture capitalists typically invest in larger companies and not start-ups.	

2.4 Identify methods, from marketing strategies, to promote market exposure of the business

Developing marketing strategies will help your company capture interest of new potential customers, keep customers, which will in turn increase sales and your company's share of the market. There are several different methods of marketing strategies. You will need to have a full understanding of your industry and the environment of your business in order to create a successful strategy. You will always need to analyse and revisit your strategies as the industry develops.

You will want to create a strategy that will bring more positive exposure for your company.

A few examples of marketing strategies are:

- Printed materials
- Television commercials
- Customer referrals

New electronic advertising includes:

- Website
- Social network
- Skype
- Blogs

Marketing strategies may include:

- New innovative products within your industry
- Having a lower price point than competitors
- Efficient distribution
- Product packaging and display
- Product design and packaging
- Promotion and advertising
- Pursuing lower cost production

Methods to PROMOTE the market exposure

When you have determined who your market demographic is, you will need to find the best application of promotion to reach that market.

An example of promotion is to have events that invite customers to be involved and purchase your product.

A few examples:

- Customer appreciation days
- Receptions
- Promotional sales

- New services launch
- Booths at trade shows or conferences
- Distribution of printed materials
- Case studies or professional approval
- Billboards and signage
- Ads in newspapers and other media outlets
- Phone promotions
- Online advertising

Marketing strategies:

- Maintaining lower costs of production
- Developing innovative products
- Distribution
- Product presentation
- Product packaging and design
- Lowest cost in market

Promotional strategies:

- Gaining consumer feedback in forms of case studies and testimonials
- Media releases
- Product launches
- Providing sessions that give information to clients
- Trade show attendance
- Development of media materials such as signs and displays
- Phone promotions
- Online ads
- Promotional discounts

Additional comments:

You may choose to use different media outlets. Typically, this is considered one of the best marketing tools available.

Media can reach a wide range of potential customers and create visibility for your company.

You can promote your business by using:

- Press releases
- Advertising in newspapers or magazines
- Promotional campaigns

There are some ways to utilise free advertising but you will reach the most people if you use paid advertising. Radio and television advertising is an example of this.

Trade Shows

Depending on your industry, you may find that trade shows and conferences can be a good channel to promote your business.

Other companies within your industry will make booths or exhibits open for customers to interact with the companies. You should have print materials available to give to customers so they remember your contact information for future reference.

Online advertising

Using the Internet is a new and rapidly growing avenue for advertising your company. You can utilise search engines to lead potential clients to your website that will detail the services and promotions that you offer.

Promotional ideas include:

- Advertisements in the Yellow Pages
- Social Media advertising
- Marketing in newspaper articles
- Blog advertisements
- Search engine advertising
- Twitter/Facebook
- Online forums
- Mass email marketing
- Classified Ads
- YouTube videos

2.5 Identify methods/means of production/operation from production/operations plan to conform with business goals and objectives

Identify methods

Operational Planning

If you want your company to be successful, a good practice is to document primary activities within the company to provide as a reference in future operations. Examples of this are standard operating procedures, customer service workflow, and staff management plans. As your business continues to grow, you will need to maintain structure and proper work flow in order to retain quality.

You will need to make sure that there are relevant plans and procedures specific to your company. This may include opening the store and closing the store procedures, how staff is expected to answer the phone, customer service expectations, etc.

Business operational plan examples:

- Customer requirements
- Market expectations
- Budgeting
- Quality control
- Inventory
- Action plans and plans to meet goals
- Production processes
- Customer service
- Technical support
- Human resources policies
- New product launch processes
- Distribution
- Accounting procedures and auditing processes.

Operational Plan

You should already have an operation plan in place in your business plan. This is the section where you need to summarise the plan for easy access.

You can list the key components of the operation here such as staff roles and responsibilities, outside vendors. You will not want to list extensive detail here.
In this section you should list the processes that your company will function daily using the operational plans.

This includes:

- Business logistics
- Staff roles and listed responsibilities
- Listed departments of the company and generalised tasks
- Financial requirements

Operations in your small business

Whether you are opening a small business or running a large corporation, the operations plans will look relatively the same.

The operational plan will include the location, equipment, and offices that are required by your business. If you are offering a product, you will need to include any inventory requirements, distributors, and what product you are manufacturing and how.

You may want to remember that this operational plan is showing what finances are needed in order for your company to work every day.

Operational methods

You will need to consider two components within your operational plan. This includes the steps you will take to maintain production to start your company.

In your business plan, you need to fully communicate the manufacturing process of your product and how it will help you achieve your goals. If you are working in services, you will need to show how you are going to deliver that service to meet your company goals.

Step 1: Development

- List how your product is made from start to finish and list out any potential risks. Include any required industry regulations by specific organisations and how you meet those requirements. You may want to include a list of any other business you are teaming with to meet these standards.
- Detail the steps you have already taken in order to be fully up to code in regards to legal obligations of your industry
- List your suppliers and the cost and conditions of your inventory. Be sure to list any back ups you have in place for this as well
- Detail the quality control procedures you have in place

This part of the business plan is to explain what you are currently doing or have previously established for your business operations.
You should include a section that includes the risks and potential hazards involved in your operations and the policies in place to eliminate or deal with these risks.

You can also include the following in your development section:

- Industrial membership
- Listed distributors

- Quality control processes

Step 2: Production
This section will provide extensive details of the day-to-day operations of the business.

You will want to make sure you are fully communicating you understanding have the industry and operational procedures.

Here are some examples:

General	➢ Show your daily operations ➢ Hours of business ➢ State if the business is not open the entire year
The physical premises	➢ Size of the building and location ➢ Any mortgage or lease agreements ➢ Real estate assessments ➢ Detail what land is required for the business and the value needed
Equipment	➢ What equipment is needed ➢ Value and cost ➢ What financing is needed
Assets	➢ Detail assets ➢ Land, buildings, inventory, furniture, equipment and vehicles ➢ Value of every asset
Special requirements	➢ Any requirements specific to your industry ➢ What legal actions are required
Materials	➢ What vendor to you use for materials ➢ What is needed to start production ➢ What terms do you have with manufacturer
Production	➢ What time is needed to produce a product ➢ When will production start ➢ What will affect production
Inventory	➢ How will you document inventory

Feasibility	➢ List any prototypes or products in development
Cost	➢ Detail COGS

This section should be completed in paragraph form, not as a table.

You do not have to use every topic listed above if it is not applicable to your business. You should only use the operating plans that are specific and necessary to your business.

2.6 Identify staffing requirements to effectively produce/ deliver products/services

Employing staff

Hiring staff is a very important component of building a successful business. Besides just selected the right people for your business, you will also need to uphold the legal obligations.

Industrial relations systems

Your business will either be part of the state or national industrial relations system. You will need to determine the correct one for your business and look to gain further information.

Types of employment

- Full time
- Part time
- Interns
- Commission based
- Contracted labour
- Temporary employment; etc.

Each one is different and has different employer requirements. You will need to ensure that you fully understand the wage and employee requirements upon hire. Check with Fair Work Ombudsman to clarify your business requirements.

Employee or contractor?

You need to know the difference between an employee and an independent contractor; each has different tax and employment obligations.

Employer obligations

There are legal obligations involved in employing staff. Learn what these are and where to go for more information.

Recruiting and managing staff

Useful tips to help you recruit and manage staff, including where to go for more information.

Ending employment

There are various reasons why employment ends, for example redundancy, resignation and termination. Learn what you need to consider when someone's employment ends.

Which industrial relations system applies to your business

Australia has two industrial relations systems: state and national. The system that applies to you is determined by how your business was set up.

National applies typically to incorporated companies and state to sole proprietorships and businesses that are not incorporated. If the company has Ltd in their business title that gives you an indication that it applies nationally.

There are some areas of your business that is restricted by state and national groups. State laws are specific and differing in child labour and service leave. While national systems regulate parent leave and terminations.

For state systems, you can contact your local representative office to gain further information. National systems can find assistance with the Fair Work Ombudsman.

Types of employment

Full-time and part-time employees

Full time employees work consistently for approximately 38 hours in a 7-day period. The schedule and hours need to be agreed upon prior to employment start.

Full-time employees qualify for the leave of:

- Sick
- Bereavement
- Maternity and parental
- Long term service

They are also entitled to public holiday pay if the holiday falls on a day they would usually work.

They also qualify for holiday pay in the case of a major holiday falling in the workweek.
Part time employees will typically work fewer than 38 hours and have a pretty set schedule. Their salaries are the same standards as full time just based on their restricted hours.

Casual employees

Casual employees have fewer scheduling restrictions and come in to work according to changing demands of the business.

- Can accept offers to work as they choose
- Receive hourly pay plus loading pay
- Do not qualify for sick leave
- Are not required to give notice upon quitting unless exclusively agreed to upon hire

Some business may offer special leave for casual employees who have been employed for a year. This includes maternity leave or long service.

Fixed term and contract employees

You may find that your business is in need of employment for a short period of time. You can hire someone on contract in these cases. These may be to complete a limited project or to replace an employee that is out temporarily on leave.

These employees can be full time or part time. They qualify for the same leave as other employees based on their length of contract. Be sure to get the agreement of the length of employment in writing before the initial start date of the employee.

Interns

Your business could be an ideal place for interns. Interns are working towards college credits and national merit. In order to work for you, they must be registered through a training provider.

Interns must be paid according to their registered agreement. You may want to contact the Apprenticeship Network in order to receive more information on working with interns. Payroll taxes are not required in hiring interns.

Commission and piece rate employees

In some situations, you can pay your employees on a commission, or based on their production rather than a base salary. This is necessary in the case of their agreement allowing it or if they are not under an agreement at all.

The standards and obligations for hiring commissioned employees varies, so it's recommended that you seek the Fair Work Ombudsman to clarify regulations.

Employee or contractor

There are differing obligations between hiring an employee and hiring a contractor. You will need to be aware of the differences before proceeding with the hiring process.

You will need to review a contractor's entire agreement before you can hire them on as a contractor. Every worker that you hire is not technically a contractor. You can use the ATO website and employee decision tool to help you determine an employee’s status.

When you use this online tool make sure you document the results to help prevent future penalties.

The primary difference between employees and contractors is outlined below.

Employees	Contractors
You manage their work	They control their work
Work on a consistent basis and are on company payroll	Can work for different companies while still working for your company
Paid according to their contracts with the company	They are paid based on their invoices
Given materials from your office to complete their work	They provide their own materials
Taxes and worker's compensation insurance is paid	They pay their own taxes
Part of your company	Represent their own business

Employer obligations

As an employer, you have many legal restrictions and regulations that you must adhere to upon hiring staff.

You will need to be well versed in:

- Your business industrial relations system
- How to keep employee records confidential
- Laws regarding employment (equal opportunity, etc.)
- Worker's compensation
- How to keep your work environment safe
- Payroll
- Leave entitlements

Equal opportunity laws

It is against the law to discriminate based on gender, age, marital status, race, etc.

Pay and employment conditions

Be sure to fully understand the requirements for paying your employees based off of national or state systems. You may have fees if you do not comply.

Tax and superannuation

All wages must be reported to the Australian Taxation Office. This includes collecting pay as you go withholding (PAYG) and contributions to superannuation funds. For more information you can contact the ATO.

Keeping employment records

You will want to keep record of pay stubs, detailed payment reports, times beers, taxes, and any superannuation payments. Legally you should keep these documents for seven years after creation.

You can get templates and additional information from the Department of Commerce or Fair Work Ombudsman.

Leave entitlements

You will need to fully understand the legal requirements you have in providing maternity and long service leave for your employees.

Australia has requirements for long service leave for any industry your business is in (construction is one industry that has longer service leave.) Be sure to get information from the Department of Commerce or Fair Work Ombudsman.

In some cases, you may need to pay employees through Commonwealth Paid Parental Leave Scheme.

Ensuring a safe workplace

You are legally obliged to ensure a safe workplace and look after the health and safety of your employees and customers. Penalties can apply if you do not meet your Workplace Health and Safety (WHS) obligations.

Work Safe is responsible for overseeing workplace safety in Australia.

Ensure that you have workers' compensation insurance

You are legally required to have workers' compensation insurance for your staff, including contractors and any family members who work in your business. This insurance is mandatory if you employ people.

You are legally required to have workers' compensation insurance for your staff, including contractors and any family members who work in your business. This insurance is mandatory if you employ people.

Injury management

You are legally obligated to have a documented injury management system that outlines the steps to be followed if an injury occurs in your workplace. Penalties can apply if you fail to meet this obligation

Recruiting and managing staff

The recruitment process

There are some basic steps in recruiting the right people for your business:

- Describing the job
- List of the criteria needed to apply
- Determine how staffing will be completed according to application
- Posting the job listing
- Interview potential applicants
- Hiring the right person

You will want to introduce new employees to your business. This includes orientation to go over business vision and products and policies. This allows them to understand your company from day one. This often times prevents turnover and will increase their productivity.

Managing staff performance

You will need to monitor your employee's performance in order to maintain their performance. You will need to meet with employees who underperform and recognise the employees that are exceeding expectations. By monitoring your employees, you can determine people's strengths and where you need to contribute more training.

If an employee is not performing well you may:

- Given them written notice on what needs to be adjusted
- Give them a timeline of when improvement is expected
- Give them additional training
- Communicate potential ramifications if they do not improve their performance.

Ending employment

The most common reasons employment ends are:

- Resignation
- Redundancy
- Termination or dismissal

Your obligations as an employer will depend whether you are under the state or national industrial relations system.

Notice periods

You must give notice to an employee when ending their employment. The length of notice will depend on there:

- How long they've been employed
- Their role in the company
- Employment contract
- Age

You can either let the employee work their notice period or you can pay them the amount as if they had worked to the end.

Employee entitlements

You must pay an employee all their entitlements when employment ends. These may include:

- Outstanding wages
- Accumulated annual leave
- Accrued or pro rata long service leave
- Redundancy pay

Unfair dismissal

You must have appropriate policies and procedures in place to manage employee performance. Terminating or dismissing an underperforming employee must be done in a manner that is fair, reasonable, and just.

More information

- State system: information about your obligations and unfair dismissal is available from the Department of Commerce.
- National system: information about your obligations and unfair dismissal is available from the Fair Work Ombudsman

Staffing requirements may include:

- Full-time, part-time staff, permanent, temporary or casual staff
- Owner/operator
- Sub-contractors or external advisers/consultants
- When addressing staffing or more correctly "human resources" for the business plan, the structure and responsibilities of staff and how your business ownership is structured is another vital piece in the overall plan.

You need to clearly identify:

- Who will be on your management team
- What are the skills of your management and staff
- How will they contribute to the bottom line

A convenient way to identify staffing or human resource requirements for the organisation is to break it into sections detailing your:

- Ownership structure
- Internal management team
- External management resources
- Human resources needs

Ownership structure

- The ownership structure section describes the legal structure of your business.
- Is your small business a sole trader or a proprietary limited company?
- Is your small business a partnership or a corporation?

The internal management team

This section details the main business management categories relevant to your business

Management categories include:

- Sales and marketing
- Administration and production
- Research and development
- Human resources

Compensation

Detail how the management will be compensated.

- What salary and benefits will management receive?
- Are there any profit-sharing plans that may apply?
- Are there any contracts that relate directly to your management team members, such as employment contracts or non-competition agreements?

Requirements to effectively produce/deliver products/services

The task of detailing the roles and responsibilities within your human resources needs in the management plan section of your business plan is to describe your human resources needs specifically.

- How many employees will your business need?
- What will it cost you?
- Will it be best for your business to have employees or should you operate with contract workers or freelancers?
- Do you need full-time or part-time staff?

Services

- Outline your staffing requirements in this section of your business plan, including a description of the specific skills that the staff and management working for you will need to bring to the table.
- Calculate your labour costs.
- Determine how much salary each employee will receive, and total the cost of salary for all your employees.
- Add to this the cost of Workers' Compensation Insurance (mandatory for most businesses) and the cost of any other employee benefits.
- You also need to describe how you're going to find the staff your business needs, and how you're going to train them.

Identifying details in your services planning

- What specific training will your staff undergo?
- What ongoing training opportunities will you provide your employees?
- Even if your human resource plan for your small business is to start as a solo act, you still need to include this section on Human Resources Needs in your business plan to demonstrate that you have thought about the staffing.
- Human resource planning, at this early stage, will assist you as the business grows and have well thought out plans about the future and how your business is going to succeed.

Small business organisation

- Owner
- Managers
- Operation/Employees/Sales

2.7 Identify specialist services and sources of advice, where required, and cost in accordance with available resources

Building your support team

You will find that your business will be much more efficient and easy to manage when you have the right people staffed and on your team. You will find helpful resources to assist in properly staffing your business in this section.

Here are some examples of resources available to you:

- Work health and safety specialist
- Business consultants
- Comlaw
- Government offices
- Accountants
- Lawyers
- Industry members
- Unions

Outside Management Sources

You can seek out the guidance from external management resources. This includes outside business consultants. Often times these services are overlooked when developing the business plan. Fees for consultants are often documented as expenses.

Specialist services

A few outside specialist services that you will require includes bankers, lawyers, technical support, and accountants.

You may consider the development of an advisory board that can be of service in adapting your profitability as a business. The right board members can also work alongside your management team in providing their knowledge in the industry.

Some companies do not consider using specialty services. Often time's consultants have a bad reputation and looked down upon in businesses. You should consider specialty services as an opportunity for you to develop a strong business plan by hiring outside help.

Management Consultants

You should not hire consultants as contract labour. They should be kept separate. Contracted labour are temporary staff that need to be managed like your other employees.

Consultants are different in that they are there to bring innovation to your company. Typically, consultants will come into a business to evaluate and they will complete work as they see fit. Consultants are hired to help the company grow and to show any weak areas. Because of this, they are encouraged to challenge the processes in order to deliver the best outcome possible for the company.

There are many things that business consultants can help with your business:

- Increase in professionalism
- Edge in competition
- Bring expertise and experience
- Knowledge of new business strategies
- Able to complete specialised tasks
- Able to work in critical situations

Business consultants are professional and can work through problems efficiently in order to bring your company the best results.

Consultant expenses

Because consultants are running their own business and have their own business expenses, they will have a higher rate than your own employees. In most cases, this can be a very substantial difference in cost. This is because of the high demand for consultants, growth of the economy, and in some cases, not many consultants available.

3. Develop strategies for minimising risks

3.1 Identify specific interests and objectives of relevant people and seek and confirm their support of planned business direction

3.2 Identify and develop risk management strategies according to business goals and objectives, and relevant legal requirements

3.3 Develop a contingency plan to address possible areas of non-conformance with the plan

3.1 Identify specific interests and objectives of relevant people and seek and confirm their support of planned business direction

Business objectives, planning and stakeholders

Objectives are the outcome of the business that are planned in advance to accomplish. These plans are business plans that offer strategies to meet these objectives. Objectives are ultimately determined by a few different factors. One of these is the requirement that is set out by stakeholders of the business. These are people who are affected by how the business is run and what the business ultimately accomplishes.

Established objectives are set by combining different opinions and interests of the business stakeholders. If an objective of the company is to rule the market in your industry, this is beneficial to stakeholders because the business will create quality products, high dividends will be paid, and employees will have better salaries.

Objectives will be rated according to their importance and purpose. Often these are considered missions of business.

Objectives can be set according to:

- Share of the market
- Customer approval
- Employee satisfaction
- Dividends or returns made to shareholders
- Environmental objectives including lowering pollution and reducing waste.

In order for business objectives to be useful, they need to be:

- Quantifiable. They need to be grouped together if possible. If your objective is to increase by 50%, you may need to increase your customer approval by 80%
- Challenging. Objectives are not useful if they are accomplished too easily
- Realistic
- Easily communicated

Here are some examples of business objectives. Determine which ones are useful and which ones are not useful.

- A grocery store wants to increase its market share from 15% to 75% in four years.
- A movie theatre chain wants to increase revenues by 2% in the next year
- A cricket club wants to improve future performance
- A cell phone company wants to reduce customer complaints by 1% in the next year.

You may consider consulting varying people to gain support in the planning process of your business.

Relevant people may include:

- Customers
- Close friends and family
- Franchisors
- Business partners
- Potential manufacturers
- Industrial associations
- Local governing bodies
- Legal counsel
- Shareholders
- Focus groups
- Business consultants
- Specialists within your industry
- Large clients

These relevant groups may prove to be beneficial in planning, but may also hinder your planning process as well.

Customers	➢ What is their demographic? ➢ Where do they live? ➢ What stores do they use? ➢ How often do they purchase items? ➢ What are their concerns? ➢ Do they have any previous expectations regarding quality?
Determining client support What do they customers want? How can I gain more customers? How does my product need to change to adapt to their expectations?	
Close friends and family	➢ Prepare a plan to ask for funds ➢ Be professional in your pitch for business financing ➢ Treat this as if you were applying with a professional lender. ➢ Be confident in your approach and show them appropriate financial statements.

Determining family support ➢ A written contract needs to be made in order to prevent any legal action in the future. ➢ You will need to determine all details so there is no confusion in the future. ➢ Family members may take advantage of the agreement and be more involved than those of a business loan. Always take careful consideration when entering these agreements with family.	
Franchisors	➢ You will want to make sure that the franchisor has a strong business. ➢ Typically, franchisors have been in business for a few years and have developed a brand with their customers. ➢ Typically, successful franchisors will offer training and resources in order to help you develop your own franchise. ➢ When you are a franchisee, you can utilise the brand name and customer awareness of the product that will help you overall in your marketing plan. ➢ When you become a franchisee, you are part of the business and are in business with other franchisees.
Determining franchisor support An initial fee is required upon business start when purchasing a franchise. Typically, these are large fees and often times there is a monthly payment due as well. Do not fall into the trap of creating unrealistic expectations. Hard work must be put into franchises in order to achieve goals.	
Business partners	Make sure you have a full understanding of your credit history because financial lenders will scrutinise it. You will need to take a close look at yourself and determine if you can accomplish what it is you have outlined in your plan. You will be questioned upon your presentation. Be sure to communicate and discuss possible pitfalls in your business and how to continue in business in those cases.
Determining business partner support ➢ The most crucial element of your business plan for financial supports is your finance statements. ➢ Your financial statements must line up with your future forecasts for the business. ➢ If you are trying to solicit funds, be sure to detail how much is needed and what specifically that money is needed for.	

➢ Determine how investors will earn their money back.	
Local governing bodies	Be sure you understand legal requirements for your business. Determine your business' structure. Then you will need to register your company name according to that structure's requirements. You will need to decide if your business name and the trade name of your business will be the same. In some cases, they are not. Online businesses typically have the same trade and domain name. You do not have to register domain names.
Determining local governing bodies support You will need to do research to determine if a previous company exists with the same business name as yours. Check with your legal counsel to determine the correct business structure before you decide your business name. Company names must be registered with Australian Securities and Investments Commission (ASIC).	
Manufacturers	Determine the needs you have for manufacturing and suppliers. You will need to make sound decisions in order to supply ease to your potential investors. You can find potential suppliers and manufacturers through state directories. You will find that most of these companies want new clients. Often times, you can get a good source of manufacturers and suppliers by marketing at trade shows and allows you to review your competition.
Determining supplier and manufacturer support You may need to develop a relationship with suppliers and manufacturers even before you have completed your business plan if they are crucial to your business success. You do not want your manufacturers to sell directly to your clients, so you will need to develop a strong relationship. You will need to monitor your agreements with suppliers as they often hide discounts and opportunities available for you.	
Industrial associations.	Associations are available to provide recourses for different industries and allow your business to create a network of relationships within their industry. This includes conferences, seminars, and newsletters. Associations provide a valuable network of resources to their members through publications and services such as newsletters, conferences and seminars.
Determining Industrial Associations support	

These associations will primarily focus on the staffing aspect of your business plan.
They are often times determining your plan's capability by determining how much support you will receive.

3.2 Identify and develop risk management strategies according to business goals and objectives, and relevant legal requirements

Risk management strategy

You will need to develop a risk management strategy in order to develop a plan for dealing with risks within your business. This includes identifying and reviewing all potential risks. This strategy allows for regular review of risks in your business and assessment of what actions need to be taken in the future. These risk management strategies can be used in any different organisation and is not dependent on size or growth.

Assessing risk is working to find the potential risks and to review them. When you assess potentials risks you are scrutinising your product or your events in order to find potential hazards. This will allow you to determine any precautions that need to be taken in order to ensure safety for everyone involved in the process. How thorough risk management strategies are developed is determined within the business. Here a few examples listed below.

Risk Management Strategies in a small business

Single Mom's Group has two team meetings every six months in order to assess the potential risks that the group faces.

There is one delegated team leader who heads up the meeting and is responsible for the risk management.

The meeting is thoroughly documented and previous meetings notes are brought in order to compare the progress of the meetings.

Every few months a new report is given to determine the risks that were faced in the allotted time frame.

Risk Management Strategies in a large business

In Earth Conservation International, the role of risk management is delegated to the director of the organisation.

Risk management training is conducted for every manager to be sure that everyone in the organisation is operating with risks in mind. Managers must complete a yearly analysis of risks within their department.

These are then given to the director who reviews these reports and reviews the risks that are associated with every department within the business. The top risks are then presented to senior leadership within the business and decisions are made on what actions need to be taken to eliminate these risks.

This process is reviewed every year and reports are done every six months.

Conducting risk assessment

No matter who is responsible for risk management within the business, analysing risk should always be documented, part of a system within the business, and should be reviewed consistently.

As upper management within your business, you will want to work in finding and managing the risks associated with your business.

High risks are considered risks that have a larger chance of happening and would have a substantial impact on the company if it were to happen. These can include impacts on operations, reputation of the company, or inability to complete objectives.

Here are some examples of different strategies:

- Creating systems within your business for streamlining information
- Proper insurance on employees, property, etc.
- Providing alarm systems within company property to prevent burglaries
- Patents on your products

Your business plan should include potential risks and your plan to eliminate the risk or to reduce the risks. Your company will need to find these risks prior to beginning service or you may find your company in a bad situation.

Here are examples of external risks:

- Weather
- Competition
- Legal obligations
- Transportation
- Licensing

Here are examples of internal risk:

- Cash flow and finances
- Employee relations
- Unstable business structure
- Conflicts within staff positions

Ask yourself these questions when assessing risks:

- What are some issues that may occur?

- How probable is it that this happens?
- How will these risks be taken care of?

You will need to make sure that you have assessed and written an action plan for as many critical risks the company has a chance to face as possible.

You could consider the risk management assessment as insurance to your company and a very critical part of your business plan. It should not be used to stifle innovation within your business plan.

Once you have determined what some potential risks are, you will be able to create a plan to minimise them.

Your company is not free from critical risks, no matter what industry you are in.

Here are some examples of areas that should be included in your assessment:

- Sales revenue forecasts
- Competitors in your industry
- Potential crime and vandalism
- Staff structure
- Property maintenance; etc

You will need to document how these risks will be avoided and what action needs to take place if these risks were to occur.

You may consider bringing in legal counsel to advise on risks and what action should be taken within your business.

Here are some risks that are standard with starting a business:

- Decline in economy
- Additional loans and funding
- Inability to liquidate assets
- Change in markets
- Employee turnover
- Cost of materials increasing
- Decline in revenues
- Competition changes
- Risks in purchasing

Reviewing your risk management strategies in relation to your business' objectives

You will need to develop a strategy for your business in order to have an advantage over situations that may arise within your business. You can determine the overall effect that situations will have on your business and how these can be dealt with accordingly.

Creating a risk management strategy

You will need to have an understanding of how risks will be managed within your company before you can begin your strategy. It should be specific to your business organisation's size and staff in order to maintain the strategy appropriately.

Here are some questions that can help you determine your strategy:

1. What member of your staff will take responsibility for the risk assessment
This can be a number of different roles within your company.

- Manager
- Volunteer
- Consultant

Who is responsible is contingent on the size and capability of your staff.

2. What area of the business is the primary focus of the assessment?

- How complex will your strategy be? Will it cover the organisation as a whole?
- Will you look through each department of the business?
- Will you conduct individual assessments and then bring them together to create a business assessment?
- If you decide to do a limited assessment, is your management team ready to take on critical risks that may not be assessed?

Make sure you look into any requirements that are made by lenders or partners within your business.

3. What is the timeframe for completing these assessments?
You will want to establish a timeframe so that everyone within your organisation understands and will be able to properly manage the process. Is this risk assessment discussed in one meeting or over the course of a few weeks? This is contingent on the size and complexity of your initial risk assessment.

4. Who within your organisation needs to be involved in the process?
Will you bring in outside consultants? Employees? Will you include your management team? Include members of your business that have the most knowledge of your services and how they are operated.
5. How will you document your assessments?
It's vital to document your findings even if it is just the notes taken from your assessment meetings. You need to develop a system to ensure that proper documentation is taken and stored. Templates are available that range in complexity based on your organisation's size.

6. When will you present these findings?
It does not matter who completes the initial assessment, you will need to present your findings to the business' management team, as they are ultimately responsible for making sure risk is properly managed. Schedule this presentation effectively, allowing for the proper amount of time for discussion of all the information.

7. How will these risks be discussed?
Develop an agenda for these meetings and make sure that every risk is discussed. Organise the risks based on priority, leaving the risks that need little or no action for the end. That way the highest risks as assessed initially allowing for the most time.
8. What schedule will be in place to assess these ongoing risks?
You will need to continually review risks within your organisation. Create a schedule of how frequently these assessments will be done. This allows you to continually monitor how you are managing risks and if they are effective means. You can determine if risks are being managed realistically within your business and make changes to the progress. Decide the frequency of assessments based on the structure of your company.

Likelihood

Likelihood is the determining factor of the chances of a risk occurring. Likelihood can be described in terms of quality, probability, or frequency.

Here is an example:
The risk of there being market changes is likely. (Quality)
There is a 60% chance of this risk occurring. (Probability)
The risk may happen twice a year (Frequency)
By using these different ways to explain likelihood, you are making it easier to read and understand risks. It also allows you to be able categorise risks according to their likelihood. By determining the likelihood of risks, you can create an effective plan in how to eliminate these risks.

Consequence

This is the description of the impact that a risk may have on the company. These can be ranked according to how severe the impact will be.

Consequences vary and can include loss in finances, crime or legal issues, or even issues with the company's public view. Consequences may be mild to highly severe.
You will need to assess the consequences in relation to your business, as they may be different from company to company.

Let's say your small company experiences a loss of $500. This is considered a mild consequence. In a larger company, a mild consequence could be a loss of $60,000, which would be highly detrimental to a small company. You will need to determine the consequences according to your business.

External risk assessment
You will need to have full understanding of risks that are associated with legal, safety, financial, and other outside impacts on your company.

If you were a risk of economic uncertainty, you may ask yourself these questions:
- Is there anything going on politically that could have an impact on this specific risk?
- What laws will change that would change this risk?
- Will interest rates rise?
- What are the community's expectations in regards to this risk?

3.3 Develop a contingency plan to address possible areas of non-conformance with the plan

Contingency Planning
All businesses have events that occur that impact the business. In some cases, if companies are not prepared to respond correctly, there may be even worse impacts. This is where contingency planning is vital for business.

Contingency planning is developing course of action in advance for situations that may have a negative impact on the business. More than likely this includes negative situations that would cause disruptions, but you will also want to consider positive situations, such as a large order that is needed quickly.

These plans are in place to help businesses respond effectively to these situations.

Here are seven steps in creating your business contingency plan:

1. Create your mission or vision statement, for your business contingency plan. This gives the guidance needed to develop this plan.

2. Create the business impact analysis or BIA. This will help determine the factors that are important to the continue business functions.

3. Identify preventive controls. Steps taken to minimise the adverse reactions to any disruptions in operations.

4. Create contingency strategies that allow quick recovery.

5. Create an information system contingency plan. This should include steps taken to make sure that any lost data can be restored.

6. Make sure your plan is tested, employees are trained and the plan is executed. Training will allow staff to understand the plan and be able to execute it accordingly. When the plan is exercised you will be able to see any gaps or changes that need to be made.

7. Make sure your plan is always updated and reviewed consistently ensuring that it is up to date and viable.

Contingency Planning is vital

There is always the chance of a situation happening that can negatively impact your businesses. You will need to have appropriate plans in place in order to eliminate or minimise the impact that the situation has on production and future of the business.

Here are some examples of events that you should include in your standard contingency plan:

- Environmental disasters: hurricanes, fires, etc.
- Work injuries, accidents, disgruntled threatening employees
- Union strikes, personnel deaths
- Loss in data security
- Theft or robbery
- Product recalls

The Contingency Planning Process

Step 1: Analyse Risks

Brainstorm for risks that are involved in your business.

Step 2: Find the likelihood and total impact

You may find a numerous amount of potential risks, but some are so improbably it's not necessary to include them.

Here are some steps that can be taken to ensure you include the most important risks:

- Detail risks that would stop production
- Rank these risks based on the overall impact they would have on production. Example would be an explosion that destroys a factory would be a 10, however a fire at a station may be a 3.
- Once you have ranked them, determine the likelihood of these events occurring. You can issue rankings such as 1 would be an event happening once every 100 years, but a 10 could be an event happening once a month.
- Take these two rankings and multiply them to get a total score for the impact of the risk and the likelihood.
- Order the risks according to their score. You will want to spend the most time with the highest-ranking risks and then work your way down the list. You may determine that some scores are too low to include as they are so unlikely and have such a minimal impact. You may consider adding a plan to review any events that happen that were not initially predicted and add them to the plan.

Step 3: Develop a Process

Begin with the highest ranking and document:

- Recovery: actions that are taken in order to ensure that people and property are taken care of. These are emergency steps taken such as evacuation, contacting emergency services, and keeping record of staff.
- Continuity: actions taken to ensure the business is still running. This could mean having an office site office and communicating to clients the changes in the business and when products will resume.
- Security: actions taken to protect assets during the emergency. This may include hiring security for damaged buildings.

Step 4: Look at Alternatives

You will need to consider the following contingencies when you are developing your contingency plan. They include but are not limited to the following:

Natural Contingencies may include:

- Adverse weather
- Sickness
- Infestations

Human contingencies may include:

- User error
- Sabotage
- Sickness
- Death/personal loss
- Termination
- Robbery

Environmental contingencies may include:

- Phone failure
- Computer or software errors
- Power failure

Your contingency plans can contain:

Changes in finances such as cash flow, disruptions in operations or manufacturing, sickness or personal time taken for employees.

Business plans are created on the idea that some things will occur in order to make your business succeed. When you create a contingency plan, you are creating a plan to take action in case these assumptions are not met.

Make sure you seek outside sources to review your business plan that could improve the efficiency and information.

Contingency planning includes:

- Assessing any previous forecasts or assumptions made in your business plan.
- Verifying any assumptions that have not be assessed for accuracy

From this point you will need to write what your company plans to do in these cases to minimise the impact.

Here are some examples to consider:

- How would your company respond in the case that you do not meet your projected sales?
- If interest rates suddenly increase on a loan, how do you make up for the new expense?
- What happens if severe weather impacts your production?
- What if a key staff member becomes sick or dies unexpectedly?
- What if government regulations shut down a branch of your business?
- What if computer systems fail?

There are many different assumptions that can be made in businesses, so you need to address the main assumptions in your business and prioritise them.

Determine the impact
What issues can happen?
What issues would cause a significant change to your business?
If risks were not managed, what would case your business to ultimately close?
What would need to change in order to keep your company open?

Staff

Determine who within your company will be able to complete operations in case of an emergency.

These may be managers of certain departments, your accounting firm, or branch managers that could come and manage in a larger capacity.

You should create templates within your contingency plan that shows who will be responsible, what the responsibilities include, what emergencies may happen, and what each person should do in order to reduce company loss.

When you have completed your initial draft, you need to make sure all copies are sent to key business partners to get their input on the plan and what can be done to make the plan more efficient. Update the plan based on the input you receive. They may remind you of factors you did not think of that occur on a daily basis.

A contingency plan is always changing and never strictly established.

When you completed your draft of the contingency plan, make sure that you have the draft reviewed by your management staff.

Create an environment that allows for everyone involved being critical and honest in his or her assessments.

Make sure you test your planning to ensure its efficiency.
Plan activities that will determine any missing pieces to your plan that need to be evaluated.

Non-conformance

Non-conformance is when people do not live up to the agreement upon standard or agreement in regards to work performance. Here are some examples of practices that need to be conformed to within your business.

The Significance of a Non-conformance

Non-conformance is when some part of the business standard is not being carried out throughout the entire organisation.

You can identify these non-conformances by completing regular quality assessments within your business. You can create documentation for audits and allow for reports to be done. These can then be issued to management to can implement corrective action if necessary.

Non-conformance Severity

Severity	Description
Major	Complete lack of conformance evidence for specified criteria
Minor	Small non-conformances performed
Trivial	Insignificant amount of non-conformance is performed.

Business Plan template

So what does a business plan look like?

Below is a business plan template that has been created by the Government of Australia please take the time to read through the plan and see how the flow and look of a plan should be.

The plan will show you how to incorporate all the sections in this learner guide in one formatted document.

A good business plan can help you secure finance, define the direction of your business and create strategies to achieve your goals. The business.gov.au Business Plan template steps you through the process of creating a solid, well-structured plan tailored to your business. Create your business plan on your tablet by downloading our free MyBizPlan tablet app. Visit www.business.gov.au/apps
Copies of the latest version of this template and the guide can be downloaded from www.business.gov.au/businessplan.

If you need further information, assistance or referral about a business issue, please contact business.gov.au on 13 28 46.

Using this template

Before you complete this business plan template and start using it, consider the following:

1. **Do your research.** You will need to make quite a few decisions about your business including structure, marketing strategies and finances before you can complete the template. By having the right information to hand you also can be more accurate in your forecasts and analysis.
2. **Determine who the plan is for.** Does it have more than one purpose? Will it be used internally or will third parties be involved? Deciding the purpose of the plan can help you target your answers. If third parties are involved, what are they interested in? Although don't assume they are just interested in the finance part of your business. They will be looking for the whole package.
3. **Do not attempt to fill in the template from start to finish.** First decide which sections are relevant for your business and set aside the sections that don't apply. You can always go back to the other sections later.
4. **Use the [*italicised text*].** The italicised text is there to help guide you by providing some more detailed questions you may like to answer when preparing your response. ***Please note:*** If a question does not apply to your circumstances it can be ignored.
5. **Download the Business Plan Guide.** The business plan guide contains general advice on business planning, a complete overview of the business plan template and a glossary explaining the main terms used throughout this template.
6. **Get some help.** If you aren't confident in completing the plan yourself, you can enlist the help of a professional (i.e. Single Business Service, Business Enterprise Centre, business adviser, or accountant) to look through your plan and provide you with advice.
7. **Actual vs. expected figures.** Existing businesses can include actual figures in the plan, but if your business is just starting out and you are using expected figures for turnover and finances you will need to clearly show that these are expected figures or estimates.
8. **Write your summary last.** Use as few words as possible. You want to get to the point but not overlook important facts. This is also your opportunity to sell yourself. But

don't overdo it. You want prospective banks, investors, partners or wholesalers to be able to quickly read your plan, find it realistic and be motivated by what they read.

9. **Review. Review. Review.** Your business plan is there to make a good impression. Errors will only detract from your professional image. So ask a number of impartial people to proofread your final plan.

For advice and examples on how to complete this template, please download the business.gov.au **Business Plan guide** from www.business.gov.au/businessplan.

[*INSERT YOUR BUSINESS LOGO*]

[*Your Name*]
[*Your Title*]
[*Business Name*]
[*Main Business Address*]
ABN: [*ABN*]
ACN: [*ABN*]

[*Business Name*]
Business Plan

Prepared: [*Date prepared*]

Business Plan Summary

[*Please complete this page last*]

[*Your business summary should be no longer than a page and should focus on why your business is going to be successful. Your answers below should briefly summarise your more detailed answers provided throughout the body of this plan.*]

The Business

Business name: [*Enter your business name as registered in your state/territory. If you have not registered your business name, add your proposed business name.*]

Business structure: [*Sole trader, partnership, trust, company.*]

ABN: [*Registered Australian business number.*]

ACN: [*Registered Australian company number, if applicable.*]

Business location: [*Main business location*]

Date established: [*The date you started trading.*]

Business owner(s): [*List all of the business owners.*]

Relevant owner experience: [*Briefly outline your experience and/or years in the industry and any major achievements/awards.*]

Products/services: [*What products/services are you selling? What is the anticipated demand for your products/services?*]

The Market

Target market:
[*Who are you selling to? Why would they buy your products/services over others?*]

Marketing strategy:
[*How do you plan to enter the market? How do you intend to attract customers? How and why will this work?*]

The Future

Vision statement:
[*This will show exactly what your company is and the vision behind it. Give a description of what the business is doing.*]

Goals/objectives:
[*What are you company goals and how will you accomplish these goals?*]

The Finances

[*Describe the cash that is expected to come in the first year. Offer projections on sales, revenues, expenses, and start up costs.*]

The Business

Business details

Products/services: [*What products/services are you selling? What is the anticipated demand for your products/services?*]

Registration details

Business name: [*Enter your business name as registered in your state/territory. If you have not registered your business name, add your proposed business name.*]

Trading name(s): [*Registered trading name(s).*]

Date registered: [*Date business name registered.*]

Location(s) registered: [*State(s) you are registered in.*]

Business structure: [*Sole trader, partnership, trust, company.*]

ABN: [*Registered Australian Business Number.*]

ACN: [*Registered Australian Company Number, if applicable.*]

GST: [*Are you registered for Goods and Services Tax? Date registered?*]

Domain names: [*Registered domain names.*]

Licences & permits: [*List all the licences or permits you have registered*]

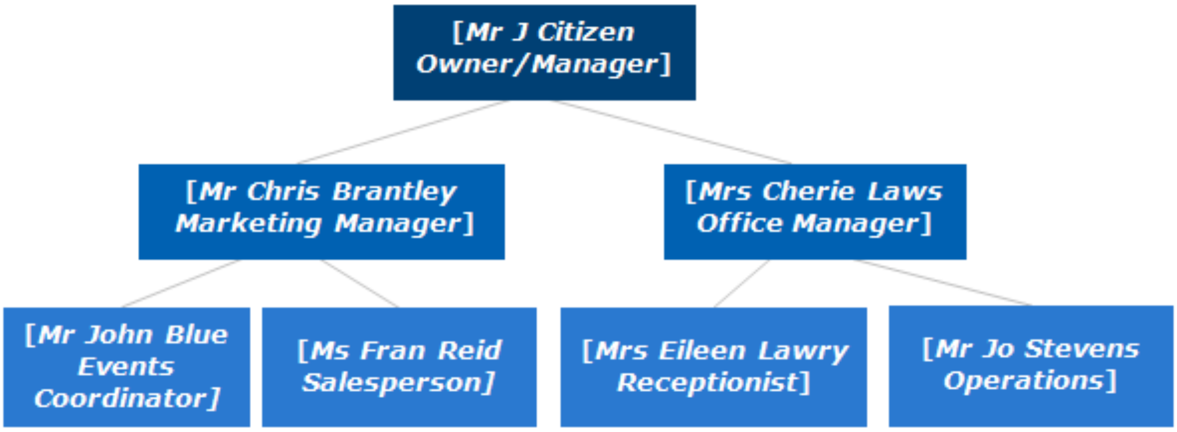
Business premises

Business location: [*Describe the location and space occupied/required. What is the size of the space you occupy/require? Which city or town? Where in relation to landmarks/main areas? If you have a retail business, where are you in relation to other shops? What is the retail traffic like?*]

Buy/lease: [*If you have purchased a business premises or are currently leasing, briefly outline the arrangements. If you are still looking for a lease, outline your commercial lease requirements and any utilities/facilities required.*]

Organisation chart

[*Outline your business structure in an organisation chart.*]



Management & ownership

Names of owners: [*List all of the business owners.*]

Details of management & ownership: [*As the owner(s), will you be running the business or will a Chief Executive Officer (CEO) be running the business on your behalf? What will be your involvement? If it is a partnership briefly outline % share, role in the business, the strengths of each partner and whether you have a partnership agreement/contract in place?*]

Experience: [*What experience do the business owner(s) have? How many years have you owned or run a business? List any previous businesses owned/managed. List any major achievements/awards. What other relevant experience do you have? Don't forget to attach your resume(s) to the back of your plan.*]

Key personnel

Current staff

[*List your current staff in the table below.*]

Job Title	Name	Expected staff turnover	Skills or strengths
[*e.g. Marketing/ Sales Manager*]	[*Mr Chris Brantley*]	[*12-18 months*]	[*Relevant qualifications in Sales/Marketing. At least 5 years experience in the industry. Award in marketing excellence.*]
[*e.g. Marketing/ Sales Manager*]	[*Mr Chris Brantley*]	[*12-18 months*]	[*Relevant qualifications in Sales/Marketing. At least 5 years experience in the industry. Award in marketing excellence.*]
[*e.g. Marketing/ Sales Manager*]	[*Mr Chris Brantley*]	[*12-18 months*]	[*Relevant qualifications in Sales/Marketing. At least 5 years experience in the industry. Award in marketing excellence.*]
[*e.g. Marketing/ Sales Manager*]	[*Mr Chris Brantley*]	[*12-18 months*]	[*Relevant qualifications in Sales/Marketing. At least 5 years experience in the industry. Award in marketing excellence.*]

Required staff

[*List your required staff in the table below.*]

Job Title	Quantity	Expected staff turnover	Skills necessary	Date required
[*e.g. Office Manager*]	[*1*]	[*2-3 years*]	[*Relevant qualifications in Office Management. At least 2 years experience.*]	[*Month/Year*]
[*e.g. Office Manager*]	[*1*]	[*2-3 years*]	[*Relevant qualifications in Office Management. At least 2 years experience.*]	[*Month/Year*]
[*e.g. Office Manager*]	[*1*]	[*2-3 years*]	[*Relevant qualifications in Office Management. At least 2 years experience.*]	[*Month/Year*]
[*e.g. Office Manager*]	[*1*]	[*2-3 years*]	[*Relevant qualifications in Office Management. At least 2 years experience.*]	[*Month/Year*]

Recruitment options

[*How do you intend on obtaining your required staff? Advertising in the local paper, online advertising, and/or training current staff members?*]

Training programs

[*Are there any training programs you will be organising in the event you cannot find the required skills? Are these in-house or external providers? What training will you as the business owner/manager undertake to keep your skills current?*]

Skill retention strategies

[*What procedural documentation will you provide to ensure the skills of staff are maintained? Do you have an appropriate allocation of responsibilities? How are responsibilities documented and communicated to staff? What internal processes will you implement to regularly check that the current skills of staff members are still appropriate for the business?*]

Products/services

Product/Service	**Description**	**Price**
[*Product/service name*]	[*Brief product/service description*]	[*Price including GST*]
[*Product/service name*]	[*Brief product/service description*]	[*Price including GST*]
[*Product/service name*]	[*Brief product/service description*]	[*Price including GST*]
[*Product/service name*]	[*Brief product/service description*]	[*Price including GST*]

Market position: [*Where do your products/services fit in the market? Are they high-end, competitive or budget? How does this compare to your competitors?*]

Unique selling position: [*How will your products/services succeed in the market where others may have failed? What gives your products/services the edge?]*

Anticipated demand: [*What is the anticipated quantity of products/services your customers are likely to purchase? For example, how much will an individual customer buy in 6 months or 12 months?*]

Pricing strategy: [*Do you have a particular pricing strategy? Why have you chosen this strategy?*]

Value to customer: [*How do your customers view your products/services? Are they a necessity, luxury or something in between?*]

Growth potential: [*What is the anticipated percentage growth of the product in the future? What will drive this growth?*]

Innovation

Research & development (R&D)/innovation activities

[What R&D activities will you implement to encourage innovation in your business? What financial and/or staff resources will you allocate?]

Intellectual property strategy

[*How do you plan to protect your innovations? List any current trade marks, patents, designs you have registered. Do you have confidentiality agreements in place?*]

Insurance

Workers compensation: [*Provide details if you have workers compensation insurance? This is mandatory if you have employees.*]

Public liability insurance: [*Provide details if you have public liability insurance? This covers any third party death or injury.*]

Professional indemnity: [*Provide details if you have professional indemnity insurance? This covers any legal action taken out as a result of your professional advice.*]

Product liability: [*Provide details if you have product liability insurance? This covers any legal action taken out as a result of injury, damage or death from your product.*]

Business assets: [*Provide details if you have insured your business assets in the event of a fire, burglary, or damage? For example: building, contents, motor vehicles.*]

Business revenue: [*Provide details if you have insured your business in the event of business interruption where you cannot trade because of a particular event and are unable to make money?*]

Risk management

[*List the potential risks (in order of likelihood) that could impact your business.*]

Risk	Likelihood	Impact	Strategy
[*Description of the risk and the potential impact to your business.*]	[*Highly Unlikely, Unlikely, Likely, Highly Likely*]	[*High, Medium, Low*]	[*What actions will you take to minimise/mitigate the potential risk to your business?*]

Risk	Likelihood	Impact	Strategy
[*Description of the risk and the potential impact to your business.*]	[*Highly Unlikely, Unlikely, Likely, Highly Likely*]	[*High, Medium, Low*]	[*What actions will you take to minimise/mitigate the potential risk to your business?*]
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[*Description of the risk and the potential impact to your business.*]	[*Highly Unlikely, Unlikely, Likely, Highly Likely*]	[*High, Medium, Low*]	[*What actions will you take to minimise/mitigate the potential risk to your business?*]

Legal considerations

[*List the legislation which will have some impact on the running of your business. For example: consumer law, business law, or specific legislation to your industry.*]

Operations

Production process

[*What is the process involved in producing your products or services. This process will vary depending on your product or service. Here are some examples of questions you may consider. Is there a manufacturing process? Who is involved in the process? Are there any third parties involved? What is involved in delivering the service to your customers?*]

Suppliers

[Who are your main suppliers? What do they supply to your business? How will you maintain a good relationship with them?]

Plant & equipment

[*List your current plant and equipment purchases. These can include vehicles, computer equipment, phones and fax machines.*]

Equipment	Purchase date	Purchase price	Running cost
[e.g Personal Computer]	*[eg. 20/03/2010]*	*[e.g $2100]*	*[e.g $100 a month]*

Equipment	Purchase date	Purchase price	Running cost
[e.g Personal Computer]	*[eg. 20/03/2010]*	*[e.g $2100]*	*[e.g $100 a month]*
[e.g Personal Computer]	*[eg. 20/03/2010]*	*[e.g $2100]*	*[e.g $100 a month]*
[e.g Personal Computer]	*[eg. 20/03/2010]*	*[e.g $2100]*	*[e.g $100 a month]*

Inventory

[*List your current inventory items in the table below. If you have a substantial inventory, you may prefer to attach a full inventory list to the back of this business plan.*]

Inventory item	Unit price	Quantity in stock	Total cost
[e.g flour]	*[e.g $5.00kg]*	*[e.g Five kilograms]*	*[e.g $25.00]*
[e.g flour]	*[e.g $5.00kg]*	*[e.g Five kilograms]*	*[e.g $25.00]*
[e.g flour]	*[e.g $5.00kg]*	*[e.g Five kilograms]*	*[e.g $25.00]*
[e.g flour]	*[e.g $5.00kg]*	*[e.g Five kilograms]*	*[e.g $25.00]*

Technology (Software): [*What technology do you require? For example: website, point of sale software or accounting package? What will be the main purpose for each? Will they be off-the-shelf or purpose built? What is the estimated cost of each technology solution?*]

Trading hours: [*What are your trading hours? What are your expected peak trading times? Which times do you expect to be more profitable? How will this change over different seasons? How do your trading hours accommodate these changes?]*

Communication channels: [*How can your customers get in contact with you? These channels can include: telephone (landline/mobile), post box, shopfront, email, fax, internet blog or social media channel.*]

Payment types accepted: [*What payment types will you accept. cash, credit, cheque, gift cards, Paypal etc*]

Credit policy: [*What is your credit policy for customers/suppliers? How long is the credit period? What are your collection strategies/procedures? What credit does your business receive? What are the terms?*]

Warranties & refunds: [*If you manufacture certain goods, what are the warranty terms? What is your business refund/exchange policy?]*

Quality control: [*Describe your quality control process. What checks or balances do you have in place to ensure the product or service you offer is produced to the same standard of quality? What steps do you take to meet product safety standards?]*

Memberships & affiliations: [*Is your business a member of any particular industry association or club? Do you have any affiliations with any other organisation?*]

Sustainability plan

Environmental/resource impacts

[*Describe the impact your business could potentially have on the environment. E.g. a particular manufacturing process may contribute negatively on the local water supply.*]

Community impact & engagement

[*How does your environmental impact affect the local community? How can you engage the community in minimising your impact?*]

Risks/constraints

[*List any risks/constraints to your business resulting from this environmental impact?*]

Strategies

[*What strategies will you implement to minimise/mitigate your environmental impact and any risks to your business? Will you conduct an environmental audit? Have you introduced an Environmental management system?*]

Action plan

[*List your key sustainability/environmental milestones below?*]

Sustainability milestone	Target	Target date
[*Reduce water consumption*]	[*60% reduction*]	[*Month/Year*]
[*Reduce water consumption*]	[*60% reduction*]	[*Month/Year*]
[*Reduce water consumption*]	[*60% reduction*]	[*Month/Year*]
[*Reduce water consumption*]	[*60% reduction*]	[*Month/Year*]

The Market

Market research

[*What statistical research have you completed to help you analyse your market? Did you use a survey/questionnaire? If so, you may like to attach a copy of your survey/questionnaire to the back of this plan.*]

Market targets

[*Outline your planned sales targets. What quantity of your products/services do you plan to sell in a planned timeframe? Are they monthly or yearly targets?*]

Environmental/industry analysis

[*Detail the results of the market research you have performed. Is the area experiencing population growth? Are there long-term employers in the area? Is the region's economy stable? Are there seasonal variations?*
What is the size of the market? What recent trends have emerged in the market? What growth potential is available and where do you fit in? How will the market/customers change when you enter the market?]

Your customers

Customer demographics

[*Define who your target customers are and how they behave. You can include age, gender, social status, education and attitudes.*]

Key customers

[*Identify your key customers. (These can be large consumers of your products or individuals whose satisfaction is key to the success of your business.) How will you target your products/service to them?*]

Customer management

[*How will you maintain a good relationship with your customers? What techniques will you use? How will you keep your customers coming back? Have you introduced customer service standards? Do you follow any particular code of practice?*]

S.W.O.T. analysis

[*List each of your businesses strengths, weaknesses, opportunities or threats in the table below and then outline how you plan to address each of the weaknesses/threats.*]

Strengths	**Weaknesses**
[e.g High traffic location]	*[e.g High rental costs]*

Opportunities	**Threats**
[e.g build on customer and brand loyalty]	*[e.g Cash flow problems]*

Your competitors

[*How do you rate against your competitors? How can your business improve on what they offer?]*

Competitor details

[List at least 5 competitors in the table below.]

Competitor	Established date	Size	Market share (%)	Value to customers	Strengths	Weaknesses
[*Competitor name*]	[*When were they established?*]	[*Number of staff and/or turnover*]	[*Estimated percentage of market share*]	[*Unique value to customers. E.g. convenience, quality, price or service?*]	[*What are your competitor's main strengths?*]	[*What are your competitor's main weaknesses?*]
[*Competitor name*]	[*When were they established?*]	[*Number of staff and/or turnover*]	[*Estimated percentage of market share*]	[*Unique value to customers. E.g. convenience, quality, price or service?*]	[*What are your competitor's main strengths?*]	[*What are your competitor's main weaknesses?*]
[*Competitor name*]	[*When were they established?*]	[*Number of staff and/or turnover*]	[*Estimated percentage of market share*]	[*Unique value to customers. E.g. convenience, quality, price or service?*]	[*What are your competitor's main strengths?*]	[*What are your competitor's main weaknesses?*]
[*Competitor name*]	[*When were they established?*]	[*Number of staff and/or turnover*]	[*Estimated percentage of market share*]	[*Unique value to customers. E.g. convenience, quality, price or service?*]	[*What are your competitor's main strengths?*]	[*What are your competitor's main weaknesses?*]

Competitor	**Established date**	**Size**	**Market share (%)**	**Value to customers**	**Strengths**	**Weaknesses**
[*Competitor name*]	[*When were they established?*]	[*Number of staff and/or turnover*]	[*Estimated percentage of market share*]	[*Unique value to customers. E.g. convenience, quality, price or service?*]	[*What are your competitor's main strengths?*]	[*What are your competitor's main weaknesses?*]

Advertising & sales

Advertising & promotional strategy

[What strategies do you have for promoting and advertising your products/services in the next 12 months?]

Planned promotion /advertising type	Expected business improvement	Cost ($)	Target date
[*Print media advertising, online advertising, mail-out, giveaway, media release, social media campaign or event.*]	[*How do you expect it will improve your business success?*]	[*$*]	[*Month/Year*]
[*Print media advertising, online advertising, mail-out, giveaway, media release, social media campaign or event.*]	[*How do you expect it will improve your business success?*]	[*$*]	[*Month/Year*]
[*Print media advertising, online advertising, mail-out, giveaway, media release, social media campaign or event.*]	[*How do you expect it will improve your business success?*]	[*$*]	[*Month/Year*]
[*Print media advertising, online advertising, mail-out, giveaway, media release, social media campaign or event.*]	[*How do you expect it will improve your business success?*]	[*$*]	[*Month/Year*]

Sales & marketing objectives

[*Who makes up your sales team? What sales techniques will they use? What tools/material will they use to help sell your products/services? What sales goals/targets will they meet?*]

Unique selling position

[*Why do you have an advantage over your competitors? How will your products/services succeed in the market where others may have failed?*]

Sales & distribution channels

Channel type	Products/services	Percentage of sales (%)	Advantages	Disadvantages
[*e.g. Shopfront, internet, direct mail, export or wholesale*]	*[List all the products/services sold via this channel*]	[*What percentage of overall sales do you expect to sell via this channel?*]	[*What advantages are there of using this channel for these products?*]	[*What challenges do you expect to face using this channel? How will you overcome them?*]
[*e.g. Shopfront, internet, direct mail, export or wholesale*]	*[List all the products/services sold via this channel*]	[*What percentage of overall sales do you expect to sell via this channel?*]	[*What advantages are there of using this channel for these products?*]	[*What challenges do you expect to face using this channel? How will you overcome them?*]
[*e.g. Shopfront, internet, direct mail, export or wholesale*]	*[List all the products/services sold via this channel*]	[*What percentage of overall sales do you expect to sell via this channel?*]	[*What advantages are there of using this channel for these products?*]	[*What challenges do you expect to face using this channel? How will you overcome them?*]
[*e.g. Shopfront, internet, direct mail, export or wholesale*]	*[List all the products/services sold via this channel*]	[*What percentage of overall sales do you expect to sell via this channel?*]	[*What advantages are there of using this channel for these products?*]	[*What challenges do you expect to face using this channel? How will you overcome them?*]

The Future

Vision statement

[*What is your business' vision statement? It should briefly outline your future plan for the business and include your overall goals.*]

Mission statement

[*What is your business' mission statement? I.e. how will you achieve your vision?*]

Goals/objectives

[*What are your short & long term goals? What activities will you undertake to meet them?*]

Action plan

Please note: This table does not include sustainability milestones as they are listed in the sustainability section above.

Milestone	Date of expected completion	Person responsible
[*What are the business milestones that you need to complete starting from today?*]	[*When do you expect to complete them?*]	[*Who is responsible for delivering this milestone?*]
[*What are the business milestones that you need to complete starting from today?*]	[*When do you expect to complete them?*]	[*Who is responsible for delivering this milestone?*]
[*What are the business milestones that you need to complete starting from today?*]	[*When do you expect to complete them?*]	[*Who is responsible for delivering this milestone?*]
[*What are the business milestones that you need to complete starting from today?*]	[*When do you expect to complete them?*]	[*Who is responsible for delivering this milestone?*]

The Finances

Key objectives & financial review

Financial objectives

[List your key financial objectives. These can be in the form of sales or profit targets. You could also list your main financial management goals such as cost reduction targets.]

Finance required

[How much money up-front do you need? Where will you obtain the funds? What portion will you be seeking from loans, investors, business partners, friends or relatives, venture capital or government funding? How much of your own money are you contributing towards the business?]

Assumptions

The financial tables on the subsequent pages are based on the assumptions listed below:

- *[List your financial assumptions. These can include seasonal adjustments, drought or interest rates etc.]*

Start-up costs for [YEAR]

[*Double-click the table below to enter your details or attach your own start up costing sheet at the back of this business plan*.]

START-UP COSTS	Cost ($)	EQUIPMENT/CAPITAL COSTS	Cost ($)
Registrations		Business purchase price	
Business name		Franchise fees	
Licences		Start-up capital	
Permits		**Plant & equipment**	
Domain names		Vehicles	
Trade marks/designs/patents		Computer equipment	
Vehicle registration		Computer software	
More…		Phones	
Membership fees		Fax machine	
Accountant fees		More…	
Solicitor fees		Security system	
Rental lease cost (Rent advance/deposit)		**Office equipment**	
Utility connections & bonds (Electricity, gas, water)		Furniture	
Phone connection		Shop fitout	
Internet connection		More…	
Computer software			
Training			
Wages			
Stock/raw materials			
Insurance			
Building & contents			
Vehicle			
Public liability			
Professional indemnity			
Product liability			
Workers compensation			
Business assets			
Business revenue			
Printing			
Stationery & office supplies			
Marketing & advertising			
More…			
Total start-up costs	$0	**Total equipment/capital costs**	$0

Balance sheet forecast

[*Double-click the table below to enter your details or attach your own profit & loss sheet at the back of this business plan*]

BALANCE SHEET FORECAST	**[Year 1]**	**[Year 2]**	**[Year 3]**
Current assets			
Cash			
Petty cash			
Inventory			
Pre-paid expenses			
Fixed assets			
Leasehold			
Property & land			
Renovations/improvements			
Furniture & fitout			
Vehicles			
Equipment/tools			
Computer equipment			
More...			
Total assets	$0	$0	$0
Current/short-term liabilities			
Credit cards payable			
Accounts payable			
Interest payable			
Accrued wages			
Income tax			
More...			
Long-term liabilities			
Loans			
More...			
Total liabilities	$0	$0	$0
NET ASSETS	$0	$0	$0

Profit and loss forecast

[*Double-click the table below to enter your details or attach your own profit & loss sheet at the back of this business plan*]

PROFIT & LOSS FORECAST	[Year 1]	[Year 2]	[Year 3]
Sales			
less cost of goods sold			
More...			
Gross profit/net sales	$0	$0	$0
Expenses			
Accountant fees			
Advertising & marketing			
Bank fees & charges			
Bank interest			
Credit card fees			
Utilities (electricity, gas, water)			
Telephone			
Lease/loan payments			
Rent & rates			
Motor vehicle expenses			
Repairs & maintenance			
Stationery & printing			
Insurance			
Superannuation			
Income tax			
Wages (including PAYG)			
More...			
Total expenses	$0	$0	$0
NET PROFIT	$0	$0	$0

Expected cash flow

[*Double-click the table below to enter your details or attach your own profit & loss sheet at the back of this business plan*]

EXPECTED CASHFLOW [YEAR]	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
OPENING BALANCE	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash incoming												
Sales												
Asset sales												
Debtor receipts												
Other income												
Total incoming	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash outgoing												
Purchases (Stock etc)												
Accountant fees												
Solicitor fees												
Advertising & marketing												
Bank fees & charges												
Interest paid												
Credit card fees												
Utilities (electricity, gas, water)												
Telephone												
Lease/loan payments												
Rent & rates												
Motor vehicle expenses												
Repairs & maintenance												
Stationery & printing												
Membership & affiliation fees												
Licensing												
Insurance												
Superannuation												
Income tax												
Wages (including PAYG)												
More…												
Total outgoing	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Monthly cash balance	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CLOSING BALANCE	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

Break-even analysis

[*Double-click the table below to enter your details or attach your own table. Refer to the Business Plan guide from www.business.gov.au/businessplan for the calculations.*]

BREAK-EVEN CALCULATOR	
Timeframe (e.g. monthly/yearly)	
Average price of each product/service sold	
Average cost of each product/service to make/deliver	
Fixed costs for the month/year	
Percentage of price that is profit	
Total sales needed to break-even	
Number of units sold needed to break-even	

Supporting documentation

Attached is my supporting documentation in relation to this business plan. The attached documents include:

- *[List all of your attachments here. These may include resumes, inventory list, survey/questionnaire and/or financial documents.]*.

References

These suggested references are for further reading and do not necessarily represent the contents of this Learner Guide

- Successful Business Plan: Secrets & Strategies (Successful Business Plan Secrets and Strategies) [Paperback], Rhonda Abrams (Author), John Doerr (Foreword)
- The Right-Brain Business Plan [Kindle Edition], Jennifer Lee (Author), Chris Guillebeau (Foreword), Kate Prentiss (Illustrator)
- How To Write A Business Plan [Paperback], Mike McKeever (Author)
- The Complete Book of Business Plans: Simple Steps to Writing Powerful Business Plans [Bargain Price] [Paperback], Brian Hazelgren (Author), Joseph Covello (Author)