

Starting a Business -The No Nonsense Guide

Module 6: Your business plan



Your business plan

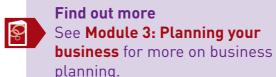
In this module, you'll have the opportunity of compiling your business plan. You can use this module standalone if you wish. However, completing modules 3-5 will provide you with the material to populate your business plan. You may also find module 2 helpful in deciding if business is right for you.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

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

The business plan has four main purposes:

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

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



Deciding on what business plan you need

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

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

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

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

Starting a Business - The No Nonsense Guide is produced by Business Link as part of its Starting a Business service. Business Link provides impartial advice and information to help you start, grow and succeed in business. Help and support is also available online, through local workshops and over the telephone.

Visit businesslink.gov.uk or call 0845 600 9 006, for further details.

Module 6: Your business plan

You will follow one of two content structures depending on which template you have decided to follow: 2. Comprehensive plan 1. Essential business plan Contents: Contents: **Executive summary** 6.1 Executive summary 6.2 Business details 6.2 Business details 3 6.3 Key personnel **Vision** 5 6.4 The business idea 6.5 Business goals 6.5 Business goals 5 6.6 What the business does 6.6 What the business does 6.7 What makes the business different 6.7 What makes the business different 6.8 Legal requirements Marketing 6.9 Market research 6.9 Market research 6.10 Profiling customers 6.10 Profiling customers 6.11 Profiling competitors 6.11 Profiling competitors 8 6.12 Managing market risks 8 6.13 Pricing 6.14 Promotion and advertising 6.14 Promotion and advertising Running the business 10 6.15 Staff 6.16 Premises 10 10 6.17 Suppliers 6.18 Equipment 11 6.19 Managing operational risks 11 **Finances** 6.20 Start-up costs 6.20 Start-up costs 12 6.21 Profit and loss forecast 6.21 Profit and loss forecast 14 6.22 Sourcing finance 15 15 6.23 Managing financial risks 6.24 Cashflow forecast 16

Executive summary

 e summary		

Company name:			
Address:			
Telephone number:			
Legal status:			
The business will:			

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3.1 6.3 Key personnel Details of owner(s) Name Position/main responsibilities Experience and knowledge of our industry Previous employment Key skills brought to the business Business experience and any training undertaken Academic/professional qualifications Most recent salary Other key personnel: Name Position/main responsibilities Experience and knowledge of our industry Previous employment Key skills brought to the business Business experience and any training undertaken Academic/professional qualifications Most recent salary

Vision

S	
	um up your business idea:
_	. What do you want to achieve in your first year of business?
2	. Where do you see your business in 3-5 years' time?
2	. Where do you see your business in 3-5 years' time?
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2	. Where do you see your business in 3-5 years' time?
2	. Where do you see your business in 3-5 years' time?

Marketing

Product/service	Features	Benefits
6.7 What makes the Your product/service		npared with the competition because:
·	·	
6.8 Legal requirements		
6.8 Legal requirements The legal and insura	ents ince requirements that ap	ply in your business are:
6.8 Legal requirements The legal and insura		oply in your business are:
6.8 Legal requirements The legal and insura		ply in your business are:
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6.6 What the business does

6.9 Market rese Trends in your	chosen market are:	
How you know this		
6.10 Profiling c	ustomers groups you will be selling to are:	
Your customer rese	earch has shown what your custome	ers want is:
How you know this	:	
Niversham of averbama		
Group	ers you expect to win in each group Number of customers	Price they might pay

Н	ow you can improve on their offer and/or price:
4.4 &	6.12 Managing market risks Write down the risks you have identified:
H	ow you will manage these risks so that they become less of a threat:
	ow you will manage these risks so that they become tess of a timeat.
4.5 ©	6.13 Pricing How you calculate your prices:

Strengths

Weaknesses

4.2 6.11 Profiling competitors

Competitor name

1 1/ :		0 121 2
roduct/service	Your price	Competitor price
easons for the differen	nces between your prices a	and your competitors' prices:
easons for the differen	nces between your prices a	and your competitors' prices:
easons for the differen	nces between your prices a	and your competitors' prices:
easons for the differen	nces between your prices a	and your competitors' prices:
easons for the differen	nces between your prices a	and your competitors' prices:
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easons for the differen	nces between your prices a	and your competitors' prices:

.5	6.14 Promotion and advertising How and where will you promote your product/service?

Running the business

6.15 Staff			
Role	Total cost	Necessary experience	Specialist skills and/or qualifications
§ 6.16 Premise	es		
_			Cost £
Premises requir	red at start-up:		
Premises requir (if different):	red in the future		
6.17 Supplie Your key sup	rs pliers and their credit	terms	
Supplier	What you	u'll buy from them	Number of days' credit

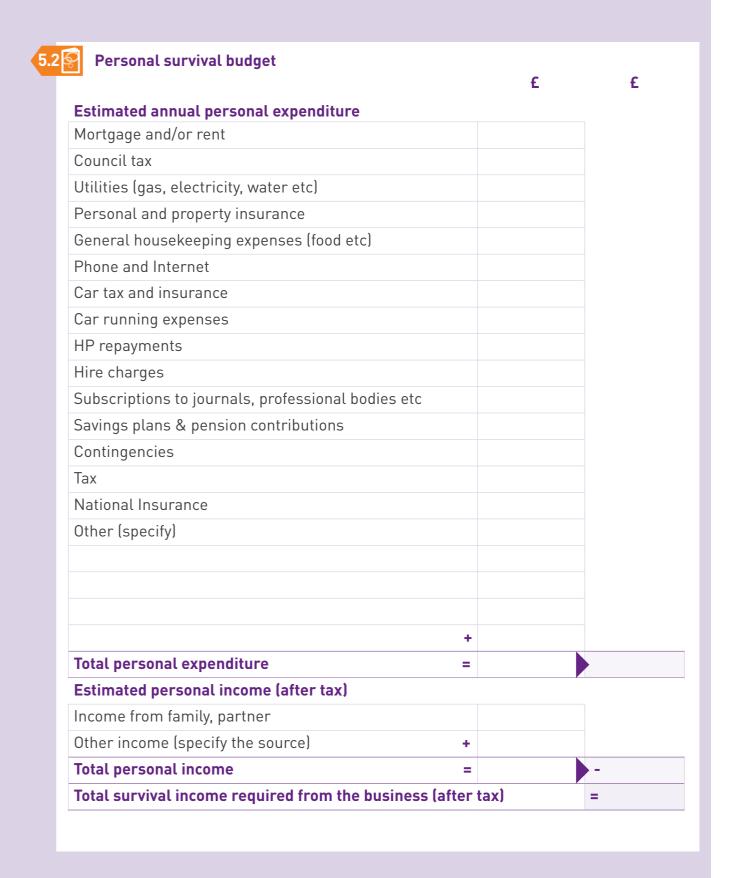
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Finances

5.1 6.20

6.20 Start-up costs

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



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6.21 Profit and loss forecast

_	Year 1 (£)	Year 2 (£)	Year 3 (£)
Total expected sales			
Less variable costs			
Gross profit (sales less variable costs) =			
Calculate your gross profit margin (gross profit ÷ total sales x 100)	%	%	%
Salaries/wages			
(survival income + any staff)			
Premises (including rent, rates, utilities)			
Telephone and broadband			
Printing, post and stationery			
Advertising and promotion			
Bank charges			
Professional fees			
Insurances			
Bank/HP/interest (payable to your bank)			
Equipment and vehicle leasing			
Depreciation			
Other			
+			
Total fixed costs =			
Net profit (gross profit less total fixed costs) =			
Calculate your net profit margin (net profit ÷ total sales x 100)	%	%	%
Calculate your break-even			
	Year 1 (£)	Year 2 (£)	Year 3 (£)
Total variable costs + total fixed costs			

	£
otal borrowing requirements for the busin	ess
Start-up costs	
Personal start-up contributions	-
Other start-up contributions	-
Total required	=
The assets you have available as security	
The assets you have available as security	
	=
Estimated net personal assets 6.23 Managing financial risks	
Estimated net personal assets 6.23 Managing financial risks	
Estimated net personal assets 6.23 Managing financial risks	

5.4 6.24 Cashflow forecast

	Start-up 0	Month 1	Month 2	Month 3	Month 4
Income					
Cash from sales (incl. VAT)					
Cash received from debtors					
Capital/loans received					
Other	+				
Total income	=				
Expenditure					
Wages to staff (incl. PAYE & NIC)					
Premises (rent, rates & utilities)					
Telephone & broadband					
Printing, post & stationery					
Advertising & promotion					
Bank charges					
Professional fees					
Insurances					
Bank/HP					
Equipment & vehicle leasing					
Payments relating to variable costs					
Capital expenditure					
Other payments					
VAT					
Owner's wages/salary					
Owner's National Insurance					
Loan repayments (incl. interest)	+				
Total expenditure	=				
Income less expenditure					
Opening bank balance	+ 0	,	,	,	
Closing bank balance	=				

Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
								0

Starting a Business – The No Nonsense Guide is divided into six easy-to-follow modules. Work through it at your own pace or dip in and out, depending upon your areas of interest. Step-by-step, this invaluable resource will guide you towards your goal and help you succeed in business.



Module 1: Overview summarises the basic steps you'll need to take in order to set up your own business



customers
covers researching the market,
getting your business offer
right and successful selling to

customers

Module 4: Finding and keeping



Module 2: Is starting a business right for you? contains information and exercises to help you decide whether running your own

business will suit you



Module 5: Managing money explains the key skills needed to organise your business finances and how to apply for funding



Module 3: Planning your business
will help you to plan the practical and legal aspects of your business



Module 6: Your business plan enables you to develop a business plan to use yourself or to help raise finance

As well as this guide, Business Link offers the following support:



Workshops to help you decide whether starting a business is right for you and explain what you need to know to make your business a success



Help and advice over the telephone. Call **0845 600 9 006** to talk to a local Business Link adviser.



Practical guides and online tools on our website. Visit **businesslink.gov.uk**

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