

Biz-Plan

Business Plan Guide and Template

by

PlanWare - Invest-Tech Limited

Biz-Plan Guide



www.planware.org

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- 1. The small folded-page icons with numbers signify hyperlinks. To use, click on the text immediately preceeding the icon.***
- 2. Use the Find facility to locate key words or refer to the Index at the back of the Guide.***

PlanWare - Invest-Tech Limited
27 Ardmeen Park, Blackrock, Co Dublin, Ireland

Web: <http://www.planware.org>
Email: info@planware.org

Tel: 283 4083 Fax: 278 2391
Dial codes:

IRL: 01- UK: 00-353-1- US: 011-353-1- Other: +353-1-

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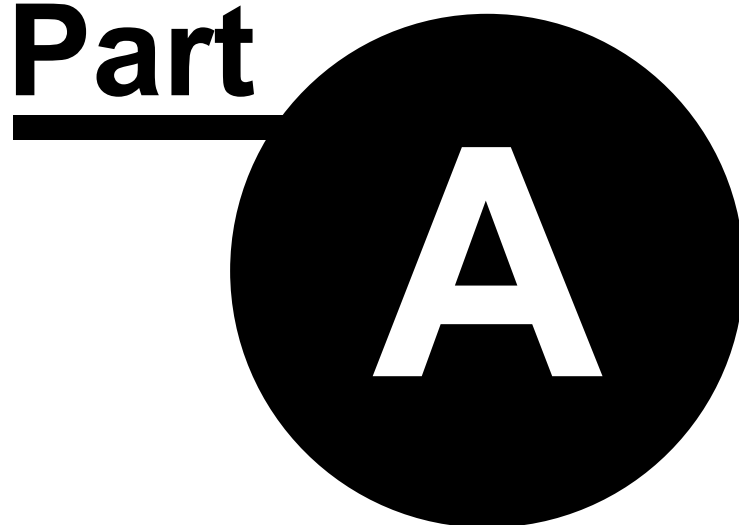
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Biz-Plan

Start Here

Part



A. Start Here

This section should be reviewed by all first-time users of the Biz-Plan Business Plan Guide & Template. It covers the following main topics:

- [Introduction to Biz-Plan](#)^[2]
- [Getting Started with Biz-Plan](#)^[3]
- [Planning to Plan](#)^[5]
- [Using the Biz-Plan Template](#)^[9]
- [Length of a Business Plan](#)^[11]
- [Preparing a Basic/Short Plan](#)^[12]

See also [Financial Projections with Exl-Plan](#)^[15] and [Other Sources of Help from PlanWare](#)^[19].

The Biz-Plan Guide starts [here](#)^[23].

Introduction to Biz-Plan

Welcome to Biz-Plan, a detailed Guide and Template for preparing a business plan compiled and distributed as freeware by PlanWare.

Biz-Plan comprises:

1. This online help file (BIZ-PLAN_GUIDE.CHM) which contains the [Guide](#)^[23] along with related material.
2. An Adobe Acrobat version (BIZ-PLAN_GUIDE.PDF) of this help file which is suitable for printing. To access this PDF file, you'll need the Acrobat Reader available from <http://www.adobe.com/products/acrobat/readstep2.html>.
3. The Biz-Plan [Template](#)^[9] (BIZ-PLAN_TEMPLATE.DOC) which follows the same structure and sequence as the Guide. To access this file you must use Microsoft Word (97, 2000, XP, 2003 or higher) and you'll need to [register](#)^[3] to unprotect it.

All the foregoing files will be found in the folder where you installed or unzipped the downloaded Biz-Plan EXE or ZIP file. They can also be accessed via **Start > Programs > Biz-Plan** where Biz-Plan was installed via the EXE file.

Who Can Use Biz-Plan ?

Biz-Plan is aimed squarely at new and established businesses seeking to expand, raise finance etc. and which need to produce a ***comprehensive*** and well-researched business plan for internal or external use.

While not specifically intended for very small businesses (e.g. annual sales under, say, \$250,000),

Biz-Plan contains many ideas and issues which could be used to produce a **basic** plan - see [Producing a Basic/Short Plan](#)^[12].

For more information on differences between a **comprehensive** and **basic** business plan, see the PlanWare online white paper on [Insights into Business Planning](#) which reviews the experiences of a large number of business plan writers.

What are the Licensing Arrangements ?

The Biz-Plan Business Plan Guide & Template has been supplied on the following basic terms:

- Once you have [registered](#)^[3] and secured a password to unprotect the Biz-Plan Template you are free to modify the [Template](#)^[9] for the purpose of developing a business plan. Once your plan has been drafted, the resultant document and/or file can be freely circulated or distributed as your own work.
- A registered, unprotected copy of the Biz-Plan Template file is strictly for your personal use. It must not be modified, copied, distributed or circulated as any form or type of business planning template or guide to unregistered users. Prospective users should acquire and register their own copies directly from PlanWare at <http://www.planware.org/busplan.htm>.
- For further information, see [License Agreements](#)^[89].

PlanWare, Invest-Tech Limited

27 Ardmeen Park, Blackrock, Co Dublin, Ireland

Tel: +353-1-283 4083 Fax: +353-1-278 2391

E-mail: info@planware.org Web: <http://www.planware.org>

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Getting Started with Biz-Plan

You will find all of Biz-Plan's files in the folder where you installed or unzipped the downloaded its EXE or ZIP file. They can also be accessed via **Start > Programs > Biz-Plan** if Biz-Plan was installed via the EXE file.

How to Get Started & Register

To get started with Biz-Plan and register, you may wish to proceed as follows:

1. Review the structure of the [Guide](#)^[23] and confirm that it is relevant to your needs.
2. Optional: Print the PDF version (BIZ-PLAN_GUIDE.PDF) of this Guide for off-line use.

3. Open the Biz-Plan [Template](#)^[9] (BIZ-PLAN_TEMPLATE.DOC) using Microsoft Word and scan its contents. If you wish to use it as a template for your plan, you will need to register to get a password to unlock the document and permit editing.
4. Registration is completely free and there are no strings attached! Check our privacy policy at <http://www.planware.org/privacy.htm>. To register, locate the serial number within the colored table on the front page of the Template (see picture below). E-mail this number without spaces between characters inside the body of a message to bizplan@planware.org. That's it!



5. We will e-mail you back a password with simple instructions to unprotect the Template. You should receive your password within 1 to 12 hours depending on the time of day, your time zone etc.
6. Once unprotected, you are [licensed](#)^[89] to use the Biz-Plan [Template](#)^[9] for your business plan. There are no restrictions on how and where you distribute your completed plan based on Biz-Plan. However, you must not distribute the unprotected template file as a business plan template to third parties - they should acquire and register their own copies from PlanWare at <http://www.planware.org/busplan.htm>.

After Registering

Once you have registered:

1. Make a backup of the unprotected Template (BIZ-PLAN_TEMPLATE.DOC) and print it out.
2. Optional: Print the PDF version (BIZ-PLAN_GUIDE.PDF) of this Guide for off-line use.
3. Review the advice and suggestions in [Planning to Plan](#)^[5].
4. Review the contents of the [Guide](#)^[23] and then use the printed copy of the Template to sketch the structure and key elements of your plan.
5. Using your backup copy of the Template, add, delete and modify the supplied headings. For more on this, see [Using the Biz-Plan Template](#)^[9] and [Table of Contents](#)^[25].
6. Use your new [Table of Contents](#)^[25] to structure a work program to be undertaken prior to any drafting of a detailed plan.
7. Most probably, you will need to do **substantial** market research and analysis to provide the backdrop for your business. **Skip this step at your peril** as a failure to assess the market could undermine the plan. Use [6. Profiles of Target Markets](#)^[44] to help structure this work.
8. Having undertaken market research and confirmed that there is a viable opportunity for your business, commence the definition of the [3. Mission, Strategies etc](#)^[32].
9. Having completed these key steps, you can start detailed drafting using the [Template](#)^[9] with your revamped structure.
10. To compile your financial projections, consider using Exl-Plan, our range of fully-integrated, Excel-based financial planners - see [Introducing Exl-Plan for Financial Projections](#)^[15] and [Using Exl-Plan with Biz-Plan](#)^[16].

Online Help and Guide

In addition to the Word-based [Template](#)^[9], Biz-Plan is supplied with a printable version of this online help as a PDF file (BIZ-PLAN_GUIDE.PDF). This file can be found in the folder where you installed or unzipped the downloaded its EXE or ZIP file. It can also be accessed via **Start > Programs > Biz-Plan** if Biz-Plan was installed via the EXE file.

Planning to Plan

A business plan is, in many respects, the most important document that a business ever creates as it is the "proof of concept", road map for growth and/or *carrot* to secure external support.

How to Make the Most of Biz-Plan

The Biz-Plan Business Plan Guide & Template may appear intimidating due to their length and

detail. A cynic might say that the Guide is longer than the plan it aims to assist! However, bear in mind that Biz-Plan was designed to cover a diversity of situations. It will be much less intimidating once you have edited its contents and adjusted it to reflect your specific needs as explained in [Using the Biz-Plan Template](#)^[9] and [Table of Contents](#)^[25].

We make no apology for the detail in Biz-Plan as the launch or development of a substantial business is not a task for the fainthearted. When starting to prepare a business plan, be mindful that:

- The planning process (thinking, exploring, researching, consulting and discussing) will be at least as important as the written plan.
- It is far easier to correct errors of judgment or explore new options when researching a business plan than when actually operating the business.
- A sound business plan is not a sure-fire route to success or a "get rich quick" recipe but it should help anticipate and resolve problems and to point the best way forward.

Even if you are planning a very small or home-based business, the Biz-Plan Guide & Template will help [prepare a basic/short plan](#)^[12] and, by virtue of its logical approach, may broaden your thinking and raise your sights for the business.

Some business plans may not survive "first contact with the enemy" (i.e. with market/competition) but, even in these circumstances, they can provide the basis for recognizing the existence of a problem (e.g. sales lower than planned) and the starting point for a solution (e.g. double sales expenditure). If there were no sales forecasts and no expenditure budgets at the outset, it would be very hard to formulate a solution. You do not want to be like Lewis Carroll's Alice in Wonderland:

Alice came to the fork in the road.
"Which road do I take?" she asked.
"Where do you want to go?" responded the Cheshire cat.
"I don't know," Alice answered.
"Then," said the cat, "it doesn't matter."

In developing this release of Biz-Plan, we have assumed that the initial audience for the resultant plan is its author and close associates. Accordingly, it has been structured to help them do their "homework" and to comprehensively research and explore all the key issues, ideas and numbers. This means that the initial "final" plan produced with the Biz-Plan [Template](#)^[9] may be (a lot) more detailed than the version that would be distributed to third parties.

As will be seen, we have put a lot of emphasis in the [Guide](#)^[23] on the presentation of plans and assumptions in simple tables that can be supported *off-plan* in detailed working papers and used to feed into financial projections towards the rear of the plan. Bear in mind that a business plan should come across as a straightforward, business-like and professional document - it is not a novel, academic thesis or philosophical paper.

From the outset, recognize that your plan may not be completed in one or even two drafts. For more on this, see PlanWare's online white paper on [Insights into Business Planning](#) and the latest results from its ongoing online survey on [Preparing a Business Plan](#).

While this Guide and the [Template](#)^[9] contain numerous pro-forma tables, charts etc. as samples, it will be necessary for you to construct and use spreadsheet-based models to generate your

financial projections. As this can be a very difficult task even for a spreadsheet or financial expert, we recommend that you consider acquiring a copy of Exl-Plan, our Excel-based range of financial planners - for more information see [Introducing Exl-Plan for Financial Projections](#)^[15] and [Using Exl-Plan with Biz-Plan](#)^[16].

Once your plan has been completed using the Biz-Plan [Template](#)^[9], it can be easily changed for presentation to third parties while retaining the Template's basic structure or, alternatively, by cutting/pasting into an entirely new structure. For example, if participating in a business plan competition that specifies a precise format for entries and limits page numbers, you can edit and copy/paste your draft plan to suit.

In all cases, review the length of your final draft plan, and if its body (excluding appendices) is much above 30 pages (even for a substantial business) consider some serious scaling back. Be sure to retain the final draft as a backing document to underpin your shorter distributed plan. For more guidance on this, see [Length of a Business Plan](#)^[11] and [Preparing a Basic/Short Plan](#)^[12].

To get going, see [Getting Started with Biz-Plan](#)^[3] and [Using the Biz-Plan Template](#)^[9].

Before Starting Your Plan

Before drafting your plan, consider the following findings derived from an extensive survey offering [Insights into Business Planning](#) conducted by PlanWare:

- Determine the underlying purpose of the plan at the very outset - to raise money, secure approval etc. - as this will largely determine the comprehensiveness and length of the plan, amount of research required, use of external help and overall time scale.
- Decide on the time horizon to be covered by the plan's [11. Financial Projections](#)^[69] and [12. Funding](#)^[80] as this will also determine the number of years to be covered by its non-financial projections. In addition, consider setting the start date for all projections to coincide with the likely finish date of the plan. For example, if you are starting to plan in January and expect to circulate the final plan in mid-year, you should consider:
 - Using an opening balance sheet in [11. Financial Projections](#)^[69] for end-June.
 - Drafting [4.2. Progress to Date](#)^[37] up to end June.
 - Setting July as the start month for all your detailed plans.

This approach will ensure that your plan is not obsolete by the time it has been written!

- For help with financial projections, see [Financial Projections with Exl-Plan](#)^[15].
- Identify who is likely to read the plan (or its summary), e.g. board of directors, potential investors, lending institution, divisional management etc., and think through the issues they would want to see addressed.
- Decide on the type of plan that you need:
 - **Basic** plans are short (often under 15 pages plus appendices etc.); relatively quick to prepare (under one or two months); use limited external assistance; need few drafts; and require much more researching than writing. They are somewhat more difficult to

prepare than anticipated - all parts equally difficult. They are frequently used to assess the viability of a business or for internal/personal use and they are rated as important/useful for the business. See [Preparing a Basic/Short Plan](#)^[12].

- **Comprehensive** plans are longer than basic plans; require some months to prepare; make slightly greater use of external help; and require somewhat more time researching than writing. They are more difficult to prepare than anticipated, especially the financial projections and market analysis parts. They are often used to help raise venture capital/equity or bank loans, and viewed as being critically important/useful to the business. Note that the Biz-Plan [Guide](#)^[23] and [Template](#)^[9] are primarily for preparing a comprehensive plan.
- Specify the structure of your plan in the form of a detailed [Table of Contents](#)^[25]. Use this to identify critical issues requiring research and/or external assistance and to set page lengths for each main section. See also [Length of Business Plan](#)^[11].

Do Research Before Writing

Based on your [Table of Contents](#)^[25], create a work program and timetable that allows adequate time for researching, writing and redrafting.

Shortcomings in the concept and gaps in supporting evidence and proposals need to be clearly identified. This will facilitate an assessment of research to be undertaken before any drafting commences. Bear in mind that a business plan should be the result of a careful and extensive research and development project that must be completed before any serious writing of a plan should be started. Under no circumstances should you start writing a plan before all the key issues have been crystallized and addressed.

The more important the plan, the longer it will be and the longer it will take to complete. For most plans, much more time will be spent researching than writing, as demonstrated in the online white paper on [Insights into Business Planning](#).

Recognize that the process of researching could be much more difficult than expected and consider seeking external help, sooner rather than later, for the most vital areas. If you do use outside assistance, make sure that you do not hand over the planning of your business to external consultants. By all means, contract out elements to experts in market research, sales planning, technology, finance and taxation but do not let them take control of the plan. If you do, you will have missed the benefits of the planning process and you may be deprived of the insights needed to effectively present and implement the resultant plan.

To help you get started with your plan, review this [Checklist for Preparing a Business Plan](#). Also, have a look at the [Checklist on How NOT to Write a Business Plan](#) to see the things you should **not** do!

Once the background, markets and commercial potential of your business have been assessed, you should initiate the planning process by defining the [3. Mission, Strategies etc](#)^[32], on which your detailed plan will be based.

Using the Biz-Plan Template

The Biz-Plan Template (BIZ-PLAN_TEMPLATE.DOC) requires Microsoft Word. It follows the same structure and sequence as the [Guide](#)^[23].

Once unprotected, you are [licensed](#)^[89] to use the Template for your business plan. There are no restrictions on how and where you distribute your completed plan based on Biz-Plan. However, you must not distribute the unprotected template file as a business plan template to third parties - they can acquire and register their own copies from PlanWare at <http://www.planware.org/busplan.htm>.

You will find the Template in the folder where you installed or unzipped the downloaded EXE or ZIP file. It can also be accessed via **Start > Programs > Biz-Plan** if Biz-Plan was installed via the EXE file.

Using the Biz-Plan Template

Here are some guidelines and tips for using the Template once you have [registered and unprotected](#)^[3] it using Microsoft Word:

- Before you start working with the Template, see [Planning to Plan](#)^[5].
- Use this help file as the [Guide](#)^[23] when using the Template. Alternatively, you can print the PDF version (BIZ-PLAN_GUIDE.PDF) of this help file for off-line use.
- Depending on the status and scale of the business, you may need at the very outset to edit the Template's section headings to create a more appropriate structure and flow for your plan. We recommend that you do this initial editing by hand on a printed copy of the Template and then apply the changes to the Word file. Start the latter by editing the section, subsection and sub-subsection headings and deleting/moving them around to get the right overall framework. Use Word's **View > Document Map** to help this process (reselect **View > Document Map** to hide the map). Avoid getting into any detailed writing at this stage.

IMPORTANT:

When making changes to headings, apply them to section, subsection and sub-subsection headings within the body of the Template and **not** to the Table of Contents. Once changes have been made, the [Table of Contents](#)^[25] can be updated automatically.

- Spend plenty of time working on your plan's structure and flow as this becomes the road map for your plan and its preparation - see [Table of Contents](#)^[25] for more guidance. Once your plan's framework has been defined and refined, ascertain the key gaps in your preparatory work. You must sort these out before starting to write the plan. In other words, **do the main planning before starting to write your detailed plan**. For example, you should not contemplate making sales or financial projections before you have [researched the market](#)^[44] and confirmed a worthwhile opportunity for your proposed offerings. See [Planning to Plan](#)^[5].

- If you make significant changes to the supplied headings in the Template, make sure that they follow a logical sequence and progressively build up the plan. For example, do not present the finances before discussing all the key functions and plans for the business, or show sales projections before explaining the proposed offerings or making market assessments.
- When editing the Template, you will see that numbered section headings are shown in blue. They have been based on the following Word styles:

Heading 1 (CTRL+Shift F4)

Heading 2 (CTRL+Shift F5)

Heading 3 (CTRL+Shift F6)

You can easily change these styles via **Format > Styles and Formatting**. Other important styles include:

Body Text (CTRL+Shift F1)

Body single spaced (CTRL+Shift F2)

- Users in many countries will wish to make the following global changes to the Template as follows:
 1. Change Word's **File > Page Setup > Paper Size** from Letter size to A4 size.
 2. Use a local language spell checker instead of English (US) via **Tools > Language > Set Language**.
 3. Alter the currency symbol (\$) used in sample tables throughout the Template via **Edit > Replace** to substitute your own symbol, for example, to replace \$ by €. For most situations, it should be unnecessary to show values to the nearest single \$ or € so the currency denomination could be left at 000. If desired, show values in thousands to the first decimal place, for example, 300.1 would represent 300,100 where the 000 denomination is used. If needs be, replace 000 by Mln to show values in millions or by a blank space to show values in single currency units where the business is very small.
- If you are preparing a short plan, consider **not** starting each main section in the Template on a new page. To do this, select **Format > Styles and Formatting ...**, right click **Heading 1**, select **Modify ... > Format > Paragraph .. Line and Page Breaks** and uncheck *Page break before*.

Bear in mind that the length of the plan is likely to increase as writing progresses. If the plan gets too long, do ruthless editing and redrafting. This is not necessarily a bad approach as it should be much easier to shorten a long plan than to lengthen a short one! For more on this, see [Planning to Plan](#)⁵ and [Length of the Plan](#)¹¹. If you only need a short plan, see [Producing a Basic/Short Plan](#)¹².

Length of a Business Plan

The page length of a business plan depends very much on the purpose of the plan and the type and status of the business. For discussion on different types of plans and their lengths, see the online white paper on [Insights into Business Planning](#).

Based on Biz-Plan's guidelines, the overall length of a (very) comprehensive plan could (in theory) be between 20 and 50 pages excluding appendices, cover page and contents list.

When planning the length for your plan, go for the shortest possible plan consistent with your business's scale, objective of the plan etc. – go for quality rather than quantity! Between 20 and 30 pages (excluding appendices) should be adequate for most businesses.

Possible Lengths of Plans

The following table suggests possible plan lengths for different situations based on the Biz-Plan Template's structure:

Situation:	Target Number of Partial/Full Pages (excluding appendices)				
	Very small services startup not seeking funding or support	Substantial tech startup seeking venture capital	Modest existing services business not seeking funding or support	Substantial existing services business seeking external funding	A "long" summary for a substantial business
Cover Page 24		1		1	
Table of Contents 25		2	2	2	
Basic Information 26		1		1	
1. Introduction to Plan 27	1	1	1	2	1
2. Summary of Plan 29	1	2	2	3	
3. Mission, Strategies etc 32	1	2	2	2	1
4. Present Status 37	1	2	3	5	1
5. Products/Services Descriptions 41	1	2	3	4	1
6. Profiles of Target Markets 44	2	5	5	6	1
7. Marketing Strategies/Sales Plans & Projections 50	2	3	4	5	1
8. Technology and R&D 55		2			1

9. Operational Plans ^[58]	1	2	3	4	1
10. Management & Administration ^[65]	1	2	2	3	1
11. Financial Projections ^[69]	2	5	4	6	1
12. Funding ^[80]		2		2	
13. Implementation ^[82]	1	2	2	3	1
14. Conclusion ^[84]		1	1	1	
Total Pages	14	37	34	50	11

For further guidance, see [Planning to Plan](#)^[5], [Using the Biz-Plan Template](#)^[9], [Preparing a Short/Basic Plan](#)^[12] and [Table of Contents](#)^[25].

For further discussion on different types of plans and their lengths, see the online white paper on [Insights into Business Planning](#).

Preparing a Basic/Short Plan

By design, the Biz-Plan Business Plan Guide & Template is aimed at helping new and established businesses to produce comprehensive business plans, most probably, for raising external finance or for guiding management or securing internal approvals within a largish organisation.

However, the supplied Biz-Plan [Template](#)^[9] (BIZ-PLAN_TEMPLATE.DOC) can also be used to help produce either a basic/short plan for a very small or "home-based" business or a "long" executive summary for a larger business as follows:

1. Delete headings for all subsections and sub-subsections within the body of the Template so that you are only left with the [Cover Page](#)^[24], [Table of Contents](#)^[25] and [Basic Information](#)^[26] pages plus headings for the 14 main sections. Do not delete any headings within the [Table of Contents](#)^[25] as these will be updated automatically to reflect your deletions in the Template's body. Refer to [Using the Biz-Plan Template](#)^[9] for more help on this process.
2. Write a maximum of one page for each main section as defined in the [Table of Contents](#)^[25] except possibly for [6. Profiles of Target Markets](#)^[44] and [11. Financial Projections](#)^[69] which could each run to 2-3 pages.
3. Use sub-headings in this [Guide](#)^[23] to determine matters to be addressed within each main section. For example, aim to cover each of the sub-headings within 2-3 paragraphs, along with simple tables and charts. It is better to cover all key topics briefly rather than omit them.

Using this approach, it should be possible to draft a plan of under 15-20 pages. See [Length of a Business Plan](#)^[11] for more guidance.

If planning to use [Exl-Plan](#)^[15] to help generate financial projections for this plan, look at one of

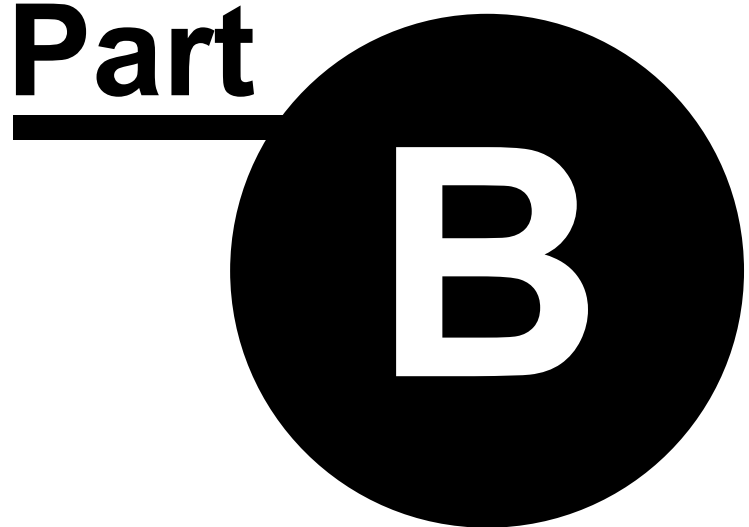
the more simple versions such as **Basic, Micro or Lite**. Get more [detailed information](#) and free [trial downloads](#) for these versions.

For further discussion on different types of plans and their lengths, see the online white paper on [Insights into Business Planning](#).

Biz-Plan

Financial Projections with Exl-Plan

Part



B. Financial Projections with Exl-Plan

This section relates to Exl-Plan, an Excel-based planner for generating fully-integrated financial projections that can be used in conjunction with Biz-Plan. It covers the following topics:

- [Introducing Exl-Plan for Financial Projections](#)¹⁵
- [Using Exl-Plan with Biz-Plan](#)¹⁶

See also [Other Sources of Help from PlanWare](#)¹⁹.

Introducing Exl-Plan for Financial Projections

The diagrams and tables scattered throughout the Biz-Plan Guide & Template illustrate typical content that might be included in a comprehensive plan.

Many of them were derived using PlanWare's Exl-Plan, a fully-integrated business financial planner for use with Microsoft Excel (releases 5, 7, 8, 95, 97, 2000, XP, 2003) for Windows 95/98/NT/2000/XP.

Exl-Plan is a range of powerful, easy-to-use packages for preparing comprehensive, fully-integrated* financial projections for a business plan, budgets etc. covering one, two, three, five or seven years ahead. You can also use it as a tool for strategic and corporate planning, raising finance, business restructuring and financial appraisals within almost any size and type of business.

* Integrated refers to linking of income statements (P&Ls), cashflow projections, balance sheets, ratio analyses and chart. Change any assumption and all the reports within Exl-Plan are automatically updated.

In simple terms, **Biz-Plan** is for *writing* a business plans and **Exl-Plan** is for *crunching* its numbers.

Benefits of Exl-Plan

Exl-Plan can save you time and effort, and improve your planning and results. Why develop your own spreadsheet planner (and re-invent the wheel) when we offer a fully developed planner that you can buy and use now? With Exl-Plan there is **no** writing formulae, **no** formatting, **no** programming, **no** testing, **no** designing, **no** charting, **no** correcting, **no** messing and **no** sweat!

Description of Exl-Plan

The Exl-Plan range (**Basic**, **Micro**, **Lite**, **Pro**, **Super**, **Super Plus**, **Ultra** and **Ultra Plus**) is available using either **UK/ International** or **US/ Canadian** accounting conventions. Exl-Plan has been used in over a hundred countries. All these variants have the flexibility to handle manufacturing, distribution and service businesses and they are suitable for planning new ventures as well as established firms of all sizes.

As Exl-Plan incorporates extensive formulae (up to 33,000!) and pre-programmed menus & buttons (over 200 items), you only need a very basic knowledge of Excel to prepare highly professional and presentable projections. If you are an advanced Excel user, you can utilize your

expertise to enhance and expand Exl-Plan to meet particular needs.

Exl-Plan incorporates comprehensive facilities and features. It is suitable for managers and business people with minimal previous experience of financial or business planning as well as for experienced planners, accountants, consultants and model-builders. Exl-Plan offers you lots of help and support. It contains extensive on-line help (130+ topics) along with a 90-page manual and a series of Flash-based tutorials (running for 19 minutes) covering setting up Excel, getting started, the basics and using Quik-Plan.

For detailed guidance on using Exl-Plan, see [Using Exl-Plan with Biz-Plan](#)^[16]. See sample output from Exl-Plan at [11. Financial Projections](#)^[69].

A freeware version of Exl-Plan which generates annual projections for two years is also available - details at [Exl-Plan Free](#). This version is a useful product in its own right and a great introduction to the entire Exl-Plan range.

More Info, Free & Trial Downloads & Prices

You can get more [detailed information](#) and *free* and [trial downloads](#).

Purchase prices and upgrade fees for the Exl-Plan range are as follows:

Exl-Plan: Prices & Upgrade Fees (US\$)								
Free	Basic	Micro	Lite	Pro	Super	Super Plus	Ultra	Ultra Plus
Free	29	49 *	89 *	129 *	169 *	209 *	249 *	289 *
Details	Buy and Use Now * Optional printed manual US\$20. Fees include Priory Airmail delivery worldwide.							

Using Exl-Plan with Biz-Plan

Many sections in the Biz-Plan Guide & Template contain simple tables showing sales, expenditure, head count etc. These are likely to be based on spreadsheet-based schedules that are more detailed and contain projections for months and quarters.

Exl-Plan contains numerous assumption reports which can be used as supplied (or simply expanded) to contain these detailed schedules and to feed their results directly into fully-integrated, pro-forma projections for [11. Financial Projections](#)^[69]. This means that any changes to underlying assumptions are immediately reflected in the financial projections within Exl-Plan.

When using Exl-Plan to generate financial projections, you can create links from tables and graphs within Exl-Plan to your business plan in the Word document. As a result, any changes to assumptions in Exl-Plan will be automatically reflected in the business plan. The only drawback to this approach is that if you ever update the name of your Exl-Plan XLS file (which we recommend for backup and security reasons), you lose the link to the Biz-Plan document.

As an alternative to linking, you can paste “pictures” from Exl-Plan once your projections have been finalized into the Biz-Plan Template as described below.

To insert a table as a static “picture” from Exl-Plan’s *Textual Summary Report* into the Biz-Plan Template, proceed as follows:

1. Select the table within Exl-Plan and use **Edit > Copy**.
2. Load the Biz-Plan Template and go to the desired location for the table. Use **Edit > Paste Special** to insert the table as a picture.
3. Select the table, right-click and select the **Format Picture ...** option. Click the **Layout** tab and select **In-line with text**. Resize and center the picture.

To insert one of the Exl-Plan’s wider tables as a vertical “picture” into Biz-Plan:

1. Select the table in Exl-Plan and use **Edit > Copy**.
2. Open Microsoft Paint and paste the table into it. Use **Image > Flip/Rotate** to turn the table through 270 degrees. **Copy** the rotated table.
3. Load the Biz-Plan Template and go to the desired location for the table. Use **Edit > Paste Special** to insert the table as a picture.
4. Select the table, right-click and select the **Format Picture ...** option. Click the **Layout** tab and select **In-line with text**. Resize and center the picture.

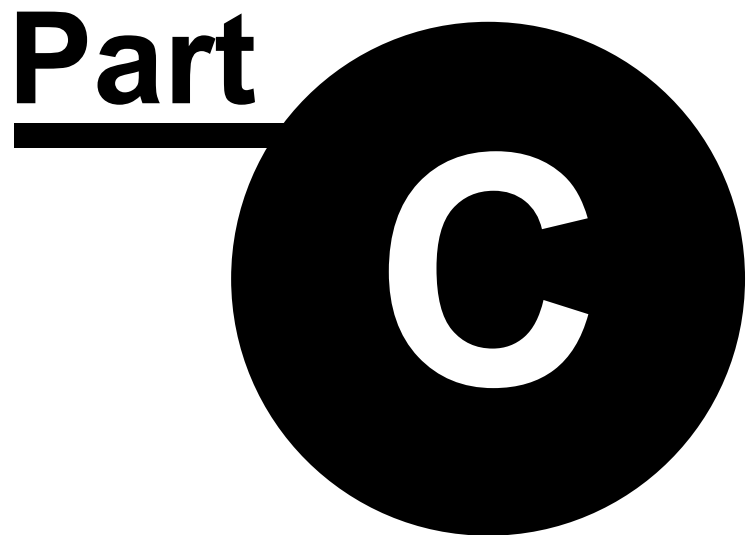
Notes:

- You could also insert a table into the Word document as a formatted table or as a link back to Exl-Plan.
- If using an older version of Word, use **Edit > Paste Special ... > Paste > Picture** and make sure that 'float over text' is not ticked.
- To remove a picture simply **Cut** or **Delete** it.

Get more [detailed information](#) and free [trial downloads](#) to see Exl-Plan for yourself. See sample output from Exl-Plan at [11. Financial Projections](#)⁶⁹.

Biz-Plan

Other Sources of Help from PlanWare



C. Other Sources of Help from PlanWare

To help you get started with your plan, review this [Checklist for Preparing a Business Plan](#). Also, have a look at the [Checklist on How NOT to Write a Business Plan](#) to see the things you should not do!

The following online white papers may be helpful during this preliminary planning:

- [Getting Business Ideas](#)
- [Devising Venture Strategies](#)
- [Developing a Business Strategy](#)

If you do not have a well-considered strategic plan for your business, you may wish to use the *free* [On-Line Strategic Planner](#) to prepare a 2-3 page structured strategic plan as the basis for [3. Mission, Strategies etc](#)^[32] within your business plan. To compile a sensible strategic plan, considerable research needs to have been completed particularly on markets, competition and sales potential - see [6. Profiles of Target Markets](#)^[44].

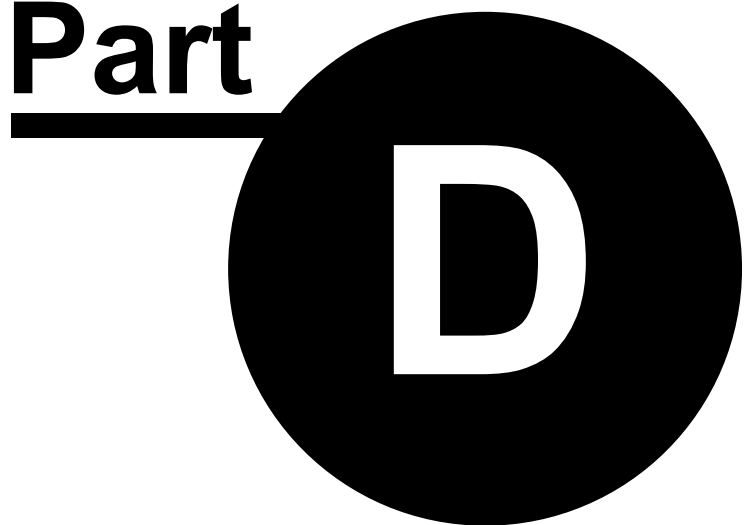
When you are ready to start serious drafting, look at the online white paper entitled [Writing a Business Plan](#) for further suggestions. We recommend that you also view the online paper offering [Insights into Business Planning](#) to get some very practical guidance on lots of key issues connected with the preparation of a plan – different types of plans, page lengths, elapsed time, importance, difficulties and so on. It reflects the views of a substantial number of people who have written their own plans and it is well worth checking out.

If you would prefer to use purpose-made business planning software instead of Biz-Plan, consider purchasing the [Plan Write Business Planner](#). This package integrates word processing, outliner, financial planner and charting with extensive on-line help about business planning. It would be especially suitable for first-time business planners, smaller businesses and many professional advisers. A related product, [Plan Write Expert Planner](#) also includes an expert system for evaluating business ideas as part of the process of drafting a plan. More details on these and other planning software can be secured at [Business Planning Software](#).

Biz-Plan

About PlanWare - Invest-Tech

Part



D. About PlanWare - Invest-Tech

Biz-Plan and Exl-Plan have been developed by PlanWare - Invest-Tech over several years and are used by a wide variety of businesses ranging from start-ups to major companies throughout the world.

Formed in 1983, Invest-Tech is an independent business and management consultancy based in Ireland and specializing in business planning and strategy and the development of related software. It is a Registered Practice within the [Institute of Management Consultants in Ireland](#) (IMCI) and a Company Member of the [Association of Shareware Professionals](#) (ASP) in the USA.

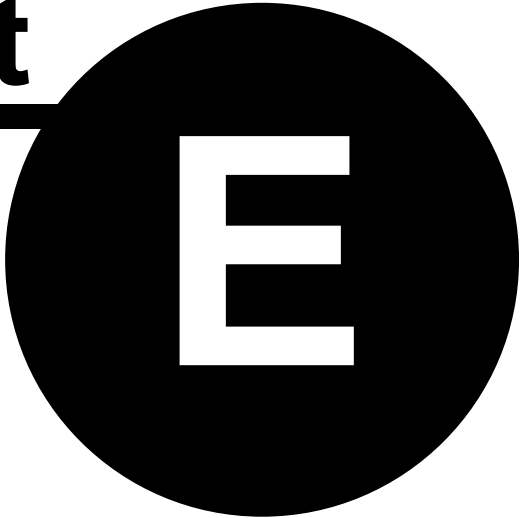
Further information about PlanWare - Invest-Tech's other software products for business, cashflow and financial planning along with access to downloadable trial versions can be obtained from PlanWare's website at <<http://www.planware.org>>.

See also [Financial Projections with Exl-Plan](#)¹⁵.

Biz-Plan

The Guide

Part



E

E. The Guide

Biz-Plan's Business Plan Guide starts here.

The Guide's section headings coincide with those in the Biz-Plan Template (BIZ-PLAN_TEMPLATE.DOC) which you will find in the same folder as this Guide or which can be accessed via **Start > Programs > Biz-Plan**.

Note: Sample text appears in this format throughout the Guide.

You can freely modify the Biz-Plan [Template](#)^[9] to develop a business plan as soon as you have [registered](#)^[3] and secured a password (see first page of the Template for instructions). Once your plan has been drafted, the resultant document and/or file can be freely circulated or distributed as your own work. For further information, see [License Agreements](#)^[89].

References within the Guide to “*For latest information ...*” refer to an *on-line* version at <http://www.planware.org/guide.htm> which PlanWare will update between releases of Biz-Plan.

Before putting “pen to paper”, review [Planning to Plan](#)^[5] and [Using the Biz-Plan Template](#)^[9]. Also, consider using the [Checklist for Preparing a Business Plan](#) and [Checklist on How NOT to Write a Business Plan](#).

As no major section within your plan should exceed 6-8 pages, use [Appendices](#)^[86] to present detailed or additional information which is summarized or referenced in the body of the plan. This reduces the length of the plan. It also enhances readability and ensures that the reader does not get sucked into excessive detail.

If the appendices are very lengthy, consider binding them into a separate volume. This should make the plan appear less intimidating and creates the opportunity to circulate the plan with or without appendices. If presenting the appendices as a separate volume, be sure to include a cover page (complementing that of the main plan) and a detailed contents list (number all pages in the appendices).

If you only need to produce a basic/short plan, see [Producing a Basic/Short Plan](#)^[12].

Cover Page

The cover page at the very front of a securely bound business plan is an excellent opportunity to create a favorable image that reflects both the nature of the business and the professionalism of the plan. A business logo with a tasteful drawing or picture could look very attractive.

The text and layout of a cover page might appear as follows:

Strictly Confidential Date _____ Copy Number: _____
XYX Business Name <u>Business Plan</u>
<i>Your logo</i> <i>and/or</i> <i>Picture of product</i>
XYZ Business Name XYZ Address Tel No.: xyz Fax No.: xyz E-mail: xyz Web: xyz

Table of Contents

The Table of Contents in the Template is based on the headings used for main, subsection and sub-subsection headings in the body of the Template.

When making changes to these headings, apply them to the headings within the body of the Template rather than to the Table of Contents as, once your changes have been made, the Template's Table of Contents can be updated automatically. See [Using the Biz-Plan Template](#)^[9] for more information on this.

The contents list of your plan performs three critical functions:

1. Explains the scope and structure of the finished plan to readers.
2. Provides an index to facilitate access to specific sections of the plan.
3. Serves as a route map and guide during preparation of the plan.

The third function is often overlooked but it is **critical** to the successful compilation of a business plan. Your time will be very well spent drawing up a detailed table of contents for the plan **prior** to any writing. Build up this table by progressively expanding main sections into subsections and even sub-subsections to cover all the key issues. This will allow you to:

- Envisage the scale and scope of the plan.
- Test the logic of the plan.
- Determine the flow of text and ideas from one section to another.
- Define the detailed contents of the plan.
- Identify shortcoming in research and preparation.

You should critically examine and fine-tune the contents list and allocate page lengths to each section. This contents list can then be used as the basis for identifying and assigning tasks to be researched, analyzed or discussed prior to drafting. See [Planning to Plan](#)^[5] for more guidance on this.

The importance of using the contents list as a guide when writing a business plan cannot be overstated. It is your **road map**. Try going on a long journey without a good map and see what happens - you take wrong turns, you drive into blind alleys, you get lost, you waste time, you have to double back, you miss short cuts and, in the end, you may never get to your destination. A similar outcome could apply if you attempt to write a plan without first compiling a detailed contents list.

The key to writing a good business plan is to compile a sound table of contents *before* you start writing - see [Planning to Plan](#)^[5], [Using the Biz-Plan Template](#)^[9] and [Length of the Plan](#)^[11] for further help.

Basic Information

Create a page-length table near the very front of the plan, ideally immediately after the contents page, to list all the basic particulars about your business - contact details, regulatory items, names of advisers, principal financiers etc. - as per the example below.

Basic Information about XYZ	
Legal name and status of business:	
Directors/partners/proprietors:	List and indicate positions. Distinguish between exec and non-executive directors.
Address of main office:	
Addresses of other offices:	
Address of registered office:	
Main telephone:	
Main fax:	
Main e-mail	
Website:	
Name and address of parent company:	
Business incorporation/registration date:	
Business incorporation/registration number:	
Business tax reference number(s):	
Insert any other regulatory/license items here	
Insert any other regulatory/license items here	
Main shareholders:	List
Professional Advisers:	Give contact names (and positions), full addresses and other details for each below
- Auditors	
- Legal advisers	
- Bankers	
- Patent (IPR) attorneys	
- Financial/tax advisers	
- Any other key advisers	
Insert any other key items here	
Insert any other key items here	

1. Introduction to Plan

This is the first section within the body of your plan. Use it to introduce the plan.

Do **not** summarize the plan here: instead write this in the [2. Summary of Plan](#)²⁹ section once the entire plan has been finalized.

Length & Structure:

This entire section should fit onto one page for all types of plans.

The Introduction to Plan could cover the following matters.

- Briefly introduce the business entity (company, partnership, sole trader etc.) to which your plan refers. Use a maximum of two sentences to explain what the business does or plans to do. For example:

This business plan relates to Xyz Inc which was established in 20XX and is engaged in the production, distribution and sale of frozen yogurt within the xx State.

- Explain the purpose of or reason for the plan (e.g. guide management, raise funds etc.). For example:

The purpose of this plan is to help management raise \$ XYZ,000 in equity and loans to help finance expansion of distribution into adjacent territories and R&D on new products.

- Indicate who wrote the plan and when. Mention any key external help secured from researchers, consultants etc. For example:

It was compiled by Xyz's management team led by Mr. XX, CEO, and assisted by ABC Financial Consultants during February-June 20XX.

- Outline the scope and general structure of the plan by setting out the sequence of main sections as short bullet points like:

This plan is laid out as follows:

- *Section 2 below contains a summary of the plan.*
- *Sections 3 and 4 review the background, development of the business and current product service/ offerings respectively.*
- *And so on*

- Indicate that the plan is confidential etc. For example, include a paragraph like the following:

This document is confidential and has been made available to the individual to whom it is addressed strictly on the understanding that its contents will not be disclosed or discussed with any third parties except for the individual's own professional advisers. Investment in new and small businesses carries high

risks as well as the possibility of high rewards. It is highly speculative and potential investors should be aware that no established market exists for the trading of shares in private companies. Prospective investors are advised to verify all material facts and to take advice from a professional adviser before entering into any commitments. This plan is strictly for information only and does not constitute a prospectus or an invitation to subscribe for shares. Forward-looking projections and statements in the plan have been compiled by the promoters for illustrative purposes and do not constitute profit forecasts. The eventual outcome may be more or less favorable than that portrayed.

If necessary, get professional advice on more appropriate wording. If confidentiality is important, add a 'slot' for numbering all copies of the plan to its [Cover Page](#)^[24] and maintain a distribution register.

- Give contact details (name, position, address, phone, fax and e-mail) for the key person dealing with the plan.

2. Summary of Plan

IMPORTANT: Write this summary when your plan is at its final draft stage.

Hit the highlights and cover all key issues. Avoid detail – focus on matters of strategic importance to the business. If desired, cross-reference the reader to the sections containing detailed text e.g. *More details in Section XX.*

Length & Structure:

- Write the summary **after** the detailed plan has been drafted.
- Limit this section to two or, at most, three pages. As a guide, the summary should never exceed 10% of the total number of pages (excluding appendices) in your plan. See [Length of a Business Plan](#)^[11].
- Consider using simple headings to introduce major topics as shown in the Biz-Plan Template.

Address the needs and interest of the reader: what basic information does the reader need to get orientated or to become interested in the business? Consider devising slightly different summaries for different categories of reader.

Use one short section or one/two paragraphs to summarize the content of each main section of the plan (as shown in the Biz-Plan Template).

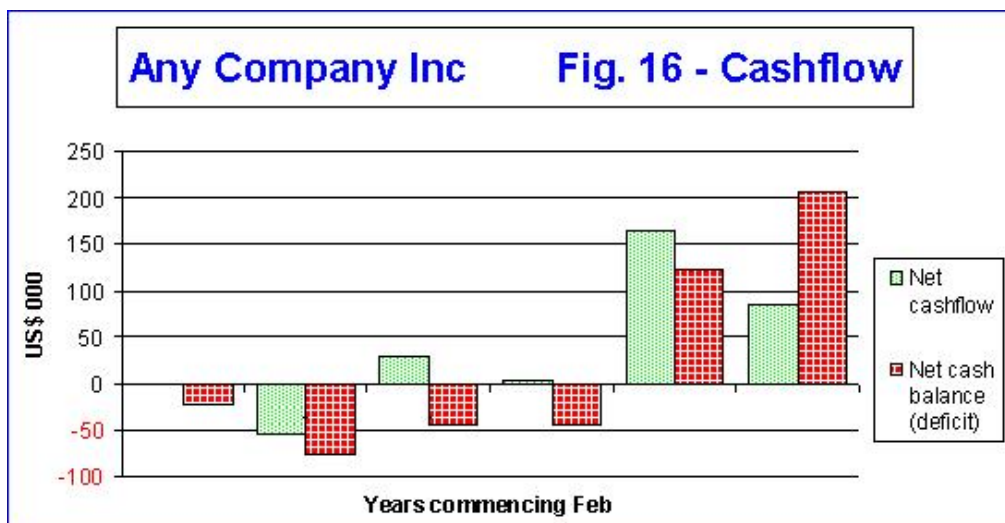
Instead of continuous flowing text, consider using bullet points like this:

- Start the summary on a new page immediately after [1. Introduction to Plan](#)^[27].
- Give this section plenty of thought and time as it is the most important single part of the entire plan.
- Its contents should be very clear and interesting. Sell the business and its plans in a professional manner. Be positive by avoid exaggeration.
- Do not include any material in the summary that is not also covered in the body of the plan.
- If tabulating data, use simple, high-level tables. For example:

Years to end Jan	Act/Est	Proj	Proj	Proj	Proj	Proj
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Sales	380	864	1,048	1,259	1,448	1,593
Cost of sales	270	537	670	761	890	972
Gross margin	110	327	378	498	557	621
Total operating expens	218	312	377	423	468	516
Income from operation	(108)	15	1	75	89	105
Other income, interest	(7)	(2)	27	34	23	26
Net income before tax	(115)	12	28	109	112	132
Taxes		1	2	9	6	9
Net income	(115)	12	26	100	107	123
Dividends declared			10	25	30	35
Transferred to reserve	(115)	12	16	75	77	88

This table was "pasted in" as a picture based on a table generated automatically by [Exl-Plan](#)¹⁵, PlanWare's Excel-based financial planner - see [Using Exl-Plan with Biz-Plan](#)¹⁶.

- Use a chart or two to highlight key issues. A picture can be worth a thousand words, as the following charts show.



These charts were "pasted in" as pictures from [Exl-Plan](#)¹⁵, PlanWare's Excel-based financial planner - see [Using Exl-Plan with Biz-Plan](#)¹⁶.

Once the summary has been drafted, give the draft final plan to an honest, critical outsider to review.

3. Mission, Strategies etc.

Limit this entire section to two or absolute maximum of three pages by focusing on major and long-term issues. Use succinct, affirmative statements and make every noun, adjective and verb important.

After the summary section, this is probably the most important element in the entire plan as it sets the direction, tone and framework for the detail that follows. If the proposed strategies and their rationale are flawed then the whole direction of the business may be wrong.

To compile this section, considerable research needs to have been completed particularly on markets, competition and sales potential. See [6. Profiles of Target Markets](#)⁴⁴.

For further guidance, see the online white papers on [Devising Venture Strategies](#) and [Developing a Business Strategy](#).

Also, have a look at the free [On-Line Strategic Planner](#), which could be used to help draft this entire section as illustrated by the [Sample Strategic Plan](#).

Length & Structure:

- Allow 1-2 pages (excluding the SWOT table). Keep under one page for a basic/short plan.
- The subsections below are for general guidance only. They could result in some undesirable duplication or overlapping of proposals and ideas. Accordingly, you may prefer to:

- amalgamate some of them (e.g. *Vision & Mission* or *Values & Objectives*).
- use less obtrusive sub-headings like

Vision: Xx

- delete all sub-headings and cover all relevant matters in a series of short paragraphs.

3.1. Vision

Describe what your business will look like in, say, five years time. Indicate its likely size and the nature, breadth and depth of its operations etc. For example, start your vision with the following:

By 20XX, Xyz will be engaged in xx (activities). It will be selling xx (offerings) to a customer base comprising xx. It expects to have staff of xx mainly engaged in xx (activities) and located at xx. Annual sales could be xx and net income could reach xx. A key feature of Xyz will be its emphasis on xx to maintain its competitive advantage. And so on

For further guidance, see the online white paper on [Developing a Business Strategy](#).

Also, have a look at the *free* [On-Line Strategic Planner](#) that could be used to help draft this entire section as illustrated by the [Sample Strategic Plan](#).

3.2. Mission

In one succinct paragraph, describe the central purposes and activities ("mission") of your business.

Explain concisely what the business is about - along the lines of a so-called "elevator pitch". For example:

XYZ designs, develops, manufactures and markets xx products/services for sale on the basis of xx features to meet the xx needs of xx customer groups via xx distribution channels in xx geographic areas. It intends to expand/develop new/additional products/markets/channels by means of xx

For further guidance, see the online white paper on [Developing a Business Strategy](#).

Also, have a look at the *free* [On-Line Strategic Planner](#) that could be used to help draft this entire section as illustrated by the [Sample Strategic Plan](#).

3.3. Values

Describe the business's values and the ethical standards it will apply in dealings with stakeholders, customers, suppliers etc. A sentence or two should suffice for most businesses. If your organization is NFP (not-for-profit), you may wish to expand on its values using bullet points.

3.4. Objectives

Briefly, explain the promoters' (or shareholders', management's) underlying long-term objectives in setting up (or expanding) the business. For example:

- Get rich?
- Build a big business?
- Support local community?
- Develop a natural resource?
- Mobilize help for a deprived group?
- Create a pension fund for managers?
- Create employment for self or others?

- Exploit an invention?
- Diversify or integrate?
- Get a stock market quote?
- Defend or enhance the business?

3.5. SWOTs

SWOTs (**S**trengths, **W**eaknesses, **O**pportunities and **T**hreats) are mentioned here to highlight the importance of addressing them in the [3.6. Strategies](#)^[35] subsection that follows.

What are the business's **real** SWOTs?

Be very honest about identifying any major strengths, weaknesses and threats and justify opportunities based on market analysis and research rather than on wishful thinking or supposition.

Internal	External
<u>Strengths:</u> <ul style="list-style-type: none"> • • 	<u>Opportunities:</u> <ul style="list-style-type: none"> • •
<u>Weaknesses:</u> <ul style="list-style-type: none"> • • 	<u>Threats:</u> <ul style="list-style-type: none"> • •

It may not be appropriate to tabulate SWOTs within the final version of your plan in view of the fact that your proposed [strategies](#)^[35] are designed to resolve shortcomings identified in this table. One solution would be to add a closing subsection to this main section to serve as a wrap-up statement (or an overall assessment) that describes how the proposed strategies/plans will:

- built on the business's key strengths (name them),
- resolve its internal weaknesses (name the areas),
- fully exploit its external opportunities (identify them) and
- avoid major external threats (explain how).

Alternatively, an item along these lines could be included as part of the overall [14. Conclusion](#)^[84] towards the back of the plan.

For further guidance, see the online white papers on [Devising Venture Strategies](#) and [Developing a Business Strategy](#).

Also, have a look at the *free* [On-Line Strategic Planner](#) that could be used to help draft this entire section as illustrated by the [Sample Strategic Plan](#).

3.6. Strategies

Use bullets to highlight up to eight (or so) key strategies (actions, programs, projects, operating methods etc.) in relation to major functional areas - markets, sales, products/services, technology, finance, management, operations etc.

Be sure you are presenting realistic, medium-term strategies and not merely short-term tactics. The following table highlights differences between strategic and tactical issues when planning a holiday:

Strategic	Tactical
When to go ?	What to pack ?
Where to go ?	How to get to airport ?
Who to go with ?	Where to go on third day ?
How to travel ?	Hire car for a day ?
What budget ?	What presents to buy ?
How long to go for ?	When to use taxis ?

Clearly, it would not make much sense when planning a holiday to address the tactical issues without first having resolved the strategic matters. This also applies to strategic planning for a business plan.

Your strategies are critically important, as they become the road map for all the (tactical) detail presented in the balance of the plan. In essence, set out the basic strategies in this subsection and then use the remainder of your plan to flesh out the detail.

Use [3.5. SWOTs](#)^[34] to prompt thinking on internal and external issues as indicated in the table below and explain how your plan will deal with them in strategic terms.

Internal	External
.. build on strengths	.. exploit opportunities
.. resolve weaknesses	.. avoid threats

Here are some possible strategies for a newly formed handbag designer/producer/distributor:

Markets:

- *Target high-income earners in the 18-25 age group*
- *After two years expand into the 25-35 age group*

Sales:

- *Initially, sell directly via own and third-party websites*
- *Progressively appoint distributors and agents to target specialist retail outlets within xx States*
- *Establish a foothold in the xx Country by means of a joint venture.*

Offerings:

- *Limit initial offerings to four main designs of handbags*
- *Extend range by reselling handbags produced within xx Country by 20XX*
- *Extend range to include "weekend-size" cases*

Design:

- *Update designs on annual basis with particular reference to xx trends*

Operations:

- *Develop a networks of sub-contract manufacturers*
- *Use third parties for distribution*
- *Operate from rented space at xx City*

Management:

- *Build up a strong experienced team (4) within first year*
- *Appoint high-caliber non-execs (2) to board*

Finance:

- *Raise external equity of \$xx in two tranches in years 1 and 2.*

For further guidance, see the online white papers on [Devising Venture Strategies](#) and [Developing a Business Strategy](#).

Also, have a look at the free [On-Line Strategic Planner](#) that could be used to help draft this entire section as illustrated by the [Sample Strategic Plan](#).

3.7. Goals/Targets

Summarize the prime goals/targets - for sales, profits, employment, market shares etc. – to be achieved within the life of your plan i.e. three to five years.

For example, our handbag firm might have the following third-year targets:

- *Achieve annual sales of at least \$2 million*
- *Net profit margin of 5%+*
- *Ten main outlets in about xx Countries/States*
- *Offer at least ten significant ranges*
- *Recognition as a high fashion designer.*

4. Present Status

Use this main section to review the background to your business and summarize achievements and performance (financial, sales, technical etc.) to date.

Length & Structure:

For a start-up, this section could be covered in 1-3 pages. Allow more pages for an established business and relegate detailed material to appendices.

4.1. Background

Review the history of the business (or the origins of the idea if a start-up). Introduce the original promoters/shareholders in the business and explain in broad terms how the business evolved in terms of products/services, customers/markets, funding, management, R&D etc. Consider constructing a simple, short table showing the key events in the history of the business.

Length & Structure:

This section could be covered in 1-2 pages. Allow just a few paragraphs for a basic/short plan.

4.2. Progress to Date

Explain the development of the business to its present status from operational, sales/marketing, R&D and financial perspectives.

Make use of simple, high-level tables and charts to illustrate trends. Relegate detailed material to appendices and/or use footnotes to discuss issues, events etc. in greater detail without disrupting the flow of the main text.

Length & Structure:

- For a start-up, this entire section could be covered in 1-2 pages. Allow up to 4 or so pages for an established business and under one page for a basic/short plan.
- The subsections below are for general guidance only. They could result in some undesirable duplication or overlap. Accordingly, you may prefer to:
 - amalgamate some of them (e.g. *Operations & R&D*).
 - use less obtrusive sub-headings like

Sales & Marketing: Xx

- delete all sub-headings and cover all relevant matters in a series of short paragraphs.

4.2.1. Sales & Marketing

Use simple tables to help summarize historic sales growth, customer/product segmentation, market shares, key product volumes, prices achieved etc.

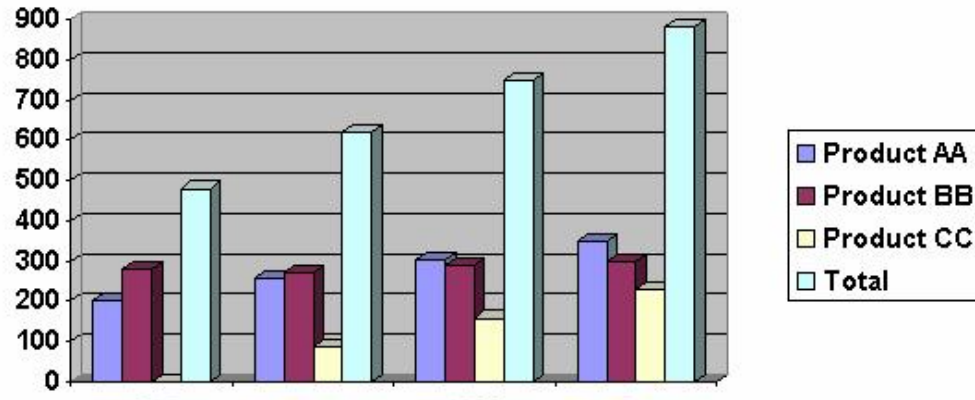
Here is a simple table showing historic sales:

Table X – Sales Analysis (20XX-20XX)				
Years to end xxMonth:	20XX (\$000)	20XX (\$000)	20XX (\$000)	20XX * (\$000)
Product AA				
Product BB				
Product CC				
Total sales				
Growth rate (per year)	N/a			

* First six months are actuals. Estimates used for last six months.

In addition, charts can be very effective at summarizing data:

Chart X: Sales Analysis 20XX – 20XX (\$000)



Explain key marketing/sales strategies and tactics. Describe major events in relation to marketing, sales, distribution, promotion, sales management, agencies/partners and so on. Place details in appendices.

Be sure to mention the general economic climate and the performance of competitors during the review period.

Indicate the current order book in value/volume terms and/or relative to capacity, and offer a view on the immediate outlook (i.e. over the next six months) for the business and its main markets.

4.2.2. Operations & Management

Review the operations of the business in terms of activities, facilities and resources used.

Include a short discussion and high-level tables covering employment, output levels, capacity growth, utilization etc.

Describe key capital investments.

Review developments in management and systems.

Identify key managers (and directors). If profiling them, limit yourself to 2-3 lines for each and refer reader to [10.2. Key Management Profiles](#)^[66] and/or an [appendix](#)^[86] for more details.

4.2.3. R&D

Review progress with R&D in terms of projects, resources and costs. Indicate the status of projects and expected completion dates.

A simple table along the following lines could be used to summarize the foregoing:

Project	Date Started	Projected Finish Date	% Completed	Main Resources	Expenditure to Date (\$000)

Mention any patents or planned patent filings.

4.2.4. Finances

For an established business, present a **high-level** synopsis of historical financial performance covering income statements, balance sheets etc. Again, use very simple tables or charts and present details in appendices or accompanying audited accounts. Highlight and explain key events. Face up to any major upsets and discuss them in an honest but positive manner.

In the case of a start-up, present a synopsis of the business's latest (estimated) balance sheet and identify major ongoing expenditure items and amounts (i.e. the *cash burn rate*).

In all cases, give information about share holdings and any options outstanding – list shareholders, dividend policies etc. Use an appendix to cover the detail.

If relevant, review the budget and year-to-date performance for current year and summarize these in simple tables. Indicate the expected out-turn for the remainder of the current year and highlight key assumptions.

4.2.5. Other Developments

If appropriate, use this subsection as a *catchall* to mention other major developments such as awards received, customer coups and so on.

5. Product/Service Descriptions

Keep descriptions of offerings (products and/or services) relatively short and confine them to broad groups.

Briefly explain what they do and who will use them. Indicate advantages/benefits they offer or the needs they meet. Avoid getting into technical terms and details – put this in appendices. Summarize any product test results and product approvals (secured/needed).

Introduce competing products/services and explain what makes yours special.

Append any brochures or price lists to the plan (as an annex).

Try to add a few pictures to the text and, if practicable, offer to make available a sample product or mock-up. Consider augmenting this with a good-quality video or computer-based slide presentation.

Length & Structure:

- Two to four pages should suffice for this section. Confine to one page for a basic/short plan.
- The subsections below are for general guidance only. They could result in some undesirable duplication or overlap. Accordingly, you may prefer to:
 - amalgamate some of them (e.g. *Description & Features*).
 - use less obtrusive sub-headings like

General Descriptions: Xx

- delete all sub-headings and cover all relevant matters in a series of short paragraphs.

5.1. General Descriptions

Devote three/four paragraphs to explaining what your offering are and do. Explain where and how they are used, and why customers need them and (will) buy them. Avoid detail and minimize technical terms.

5.2. Key Features

Introduce the key features of the proposed offerings. Use bullets or simple tables.

If relevant, present outline specifications or internal/external test results. Mention any certifications secured/needed.

5.3. Main Benefits

Identify the main benefits for users of your offerings in terms of savings, convenience, quality and so on. Use bullets to list benefits. Take care to distinguish between features and benefits. For example:

Features	Benefits (Related to Real Needs)
Our recorder weighs only 6 oz..	Our recorder can be carried in a pocket.
Our software includes extensive wizards, online help and manuals.	Our software is easy-to-use and well-supported.
Our holiday homes have dishwashers, washing machines, dryers etc.	Our holiday homes are fully equipped with labor-saving appliances.
Our vehicles have anti-roll bars, air cushions and four-point belts.	Our vehicles are extremely safe.

For some industrial products, it may be worthwhile including a (simple) cost-benefit or *return on investment* analysis. For example, explain how customers could get a payback on their investment within xx months/years as a result of using your offerings.

Some further considerations:

1. Demonstrate that your offerings fulfill a **real** (rather than perceived) **need** in such a way that their benefits are attractive to customers/users. This is your *value proposition*.
2. If you cannot address either an unresolved "pain" or "longing" that prospective customers are currently experiencing then it is doubtful whether they will see the benefits of your offerings.
3. Identify your offerings' *Unique Selling Proposition* (USP) in terms of benefits that you can easily and persuasively communicate to prospective customers/users.
4. Throughout the balance of your plan, strive to sustain these USPs by maintaining worthwhile competitive advantages through marketing, cost control, innovation, delivery, performance, quality or whatever.

5.4. Pricing Plans

Outline your proposed pricing plans. Cover markups, volume discounts, commissions etc. Use simple tables and place any detailed price lists in an appendix.

If relevant, explain the pricing/discount structure within your targeted distribution channels. For example, show how markups are applied as your offerings move along the distribution chain.

5.5. Competitors' Offerings

In this subsection, concentrate on describing your competitors' offerings as distinct from discussing their business activities. First, identify your main direct and indirect competitors and then introduce their offerings.

If you have no direct competitors, explain how prospective customers are likely to react to your offerings and relate your offerings to nearest equivalent competitors or solutions. If you cannot do this, it is possible that your offerings are *solutions* in search of *problems*!!

Highlight similarities and differences between your offerings and competitors' in terms of price, specs, quality, availability, design, features etc. Summarize using simple tables and place supporting analyses in an appendix.

5.6. Competitive Assessment

If appropriate, use this subsection to review the competitive advantages (and drawbacks) of your offerings relative to competition and to explain why your offerings will be (more) attractive to prospective customers/users.

6. Profiles of Target Markets

In this section, indicate market size, segments, trends, competition and user/customer profiles. Also, assess market shares and present medium-term projections for relevant segments.

Length & Structure:

- Allow up to 6 pages for this very important (and frequently ignored or underrated) section. Use about two pages for a basic/short plan and cover key issues in a series of short paragraphs and simple tables.
- Put detailed material in an appendix.
- We recommend that you adhere to the suggested subsections to ensure that all key issues are covered.

In most cases, it is very desirable that all detailed market research (field and/or desk) and analysis be completed **before** this section is written. If research reports are available refer to their detail in appendices or include them as annexes.

This is a very difficult section to prepare especially for start-ups or established businesses diversifying in new (to them) markets. These difficulties will be compounded, due to an absence of any reliable data or evidence of likely demand, for businesses entering completely new markets or launching radically new offerings. Nonetheless, this section is critical as it underwrites the business plan and demonstrates that the promoters have done their homework and know their marketplaces (at least as well as the incumbent players or other new entrants). If this section is unclear, vague or superficial, it begs the question as to whether there might be any real, sustainable demand for the proposed offerings.

If several disparate markets are being targeted, subdivide each of the subsections within this main section to cover these markets as illustrated in [6.1 General Background](#)^[45]. Alternatively, set the first subsection to refer to “**6.1. Market Aaaa**” and then use sub-subsections to cover key issues like:

- 6.1.1. General Background
- 6.1.2. Size. Segments & Trends
- 6.1.3. Review of Competition
- 6.1.4. Customers/Users
- 6.1.5. Medium-Term Projections
- 6.1.6. Review of Market Potential

Repeat this for “**6.2. Market Bbbbb**” etc. and add a final main section as “**6.X Overall Review**” that summarizes the individual market reviews.

When you have completed this section, you should revisit [3. Mission, Strategies etc.](#)^[32] and critically examine and challenge its contents based on the results of your market research.

6.1. General Background

Use this subsection to set the scene for more detailed analyses. For example, review the history of the market and highlight the key changes and trends. Feel free to quote external market research reports to help explain the general attractiveness of the marketplace.

In this subsection, move from the very general to the very particular and distinguish between total, available and served markets. Here is an example of what we mean by this:

The total world market for widgets is expected by most market analysts to grow from \$300 million in 2008 to \$1,200 million in 2012. Within this total, it is estimated that 60% of this market will be open to new entrants and that 10% of this will be located within the geographic areas to be ultimately served by our business. On this basis, the projected theoretical size of our target market might be worth about \$72 million.

If multiple markets are being targeted, use separate sub-subsections for each:

6.1.1. Market Aaaaa

6.1.2. Market Bbbb

View a statement along these lines as the **starting point** for the following subsections that explore in detail the market segments to be specifically targeted by the business. **Under no circumstances**, skip this work by simply stating that your business intends to secure 10% of the target market!!

6.2. Sizes, Segments & Trends

Describe the specific markets where the business operates and/or plans to enter. Explain how they have evolved and how they are segmented. Explain any historic shifts in consumer, product and technology trends and review any regulatory or structural restrictions on trade.

Claiming to have a unique offering is not an excuse for not doing a market assessment based on comparable indirect offerings. If target markets cannot be assessed then it is improbable that they can be sold into.

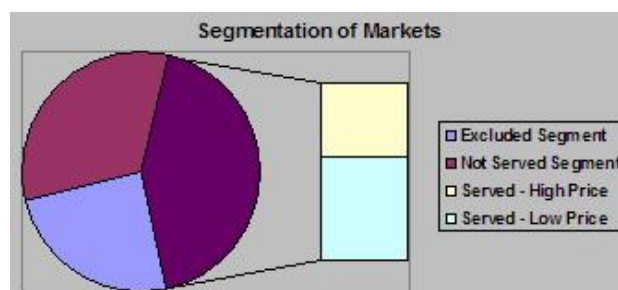
Use simple tables and charts to illustrate key points and to analyze structures and trends. Place detailed analyses in an appendix.

Here is an example of a simple table reviewing the size of key segments within an established market during the last four years:

Key Segments	20XX (\$m)	20XX (\$m)	20XX (\$m)	20XX (\$m)
Segment A				
Segment B				
Segment C				

Other segments				
Total market				

Highlight the segments you are targeting and **drill down** into them as illustrated in this chart which breaks the total market into excluded, unserved and served low- and high-priced segments. Discuss channels of distribution, promotional methods and marketing expenditure levels within the served segments.



In some cases, it will be very difficult to analyze or segment a market because it is new or poorly researched. In these circumstances review proxy or adjacent markets to gain insights in demand for similar offerings or related solutions and use the results to make inferences about the target markets.

Another method that could be used for business-to-business offerings would be to identify or quantify key prospective purchasers within the target market, estimate the theoretical value of their purchases and then scale this back to take account of the early purchasers and so on. Here is how this might be approached:

Variable	Worst Case	Best case	Most Likely
Estimated number of likely prospects	200	300	250
Theoretical value of "typical" contracts/prospect (\$000)	50	100	75
Theoretical size of market (\$000)	10,000	30,000	19,000
Time interval for market to develop (years)	5	7	6
Annualized market size after 2-4 year (\$000)	2,000	4,300	3,200
Guesstimated market size during initial growth phase (\$000)	500	1,000	750
Estimated actual current market size based on pilot sales (\$000)	50	50	50

Whilst this assessment is very speculative, a major benefit of having a limited number of prospects is that they can be individually identified for marketing purposes.

This "bottom-up" approach could also be used to help determine the size of a market within a heavily trafficked market segment. For example, if planning to open a restaurant within an established major shopping center, it should be possible (by simple observation) to assess the number of existing outlets, their table numbers, utilization rates, menu prices and favorites and thereby determine the size and segmentation of this local market, in value and volume terms.

In other circumstances, the market may be so big or broad that measurement might appear pointless, for example, the world market for video downloads or the US market for medical drugs targeting specific diseases. Here are two approaches that could assist:

1. Identify comparable-sized businesses and assess their size and progress within the market. By adding together their combined sales, an assessment can be made of the size and structure of the relevant market segments.
2. Assess the cost of customer acquisition or conversion rates and relate this to planned marketing expenditure, strategies and plans. For example, in the downloaded software business, the conventional wisdom is that about 1% of downloads result in a sale. Based on this yardstick, the amount of traffic required to secure a predetermined level of sales could be assessed. In turn, the likely sources of this traffic (e.g. web sites, directories etc.) could be identified and planned expenditure on acquiring traffic passing through these sources could provide a basis for sizing and segmenting the relevant channels.

Never ever base your market assessment on superficial generalizations like "*According to well-known research firms, our market is growing at 100% a year and will reach \$10 zillion by 20XX*".

6.3. Review of Competiton

Introduce the main competitors (or near-competitors if targeting a completely new market area) and profile them – highlight their evolution, scale and activities, and market shares. Briefly assess their SWOTs.

Show how their market shares have evolved and indicate their current standing in the market.

Discuss pricing and non-price issues.

Describe the channels of distribution and promotional methods used by competitors, and indicate typical promotional expenditure levels.

Place detailed information in appendices.

6.4. Customers/Users

Profile customers/users and explain how/why/when/where they buy.

Segment possible customers/users based on their demographics/needs. Review their buying habits and consider the impact of broad economic issues (past and future) on the frequency and value of

purchases.

Discuss price, quality, promotional, distribution channel issues etc. and how competitors' offerings are positioned and perceived from a customer/user perspective.

Quantify numbers of prospective customers/users and assess their consumption/ purchase rates (e.g. amount/year, amount/purchase, purchases/year and so on). Indicate how customer/user patterns could change in the future. This should link back to [6.2. Sizes, Segments & Trends](#)⁴⁵.

Present the key findings of any consumer/user research that has been conducted.

Note: Use the foregoing assessments to help clarify and further refine the market segments your business will be targeting. For example, if your business is only targeting the premium end of the market you should sub-divide market segments to take account of this. Likewise, if you are only selling through specialist outlets. Think of this process as being similar to peeling an onion - the more layers you remove, the closer you get to the heart of the matter!

6.5. Medium-Term Projections

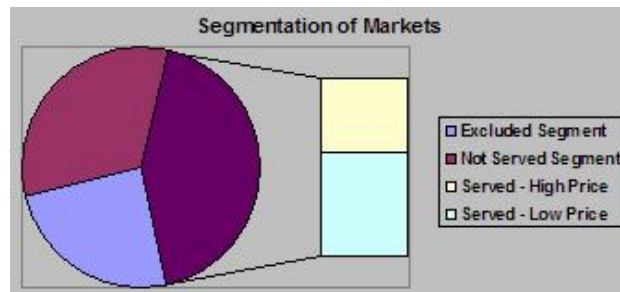
Use simple tables to show how market sizes, segments and shares are likely to move in the future after your entry/growth. For completeness, incorporate anticipated *high-level* sales projections for your business in these tables even though these will not have been derived until [7.4. Sales Forecasts](#)⁵².

Summarize briefly the main economic factors and variables underpinning your market projections. Explain any assumptions about possible shifts in economic, consumer, product and technology trends.

Here is an example of a simple table projecting the size of key segments within an overall market. This table might have been derived from backup tables projecting numbers of customers/users within each segment along with consumption rates and unit prices for each segment.

Key Segments	20XX (\$m)	20XX (\$m)	20XX (\$m)	20XX (\$m)
Segment A				
Segment B				
Segment C				
Other segments				
Total market				

Take the segments you are targeting and, if practicable, **drill down** into them to arrive at even more specific market projections as illustrated in this chart:



Finally, consider providing alternative projections based on "best" and "worst" case scenarios that might reflect alternative assessments of future economic and competitive conditions. Confine these projections to very simple tables and brief explanations as to how and why they were derived.

Place detailed analyses in an appendix.

6.6. Review of Market Potential

This section is important especially if you are targeting multiple markets as you can use it to summarize findings and projections for the individual markets. Even if only targeting a single market, you could use it to summarize why the proposed target market is attractive to your business.

7. Marketing Strategies, Sales Plans & Projections

This section follows on from [6. Profiles of Target Markets](#)^[44] and presents your proposed marketing strategies and detailed sales plans and projections.

Length & Structure:

- Devote up to 3-5 pages for this section. Allow about two pages for a basic/short plan by covering all key issues below in a series of short paragraphs.
- We recommend that you adhere to the suggested subsections to ensure that all key issues are covered.

In simple terms, you need to cover the 4Ps - product, price, place and promotion - and compile detailed revenue and marketing cost projections for inclusion in [11. Financial Projections](#)^[69].

Avoid at all costs, generalized statements like "*we aim to achieve xx% of the xx market within three years*". Instead, build up your projections from sound analysis and detailed assumptions about sales volumes to be achieved at customer/outlet levels. By way of a conclusion to this section, you could explain that these projections, if realized, could result in specified market shares being attained. To propose that your business will achieve a specified market share without relevant, detailed analysis and planning betrays a very poor appreciation of the basics of business and marketing.

7.1. Key Marketing Strategies

Summarize your proposed high-level marketing and sales strategies for market entry/development by describing the most critical actions and programs. These could include the following:

- Key markets e.g. *For 200XX we will concentrate on the xx market and in the following year we plan to open outlets in the xx market.*
- Primary products e.g. *From the outset we will offer ten product variations.*
- Main sales methods e.g. *We will use a combination of sales agents and on-line promotion.*

You only need to present high-level, scene-setting strategies to explain the fundamentals: use the balance of this section to present the detail.

7.2. Marketing/Sales Plans & Resources

You should cover the following:

- What are the initial market entry/development tactics?

- How will your business market its products/services and sell them to customers? Indicate plans for marketing, selling, promotion, advertising, representation etc.
- How will your products be presented to customers? Discuss packaging, physical distribution, sales support and product support and forecast the related costs.
- Following on from [5.4. Pricing Plans](#)⁴², explain the shorter term pricing policies and credit terms (be realistic!). What discounts will apply and to whom? Will there be bad debts or returns, and what provisions should be made?
- What will be the end-user prices? Assess the competitiveness of your business's offerings in terms of price, quality, features etc. at the level of sales outlets or end-users.
- How will you deal with the competitors? How might they respond?
- What are your contingency plans in the event of sales targets not being fully realized?

7.3. Marketing/Sales Expense Projections

Based on [7.2 Marketing/Sales Plans & Resources](#)⁵⁰, use this section to present and explain projections for marketing/sales personnel and expenses. A table along the following lines could be used as a summary:

Years to end xxMonth:	20XX	20XX	20XX	20XX
Head count - marketing staff				
Head count - sales staff				
Head count - total marketing & sales				
Average payroll cost/person (\$000)				
Total payroll cost (\$000)				
Travel & subsistence expenses (\$000)				
Marketing/sales expenses - XX (\$000)				
Marketing/sales expenses - XX (\$000)				
Marketing/sales expenses - XX (\$000)				
Marketing/sales expenses - XX (\$000)				
Marketing/sales expenses - XX (\$000)				
Total payroll & expenses (\$000)				

If addressing multiple markets or selling disparate product ranges, you should probably compile separate tables for each and then aggregate them.

Place detailed calculations and explanations in an appendix.

7.4. Sales Forecasts

Use this section to present sales (volumes and prices) projections for your various market segments and products/services.

In arriving at the projections, account needs to be taken of the market-size projections in [6.5. Medium-Term Projections](#)^[48], the proposed marketing/sales plans and the impact of competition as well as customer/user buying patterns, conversion rates and lead times.

Projections should be monthly (for at least one year ahead and especially if the business is seasonal) and either quarterly (much better) or annual thereafter.

Use a simple table along these lines to present key data. Include details in appendices.

Years to end xxMonth:	20XX	20XX	20XX	20XX
Key Offering/Market #1				
- Sales volumes				
- Selling prices				
Total Sales (\$000)				
Key Offering/Market #2				
- Sales volumes				
- Selling prices				
Total Sales (\$000)				
Key Offering/Market #3				
- Sales volumes				
- Selling prices				
Total Sales (\$000)				
Combined total sales (\$000)				

As a further example, the following table and chart showing shorter term projections for 4 product groups were copied and pasted directly from Exl-Plan's built-in Textual Summary Report (more information at <http://www.planware.org/exldesc.htm>) as “pictures”.

Sales	Quarter Ends in Year				Annual
	1 Qtr	2 Qtr	3 Qtr	4 Qtr	Total
	US\$000	US\$000	US\$000	US\$000	US\$000
Product Group:					
- Group1	61.0	66.0	74.0	86.0	287.0
- Group2	32.2	46.2	61.6	68.3	208.4
- Group3	15.8	22.8	30.4	33.7	102.6
- Group4	57.0	64.0	69.0	76.0	266.0
Total sales	166.0	199.0	235.0	264.0	864.0
% Quarterly changes	NA	19.9	18.1	12.3	

Table generated using [Exl-Plan](#)^[16], business financial planner. Pasted from Exl-Plan's Textual Summary Report - see [Using Exl-Plan with Biz-Plan](#)^[16]



Chart generated using [Exl-Plan](#)^[16], business financial planner. Pasted from Exl-Plan's Textual Summary Report - see [Using Exl-Plan with Biz-Plan](#)^[16]

Finally, review your marketing and sales plans and ask how confident are you that the projected sales levels and market shares will be achieved. If in doubt, develop and (briefly) present alternative scenarios and approaches in [7.6 Worst Case Scenario](#)^[53].

7.5. Market Share Projections

Refer back to the [6.5. Medium-Term Projections](#)^[48] for target markets and the [7.4. Sales Forecasts](#)^[52] and set out simple tables (or charts) showing how your business's market share will evolve and seek to justify this based on the caliber of your offerings, marketing strategies, sales plans and expenditure. For example, explain clearly why you might expect to secure a 10% market share while accounting for just 2% of your competitors' combined marketing expenditure and effort.

7.6. Worst Case Scenario

Consider a "worst case" scenario where sales volumes and/or prices undershoot your primary [7.4. Sales Forecasts](#)^[52].

Explain the basis for this scenario and summarize its implications in a simple table.

Years to end xxMonth:	20XX	20XX	20XX	20XX
Key Offering/Market #1				
- Sales volumes				
- Selling prices				
Total Sales (\$000)				
Key Offering/Market #2				
- Sales volumes				
- Selling prices				
Total Sales (\$000)				
Key Offering/Market #3				
- Sales volumes				
- Selling prices				
Total Sales (\$000)				

Combined total sales (\$000)				
------------------------------	--	--	--	--

Referring back to the [6.5. Medium-Term Projections](#)⁴⁸ for target markets and the primary [7.4. Sales Forecasts](#)⁵², discuss the impact of this "worst case" scenario on your [7.5. Market Share Projections](#)⁵³.

8. Technology and R&D

If R&D is relevant to your business, use this section to describe progress to date, plans and resources. Highlight any technological advances or achievements.

Length & Structure:

- About 2-3 pages should suffice. Keep under one page for a basic/short plan.
- Put all detailed or technical material in an appendix.
- The subsections below are for general guidance only. They could result in some undesirable duplication or overlap. Accordingly, you may prefer to:
 - amalgamate some of them (e.g. *R&D Plans* and *R&D Resources*).
 - use less obtrusive sub-headings like

R&D Plans: Xx

- delete all sub-headings and cover all relevant matters in a series of short paragraphs.

8.1. Overview of Technology

Introduce the key technology trends/developments within your industry or product area and explain how you are responding to them.

Summarize existing/planned patents and describe the ownership status of all intellectual property rights (including trademarks, copyrights etc.).

Keep technical details to the minimum and explain unusual terms as soon as used. Use simple drawings or flow diagrams to help describe any complex issues.

8.2. R&D Plans

Summarize R&D expenditure to date (if not done in [4.2. Progress to Date](#)³⁷).

Specify future expenditure plans. Identify milestones or specific projects to be completed. Where appropriate, provide short economic justifications for major projects.

Use simple tables and place backing material in appendices. For example, the following table could be used to summarize key projects:

Title	Description	Start Date	Finish Date	Remarks	Priority/Sequence

8.3. R&D Resources

Use this subsection to identify the key resources needed to fulfill the [8.2. R&D Plans](#) ⁵⁵.

What technical expertise has been acquired by the business or is needed in the future? What are the qualifications/backgrounds of technical staff and external advisers or collaborators? What vacancies/needs will arise in the future and how will they be filled?

Again, use simple tables along the lines of the following:

Title	Key Resources	Internal (man years)	External (man years)	Projected Cost (\$000)

The foregoing table could provide the basis for the following staffing projections:

Years to end xxMonth:	20XX	20XX	20XX	20XX
Head count - Project #1				
Head count - Project #2				
.....				
Total head count				

This data could also be presented in the following format linked to staff grades:

Years to end xxMonth:	20XX	20XX	20XX	20XX
Head count - Grade A				
Head count - Grade B				
.....				
Total head count				

Finally, the following payroll cost table could be constructed:

Years to end xxMonth:	Payroll Cost (\$000/person)	20XX (\$000)	20XX (\$000)	20XX (\$000)	20XX (\$000)
Payroll cost - Grade A					
Payroll cost - Grade B					
.....					
Total payroll cost					

These tables have been presented for illustrative purposes. In practice, they may be more appropriately located in an appendix.

8.4. R&D Expense Projections

Use this subsection to pull together the financial implications of [8.2 R&D Plans](#)⁵⁵ and [8.3 R&D Resources](#)⁵⁶. Work through the detail in an appendix and summarize in a simple table along the following lines:

Years to end xxMonth:	20XX (\$000)	20XX (\$000)	20XX (\$000)	20XX (\$000)
Key Project #1 - Internal payroll - External consultancy - Other expenses Total - Key Project #1				
Key Project #2 - Internal payroll - External consultancy - Other expenses Total - Key Project #2				
Key Project #3 - Internal payroll - External consultancy - Other expenses Total - Key Project #3				
Total R&D payroll & expenses (\$000)				

Where relevant, cost justify key projects by indicating their expected *return-on-investment*. In simplest terms, this could be the payback interval e.g. if expenditure of \$50,000 could generate incremental gross profits of \$25,000 a year, the payback would be 2 years.

9. Operational Plans

Cover all aspects of distribution, service provision, support and/or production operations within this section.

Length & Structure:

- Depending on the nature and scale of your business, this section may need 2-4 pages. Keep under one page for a basic/short plan.
- The subsections below are for general guidance only. They could result in some undesirable duplication or overlap. Accordingly, you may prefer to:

- amalgamate some of them.
- use less obtrusive sub-headings like

Locations & Facilities: Xx

- delete all sub-headings and cover all relevant matters in a series of short paragraphs.

9.1. Locations & Facilities

Indicate locations and main facilities. Describe plant/office/facilities capacity & utilization (past, present and future).

Where multiple locations are involved, use simple tables to summarize them. For example, a home-delivery pizza business might cover the following:

Description of Premises	Address	Floor Area	Take Out (Y/N)?	Main In-store Facilities	Owned or Leased?

9.2. Operating Methods/Procedures

Describe major elements of production/ operations/ distribution. Use simple diagrams to illustrate processes or complex relationships.

For example, in the case of a producer, highlight the main processes and activities and discuss use of materials, capacities & utilization, staffing levels, productivity, quality issues, energy

consumption, waste, inventory-building, transport/distribution and so on.

Use simple tables as per the following example showing first-year inventory projections. It was copied and pasted directly from Exl-Plan's built-in Textual Summary Report (more information at <http://www.planware.org/exldesc.htm>) as a “picture”.

Inventories	Opening Levels	Quarter Ends in Year to Jan			
	US\$000	1st	2nd	3rd	4th
	US\$000	US\$000	US\$000	US\$000	US\$000
Finished goods	25.0	34.3	41.2	48.7	51.3
Materials/goods	24.0	24.0	24.0	24.0	24.0
Total inventory	49.0	58.3	65.2	72.7	75.3

Table generated using [Exl-Plan](#)^[16], business financial planner. Pasted from Exl-Plan's Textual Summary Report - see [Using Exl-Plan with Biz-Plan](#)^[16]

Briefly describe systems for product costing, quality control, production management, maintenance, customer support etc. Use simple tables to summarize and place any important detail in an appendix.

Explain transport/distribution arrangements and related costs.

9.3. Capital Expenditure Projections

Specify investments to date (if not done in [4.2. Progress to Date](#)^[37]) and plans. Distinguish between mandatory and discretionary expenditure. If appropriate, include or append maps, charts, pictures etc.

Where relevant, cost justify investments by indicating their expected *return-on-investment*. In simplest terms, this could be the payback interval e.g. if expenditure of \$50,000 could generate incremental cost saving of \$100,000 a year, then the payback would be 6 months.

Summarize planned capital expenditure:

Years to end xxMonth:	20XX (\$000)	20XX (\$000)	20XX (\$000)	20XX (\$000)
Project #1				
Project #2				
Project #3				
Total Capital Expenditure				

Where appropriate, summarize the planned funding of this expenditure:

Years to end xxMonth:	20XX (\$000)	20XX (\$000)	20XX (\$000)	20XX (\$000)
New equity				
New Loans				
Internal Cash Flow				

Total Capital Expenditure				
---------------------------	--	--	--	--

9.4. Operating Cost Projections

Segment costs as variable, semi-variable and fixed. Indicate costings for key products/services and specify individual gross margins. Discuss break-even points at operating unit and product levels.

If appropriate, specify unit costs for key inputs such as materials, labor, payroll, power, communications, environmental services etc. and forecast how these might move in the future due to inflation, currency rates etc.

Length & Structure:

The subsections below are for general guidance only. They could result in some undesirable duplication or overlap. Accordingly, you may prefer to:

- amalgamate some of them.
- use less obtrusive sub-headings like

Purchases & Materials: Xx

- delete all sub-headings and cover all relevant matters in a series of short paragraphs.

9.4.1. Purchases & Materials

This subsection could be important for production and distribution businesses.

Identify key services, materials or goods to be purchased for either production or resale. Outline plans for sourcing them. For key items, indicate specifications, prices, taxes/duties, purchasing arrangements and credit terms. Discuss likely future price trends.

For distribution businesses (wholesale and retail), describe the range of goods to be purchased, explain about shelf life and inventory, and discuss mark up percentages used to help arrive at selling prices.

In the case of production businesses (manufacturing and service businesses with significant expenditure on bought-in items), explain the composition of material (or bought-in components or services) within finished products (i.e. the bill of materials) and discuss such matters as procurement, material utilization, inventories and unit material costs.

9.4.2. Direct Labor

Confine these head count projections to labor and staff directly or indirectly involved in operations/production. In other words, restrict these projections to personnel involved in creating output for sale or whose numbers vary (fully or partly) with output levels. Present the head count projections for staff engaged in sales & marketing, R&D, management & administration in other subsections.

Indicate the organization structure, human resources (head counts, grades, skills, training etc.) relating to production, warehousing, distributions, maintenance, quality control, customer support etc. Where appropriate, convert part-time numbers to full-time equivalents. If practicable, specify labor productivity trends based on the projected sales volumes and head count levels.

Use simple tables to summarize and place detail in appendices. The following table could be used for a production venture.

Years to end xxMonth:	20XX	20XX	20XX	20XX
Head count - Direct production				
Head count - Indirect production				
Head count - Maintenance				
Head count - Utilities				
Head count - Quality				
Head count - Warehousing				
Head count - Transport				
Head count - Supervision				
Head count - Management				
Total head count				
Total production (000 units/year)				
Output/person (Units)				

This table might be used to determine total and unit payroll costs:

Years to end xxMonth:	Payroll Cost (\$000/person)	20XX (\$000)	20XX (\$000)	20XX (\$000)	20XX (\$000)
Direct production					
Indirect production					
Maintenance					
Utilities					
Quality					

Warehousing					
Transport					
Supervision					
Management					
Total payroll cost					
Total production (000 units/year)					
Payroll cost/Unit (\$)					

The next table might apply to a software business.

Years to end xxMonth:	20XX	20XX	20XX	20XX
User support				
Routine product maintenance				
Production & dispatch				
Supervision				
Management				
Total head count				

The following table summarizes shorter term head counts (for all staffing grades). It was copied and pasted directly from Exl-Plan's built-in Textual Summary Report (more information at <http://www.planware.org/exldesc.htm>) as a "picture".

Functions	Quarter Ends in Year to Jan			
	1st	2nd	3rd	4th
	Nos	Nos	Nos	Nos
Direct labor:				
- Group1	2	3	4	4
- Group2	2	3	4	4
- Group3	1	2	2	2
- Group4	2	3	4	4
Total direct labor	7	11	14	14
Indirect labor	2	2	2	2
Supervisory staff	1	1	1	1
Sales	1	1	1	1
Clerical	2	2	2	2
Management	2	2	2	2
Research & development	1	1	1	1
Total headcount	16	20	23	23

Table generated using [Exl-Plan](#)^[16], business financial planner. Pasted from Exl-Plan's Textual Summary Report - see [Using Exl-Plan with Biz-Plan](#)^[16].

The tables above are presented for illustrative purposes. In practice, they may be more appropriately located in an appendix.

9.4.3. Other Direct/Variable Costs

Use this subsection to introduce any significant other direct or variable costs such as power, water, etc. if they are significant to the production or distribution process.

Where relevant, forecast consumption/ utilization rates for key items and use these to project their total costs.

9.4.4. Total & Unit Costs

Use this subsection to pull together all the direct costs relating to operations, distribution and production. Use simple tables with short explanations.

The following table might be used for a production or distribution business:

Years to end xxMonth:	20XX	20XX	20XX	20XX
Sales projections (units)				
Sales projections (\$000)				
Materials & bought-in components (or cost of goods for resale) (\$000)				
Direct labor (\$000)				
Other direct costs (\$000)				
Total direct cost (\$000)				
Average direct cost per unit (\$)				
Average selling price (\$/unit)				
Average direct cost as % average selling price				

Where the product mix does not lend itself to averaging, it might be necessary to replicate this type of table (in an appendix) for each major product group and then summarize the overall results in this subsection.

The following table might suit a "pure service" business to summarize its operating costs:

Years to end xxMonth:	20XX	20XX	20XX	20XX
Sales projections (billable hours)				
Sales projections (\$000)				
Direct labor (\$000)				
Other direct costs (\$000)				
Total direct cost (\$000)				
Average direct cost per hour (\$)				
Average selling price (\$/hour)				
Average direct cost as % average selling price				

For businesses with several offerings, it would be useful to summarize margins for each offering as shown in the table below copied and pasted directly from Exl-Plan's built-in Textual Summary Report (more information at <http://www.planware.org/exldesc.htm>) as a “picture”.

Year to end Jan	Total Sales	Gross Margin	Gross Margin
	US\$000	US\$000	% Sales
Product Group:			
- Group1	287.0	114.1	39.8
- Group2	208.4	68.8	33.0
- Group3	102.6	35.4	34.5
- Group4	266.0	108.4	40.7
Total	864.0	326.7	37.8

Table generated using [Exl-Plan](#)¹⁶⁷, business financial planner. Pasted from Exl-Plan's Textual Summary Report - see [Using Exl-Plan with Biz-Plan](#)¹⁶⁷

10. Management & Administration

Use this section to introduce the management team and structure and to describe administrative (overhead) arrangement.

Length & Structure:

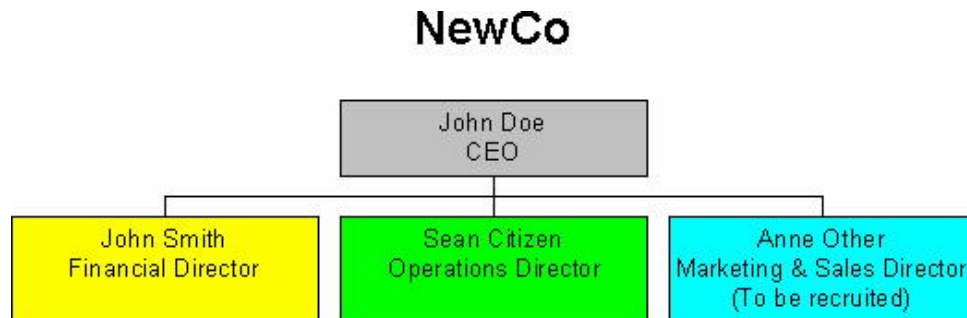
- Allow 2-3 pages for this section. Keep under one page for a basic/short plan.
- The subsections below are for general guidance only. They could result in some undesirable duplication or overlap. Accordingly, you may prefer to:
 - amalgamate some of them.
 - use less obtrusive sub-headings like

Management Structure: Xx

- delete all sub-headings and cover all relevant matters in a series of short paragraphs.

10.1. Management Structure

Use a simple organization chart to illustrate the structure (if available, utilize the Microsoft Organization Charting utility with Word – select Insert | Object... | Create New | MS Organization Chart).



Indicate any gaps and explain measures to recruit. If necessary, present job specs in an appendix.

If the management structure is likely to change significantly within the plan's life, present separate early- and late-stage organization charts along with a simple table depicting the growth in management head count.

10.2. Key Management Profiles

Introduce the management team and their roles. Include short profiles but relegate details to an appendix.

Also, introduce the board of directors (and any sub-committees) and profile non-executive directors (existing/proposed). Place significant details in an appendix. Outline the board's role in the management of the business.

Summarize management remuneration and key clauses in employment contracts.

10.3. Administration & Systems

Describe administrative arrangements and indicate locations and facilities.

Explain key operational, accounting and related management systems. Specify communications and IT systems. Describe development plans and costs.

10.4. Head Count Projections

The following table could be used to present head count projections for administration and management function along with brief explanations of major items or changes:

Years to end xxMonth:	20XX	20XX	20XX	20XX
Head count - Reception				
Head count - Clerical				
Head count - Accounts				
Head count - IT				
Head count - Security				
Head count - Middle management				
Head count - Senior management				
Total head count				

The next table could be used to determine management and administration payroll costs:

Years to end xxMonth:	Payroll Cost (\$000/person)	20XX (\$000)	20XX (\$000)	20XX (\$000)	20XX (\$000)
Reception					
Clerical					
Accounts					

IT					
Security					
Middle management					
Senior management					
Total payroll cost					

Here is an example of shorter term projections copied and pasted directly from Exl-Plan's built-in Textual Summary Report (more information at <http://www.planware.org/exldesc.htm>) as a "picture".

Functions	Quarter Ends in Year to Jan			
	1st	2nd	3rd	4th
	Nos	Nos	Nos	Nos
Direct labor:				
- Group1	2	3	4	4
- Group2	2	3	4	4
- Group3	1	2	2	2
- Group4	<u>2</u>	<u>3</u>	<u>4</u>	<u>4</u>
Total direct labor	7	11	14	14
Indirect labor	2	2	2	2
Supervisory staff	1	1	1	1
Sales	1	1	1	1
Clerical	2	2	2	2
Management	2	2	2	2
Research & development	1	1	1	1
Total headcount	16	20	23	23

Table generated using [Exl-Plan](#)¹⁶, business financial planner. Pasted from Exl-Plan's Textual Summary Report - see [Using Exl-Plan with Biz-Plan](#)¹⁶.

The foregoing tables are for illustrative purposes. In practice, they may be more appropriately located in an appendix.

10.5. Overhead Expense Projections

Indicate main components of overhead costs and present high-level projections as shown in the following table:

Years to end xxMonth:	20XX (\$000)	20XX (\$000)	20XX (\$000)	20XX (\$000)
Total payroll cost				
Overhead cost #1				
Overhead cost #2				
.....				
Total overhead cost				

Include brief explanations of major items or changes.

Here is an example of shorter term projections copied and pasted directly from Exl-Plan's built-in Textual Summary Report (more information at <http://www.planware.org/exldesc.htm>) as “pictures”.

Cost Analysis	Quarters in Year to Jan				Annual
	1st	2nd	3rd	4th	Total
	US\$000	US\$000	US\$000	US\$000	US\$000
Materials/packaging/goods	69.5	77.2	94.4	105.8	347.0
Direct labor	16.7	22.8	33.0	36.6	109.1
Other direct	15.1	19.5	21.4	25.1	81.2
Total Cost of sales	101.4	119.6	148.8	167.6	537.3
Overhead expenses:					
Operational (indirect)	11.8	11.8	11.8	11.8	47.4
Selling & freight	15.1	16.0	17.2	17.7	65.9
Management/admin staff	16.5	16.5	16.5	16.5	66.0
Research & development	10.3	10.3	10.3	10.3	41.0
Administration	5.3	5.3	5.3	5.3	21.0
Occupancy/general	8.6	8.6	8.6	8.6	34.2
Total overhead expenses	67.4	68.4	69.5	70.0	275.4
Total direct costs & expenses	236.3	256.4	287.9	307.6	1,088.2

Table generated using [Exl-Plan](#)^[16] business financial planner. Pasted from Exl-Plan's Textual Summary Report - see [Using Exl-Plan with Biz-Plan](#)^[16]

Charts can be much easier to follow than tables.

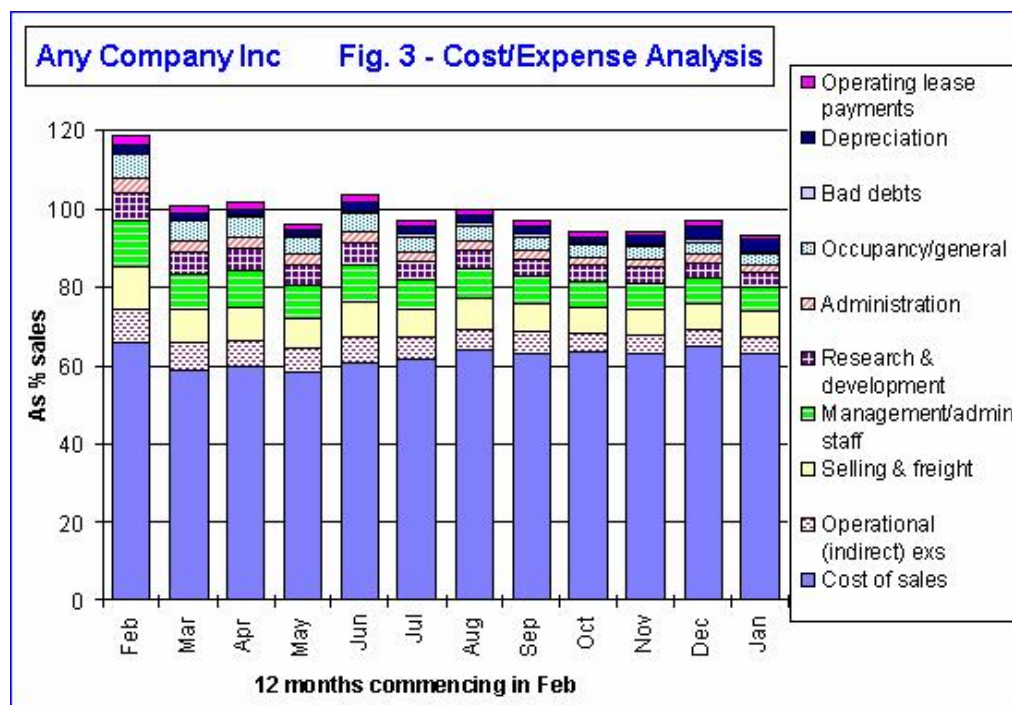


Chart generated using [Exl-Plan](#)^[16] business financial planner. Pasted from Exl-Plan's Textual Summary Report - see [Using Exl-Plan with Biz-Plan](#)^[16]

11. Financial Projections

Present key financial projections e.g. P&Ls (income statements), cashflows, balance sheets and key ratios.

Length & Structure:

- Complete this entire section within 4-6 pages by ensuring that only *high-level* financial projections are included in summary tables. Keep within two pages for a basic/short plan.
- Place all detailed schedules in appendices.
- The subsections below offer a structure for presenting projections and should by and large be adhered to.

If break even is expected to occur within a year, make the projections on a monthly basis for the first year and use quarterly thereafter. Otherwise, show monthly projections until the year in which break even (for profitability and cashflow) is anticipated. It is essential that all the financial statements be fully integrated and linked.

Most business plans include projections for either three or five years depending on their size and the amounts and timing of any external funding being sought. In exceptional cases, the financial projections may need to run for as long as twenty years to capture the totality of the business and its funding. In such cases, projections beyond five years are likely to be very speculative and *illustrative* rather than *firm* forecasts. Often, these projections would be associated with major investment or infrastructural projects being pursued in a very stable economic environment.

Financial projections must not be prepared in isolation from the rest of the plan. For example, the results of market research should flow into your sales projections that, in turn, should generate revenue forecasts.

Under no circumstances, do the detailed financial projections and then write a plan to suit. By all means, do some high-level financial planning at an early stage to get a feel for the basic figures and sensitivities but do not let the plan become a financially driven document without any strong market basis. For further tips and traps, refer to the online white paper on [Preparing Financial Projections](#).

For help with financial projections, see [Financial Projections with Exl-Plan](#)¹⁵.

The development of an integrated, error-free, spreadsheet-based financial planner is a very difficult and time-consuming task even for experienced accountants and spreadsheet users. You do not want to spend several days developing a computer model when you are really interested in planning a business. PlanWare's [Exl-Plan](#)^[15] can help smooth this process.

Exl-Plan runs with Excel for Windows (5, 7, 8, 95, 97, 2000 and XP). Sixteen variants are available to cover different sizes of businesses and accounting formats. Typically, Exl-Plan produces fully-integrated 1-3-5-7 year financial projections - monthly for the first year, quarterly for second-third, and annual for fourth-fifth. Based on a user's assumptions, it generates income statements, cash flows, balance sheets, ratios and graphs for each period (month, quarter & year). Many of the tables and charts in this plan have been copied and pasted directly from Exl-Plan.

For more information about Exl-Plan, see [Introducing Exl-Plan for Financial Projections](#)^[15] or go to <http://www.planware.org/exlplan.htm> for further information and trial copy downloads.

If using Exl-Plan to generate financial projections, refer to [Using Exl-Plan with Biz-Plan](#)^[16] for guidance.

11.1. Key Assumptions

Use this section to review and pull together the key assumptions to be used in the financial projections.

The following table indicates the diversity of assumption variables that may need to be considered in order to produce projected P&Ls, cashflows and balance sheets for a business.

Sales volumes	Intangible assets
Selling prices	Material costs
Selling & distribution costs	Accumulated depreciation
Tax rates for inputs	Prepayments/accruals
Research & development	Material/WIP inventories
Interest rates	Capital expenditure
Tax rates for sales	Share issues
Management/administration	Direct head count levels
Changes in loans/debt	Capital & revenue grants
Bad debt provisions	Dividends
General overheads	Wage rates
Operating leases & HP	Fixed asset disposals
Target finished stocks	Corporation tax
Depreciation rates	Other direct costs
Current year debtors/creditors	Finance leases
Opening balance sheet	Phasing of opening balances
Fixed asset values	Operational overheads

Relate your assumptions for sales, costs, head count etc. to the detailed plans/schedules outlined in preceding sections. In most cases, it will suffice to refer the reader back to the appropriate subsection. For example:

The key assumptions have been based on the following:

- Sales projections derived in [7.4 Sales Forecasts](#)^[52] and based on [7. Marketing Strategies, Sales Plans & Projections](#)^[50]
- R&D expenditure as described in [8. Technology and R&D](#)^[55].

- *Operational plans and expense projections as presented in [9. Operational Plans](#)^[58]*
- *Funding of \$xx (equity) and \$xx (loans) will be secure in the first quarter of 20XX as proposed in [12. Funding](#)^[80] below.*
- *and so on*

Having covered the main assumptions within earlier sections of the plan, you will probably still need to insert a simple table here showing some elements of the projections that have not been mentioned previously. These could include:

- Depreciation rates for different types of fixed assets.
- Interest rates for loans and cash balances.
- Inventory stocking rates for finished goods, materials and bought-in items.
- Sales and value added tax rates for inputs and outputs and payment intervals.
- Credit terms for receivables (debtors) and payables (creditors).
- Anticipated external funding (see below).

When determining funding needs, consider the following approach:

1. Compile projections without any external funding and take note of the peak cash deficit and its timing. The total funding requirement is likely to correspond to this deficit. It should be injected (in one or more tranches) ahead of being required so as to eliminate (or minimize) unacceptable deficits and perhaps to create *cash cushions*.
2. Analyze the projected financial ratios (debt/equity, interest cover and current asset) to help determine the optimal mix of debt and equity.
3. Plan to finance the "most likely" case, or even "worst" case, rather than for the "best" case as revealed by sensitivity analysis. Whilst the "best" case may show the smallest funding need, it may be unattainable due to the inevitability of some aspect of the **double** (costs), **double** (time) and **half** (revenues) rule.

Having progressively built up tables for sales, costs, expenditure and staffing in earlier sections of the plan, you should now be in a position to develop pro-forma financial projections and to summarize them in the following subsections. **Under no circumstances** should you simply insert multiple pages of detailed spreadsheet output to cover these items. Instead, summarize the projections as per the suggested subsections and relegate all the detailed assumptions and output reports to appendices or simply retain them as working papers. The sample "pictures" shown in the subsections below are very clear and simple to follow. However, they have been backed up by about a dozen assumption and output reports that could be made available on request.

For help with financial projections, see [Financial Projections with Exl-Plan](#)^[15].

PlanWare's [Exl-Plan](#)^[15] is an ideal companion to Biz-Plan as it can help users generate comprehensive financial projections for 1, 3, 5 or 7 years ahead based on detailed assumptions for months, quarters and years. Its pro-forma projections are fully-integrated which means that changes to assumptions value are immediately reflected in projected income statements, cashflows, balance sheets and related charts and tables. To facilitate generation of projections, Exl-Plan is structured so that its assumption reports (for months, quarters and years) are linked to but kept separate from output reports and charts.

Exl-Plan can save your time and effort, and improve your planning and results. Why develop your own spreadsheet planner (and re-invent the wheel) when we offer a fully developed planner that you can buy and use now? With Exl-Plan, there is **no** writing formulae, **no** formatting, **no** programming, **no** testing, **no** designing, **no** charting, **no** correcting, **no** messing and **no** sweat!

Exl-Plan is available in multiple versions so there is likely to be a version that matches your business type and size. Get more [detailed information](#) and free [trial downloads](#) to see Exl-Plan for yourself.

11.2. Income (P&L) Projections

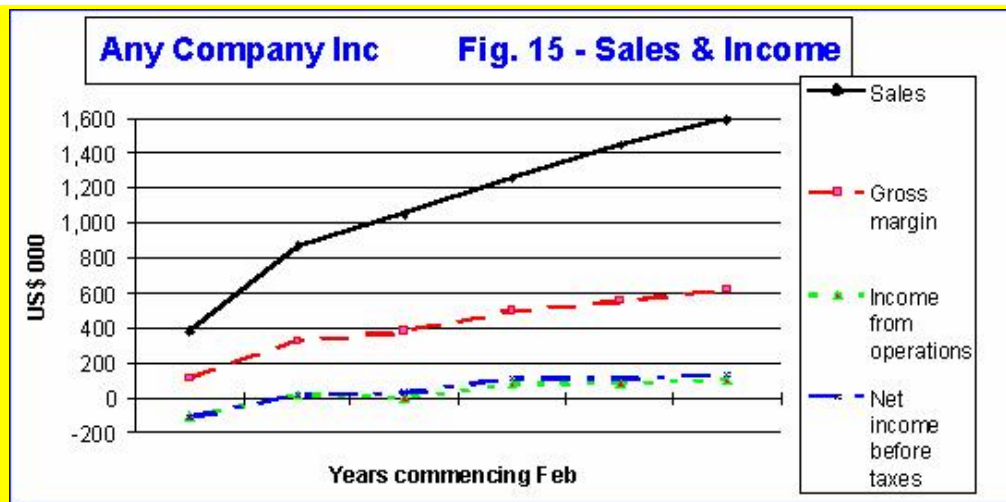
Introduce the projected income statements (profit & loss accounts) using a short paragraph (or bullet points) to highlight the key expected outcomes for sales and income. Use simple tables to summarize the key figures and place all detailed analyses in appendices. As shown below, simple tables and charts can show trends and patterns very clearly.

Years to end Jan	Act/Est	Proj	Proj	Proj	Proj	Proj
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Sales	380	864	1,048	1,259	1,448	1,593
Cost of sales	<u>270</u>	<u>537</u>	<u>670</u>	<u>761</u>	<u>890</u>	<u>972</u>
Gross margin	110	327	378	498	557	621
Total operating expens	<u>218</u>	<u>312</u>	<u>377</u>	<u>423</u>	<u>468</u>	<u>516</u>
Income from operation	(108)	15	1	75	89	105
Other income, interest	<u>(7)</u>	<u>(2)</u>	<u>27</u>	<u>34</u>	<u>23</u>	<u>26</u>
Net income before tax	(115)	12	28	109	112	132
Taxes	<u>1</u>	<u>2</u>	<u>9</u>	<u>6</u>	<u>9</u>	<u>9</u>
Net income	(115)	12	26	100	107	123
Dividends declared			<u>10</u>	<u>25</u>	<u>30</u>	<u>35</u>
Transferred to reserve	(115)	12	16	75	77	88

This table was "pasted in" as picture from [Exl-Plan](#)^[15], PlanWare's Excel-based financial planner - see [Using Exl-Plan with Biz-Plan](#)^[16].

When presenting financial data in a table or chart, it can be useful to precede it by a short introductory sentence and following it by a short review of its contents. For example:

The following chart shows actual sales and income for Any Company Inc. for 20XX alongside projections for the following five years:



This chart was "pasted in" as a picture from [Exl-Plan](#)^[15], PlanWare's Excel-based financial planner - see [Using Exl-Plan with Biz-Plan](#)^[16].

It shows that:

- Sales will increase from \$380,000 in 20XX to \$1.6 million after five years. This represents an average annual growth rate of 33% as explained in [7.4 Sales Forecasts](#)^[52].
- The net loss of \$115,000 reported for 200XX will be transformed into net income before taxes of \$123,000 by the fifth year when the net margin on sales is projected to reach 6%.
- The key factor in this improvement will be the widening of gross margins from 29% in 20XX to 39% as discussed in [9.4.1. Purchases & Materials](#)^[60].

More detailed projections can be placed in an [appendix](#)^[86] for Finance. For help with financial projections, see [Financial Projections with Exl-Plan](#)^[15].

11.3. Cash Flow Projections

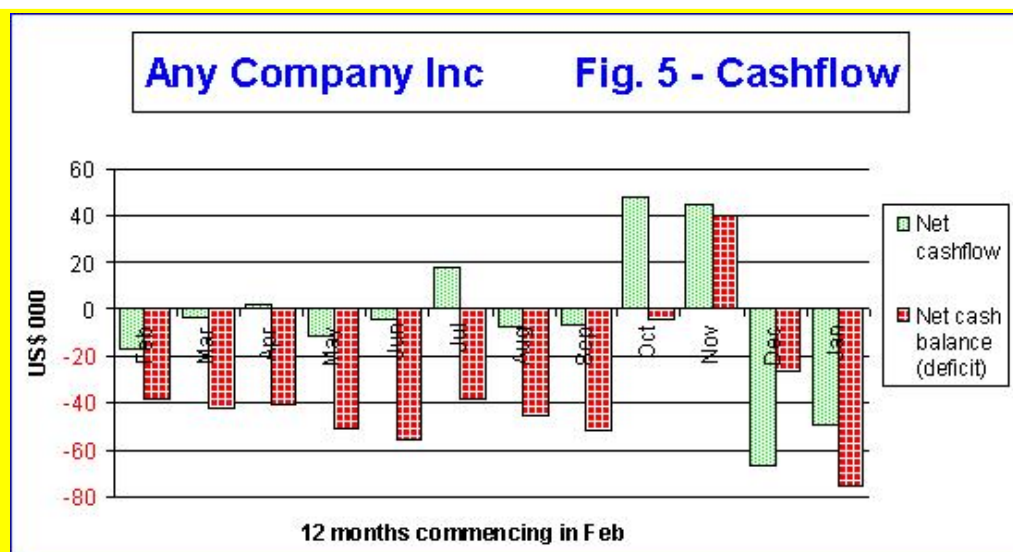
It is usual to give monthly cash flow projections for the first year, or longer, depending on the importance of cashflow and the time needed for the business to become cashflow positive. Use text and bullets to highlight and explain any key values or summarize the trends shown in tables or charts.

Many readers of your plan – bankers, venture capitalists and other investors – will pay far more attention to your cashflow projections than to the income statements. They will seek to establish that the business will not run out of cash before it reaches profitability – *more businesses fail for lack of cash than for want of profit*.

For more guidance, check the online white papers on [Making Cashflow Projections](#) and [Managing Working Capital](#).

A chart is ideal for illustrating monthly cash flows and balances. For example:

The following chart shows cash flows for Any Company Inc. for the initial 12 months covered by this plan:



This chart was "pasted in" as a picture from [Exl-Plan](#)^[15], PlanWare's Excel-based financial planner - see [Using Exl-Plan with Biz-Plan](#)^[16].

This chart highlights the following cash movements:

- Cash deficit will rise over the 12 months from \$39,000 to \$75,000. For most months, the underlying cash outflow is projected at about \$5,000 per month.
- Inflows in October and November are related to planned equity injections by existing shareholders as explained in [11.1 Key Assumptions](#)^[70].
- The outflows in December and January are linked to refurbishment of premises (see [9.3 Capital Expenditure Projections](#)^[59]).

Less detailed projections (quarterly or annual) may suffice for subsequent years as per the next example:

The following table and chart summarizes cashflows and balances for Any Company Inc. for the 5 years commencing 20XX:

Years to end Jan	Proj	Proj	Proj	Proj	Proj
	US\$000	US\$000	US\$000	US\$000	US\$000
Net cashflows from:					
Operations	(17)	18	72	95	130
Investing activities	(129)	(20)	(10)	(15)	(35)
Financing activities	92	32	(59)	85	(10)
Increase (decr) cash	(54)	30	3	165	85



These items were "pasted in" as pictures from [Exl-Plan](#)^[15], PlanWare's Excel-based financial planner - see [Using Exl-Plan with Biz-Plan](#)^[16].

These indicate the following:

- Any Company Inc. will be cash generative after the first year as indicated in the tabulated cash inflows from operations.
- The investing activities reflect the refurbishment of premises (see [9.3 Capital Expenditure Projections](#)^[59]) in 20XX and modest follow-on expenditures.
- The financing activities reflect the shareholders' investment of \$92,000 in 20XX and planned movements in loan balances during subsequent years.
- Overall, Any Company Inc. projects a net cash balance of \$207,000 by 20XX having started with a cash deficit of \$24,000 five years earlier.

More detailed projections can be placed in an [appendix](#)^[86] for Finance. For help with financial projections, see [Financial Projections with Exl-Plan](#)^[15].

11.4. Balance Sheet Projections

When presenting projected balance sheets, you will need to include an opening balance sheet that has been based on audited figures (for last year) or estimated data (for current year). If your business is a pure start-up, its opening balance sheet may contain no values.

Here is an example of a projected balance sheet table and commentary:

The following table presents summary opening and five-year balance sheets for Any Company Inc.:

Years to end Jan	Act/Est	Proj	Proj	Proj	Proj	Proj
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
ASSETS						
Current assets:						
Cash	2				122	207
Other	121	199	251	308	353	387
Total Current Assets	123	199	251	308	475	594
Fixed & intang assets	144	272	300	308	360	370
Total assets	267	471	550	616	834	964
LIABILITIES						
Current liabilities:						
Short-term loans/cred	24	76	46	43		
Other	109	133	219	236	327	349
Total Current Liabiliti	133	209	265	279	327	349
Total longterm liabiliti	25	137	113	90	124	144
Total owners' equity	109	126	172	247	384	471
Total liabilities	267	471	550	616	834	964

This table was "pasted in" as a picture from [Exl-Plan](#)^[15], PlanWare's Excel-based financial planner. It is fully-integrated and linked to cashflow forecasts and projected income statements.

See [Using Exl-Plan with Biz-Plan](#)^[16].

These summary balance sheets show that:

- Owners' equity will increase from £109,000 to \$471,000 over the five years.
- Total assets will increase from \$267,000 to \$964,000 by January 20XX.
- Any Company Inc. will be solvent throughout the five years.

Note that the projected balance sheets must link back into the projected income statements and cashflow projections. The owners' equity should reflect the transfers to reserves in [11.2. Income \(P&L\) Projections](#)^[72] and the cash movements and balances must tie in with the cash flow projections in [11.3. Cashflow Projections](#)^[73].

For help with producing linked financial projections, see [Financial Projections with Exl-Plan](#)^[15].

11.5. Ratio Analyses

Highlight the key ratios and trends over time. To do this, it is essential that projected income statements, cash flow forecasts and balance sheets are linked and integrated with each other so that ratios can be calculated as the following example shows:

The following ratio analysis is based on the foregoing 5-year projections for Any Company Inc.:

Years to end Jan	Proj	Proj	Proj	Proj	Proj
Gross margin (% sales)	37.8	36.0	39.5	38.5	39.0
Net income before taxes (% sales)	1.4	2.7	8.7	7.7	8.3
Sales as % breakeven	105	100	118	119	120
Net income before taxes/total assets	2.6	5.2	17.7	13.4	13.7
Sales/total assets (times)	1.8	1.9	2.0	1.7	1.7
Net debt as percent owners' equity (Max=200%)	188	125	74	18	3
Net assets per share (US\$)	1.22	1.40	2.01	2.78	3.42
Earnings per share (US\$)	0.11	0.23	0.82	0.82	0.89
Dividend per share (US\$)		0.08	0.20	0.22	0.25

This table was "pasted in" as a picture from [Exl-Plan](#)¹⁵, PlanWare's Excel-based financial planner. It is fully-integrated and linked to cashflow forecasts and projected income statements and to a much more detailed analysis including many additional ratios. See [Using Exl-Plan with Biz-Plan](#)¹⁶.

The ratios highlight:

- Income margins rising from 1.4% of sales to 8.3% in 20XX.
- Income to total assets progressively rising from 2.6% to 13.7%.
- Debt declining from 188% of owners' equity in the first year to just 3% in 20XX.
- An improving trend in "per share" items.

Do a *reality check* to confirm that ratios are reasonable. For example, the following ratios could be cause for concern:

- Net income (profit) before taxes above 15-20% for any year.
- Sales below break even for more than one year.
- Sales/total asset ratio above 3-5 (times) in any year.
- Net debt/equity above 80% in any month or year.
- Current asset ratio below 1 in any month or year.
- Interest cover under 2 in any year.
- Return on total assets above 30% per year.

Compare projected financial ratios with industry norms and justify any significant deviations.

For help with financial projections and ratio analyses, see [Financial Projections with Exl-Plan](#)¹⁵. For additional guidance, review the online white papers dealing with the following:

- [Preparing Financial Projections](#)
- [Making Cashflow Forecasts](#)
- [Managing Working Capital](#).

11.6. Sensitivity Analyses

Present the key results of a 'what-if' analysis based on "best" and "worst" case scenarios. As a general guide, be conservative even when presenting the "best" case.

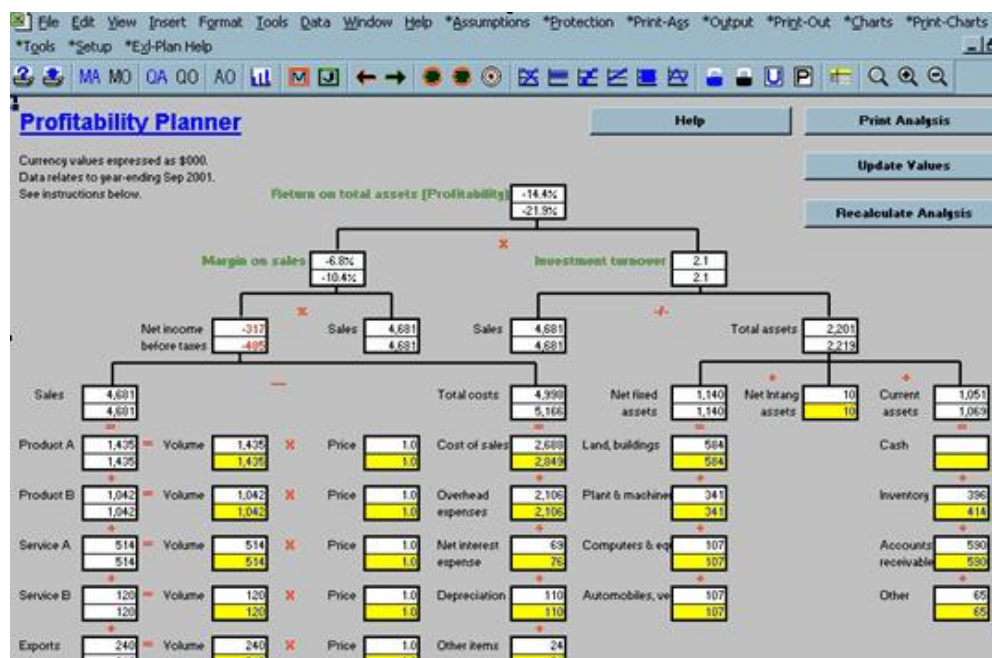
When planning scenarios, take account of possible project start-up delays, sales volume shortfalls, lower price levels and higher costs. For example, what would be the financial outcome (or additional funding requirement) if sales volumes and prices are both 90% of targets but direct and overhead costs are each 110% of planned?

Indicate break-even points and explore the consequences of incrementing volumes, prices and costs (e.g. by 10%, 15%, 20% etc.). Only present high-level summaries – relegate the detailed calculations to appendices or retain them as working papers.

[Exl-Plan](#)¹⁵ has a powerful, simple-to-use facility for doing this type of analysis. Its more powerful versions contain several unique tools for sensitivity analysis including a global analyzer, automatically-generated, what-if tables and a DuPont-type profitability planner (see diagram below).

SENSITIVITY ANALYSIS FACTORS REPORT

Months for First Year:	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
% Incr(+) or decr (-) sales volumes ->>												
% Incr(+) or decr (-) selling prices ->>												
% Incr(+) or decr (-) matl/goods costs ->>												
% Incr(+) or decr (-) overhead exs ->>												
Quarters for Three/Five* Years:	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr	4 Qtr
% Incr(+) or decr (-) sales volumes ->>												
% Incr(+) or decr (-) selling prices ->>												
% Incr(+) or decr (-) matl/goods costs ->>												
% Incr(+) or decr (-) overhead exs ->>												



For help with financial projections, "what-ifs" and sensitivity analyses, see [Financial Projections with Exl-Plan](#)¹⁵.

11.7. Overall Assessment

If the financial projections are complex, use this subsection to review them and to assess their implications. 6-8 bullet points should suffice.

12. Funding

Having completed [11. Financial Projections](#)^[69], you may have identified a significant funding need that cannot be bridged from your own resources (and those of your relatives, friends, colleagues, credit cards, local bank manager and so on) or generated by the business.

If seeking equity, loans or equity/loan combination, use this section to present your needs and proposals. Keep it factual and avoid any "over-the-top" hyping of your business as the greatest investment ever!

If planning to raise equity from venture capital or "angel" sources, allow adequate time to raise it. Depending on the amount needed and track record of the promoters/business, this will take several months and tie up significant management resources throughout - brace yourself for several re-drafts of the business plan and revisions to the financials.

Length & Structure:

- This entire section need not exceed a page or so.
- The subsections below are for general guidance only. You may prefer to:
 - use less obtrusive sub-headings like

Funding Requirements: Xx

- delete all them and cover all relevant matters in a series of short paragraphs within this section.

For help with financial projections and determining funding requirements, see [Financial Projections with Exl-Plan](#)^[15].

12.1. Funding Requirements

Based on the financial assumptions and projections in [11. Financial Projections](#)^[69], summarize and tabulate your funding requirements. For help with determining funding requirements, see [Financial Projections with Exl-Plan](#)^[15].

Indicate planned uses, possible sources and forms (equity, loans, grants, credit etc.) and time scales.

12.2. Funding Proposals

Mention any conditional or firm funding commitments already secured.

For each element of funding, describe the preferred form of funding, amounts required, likely timing, security offered and desired terms, repayment schedules and exit options. Bear in mind the **golden rule** - *he who has the gold makes all the rules*.

For the benefit of prospective investors, indicate the likely equity funding required; range of the equity stakes on offer; exit routes (IPO, trade sale, buy-back etc.); board representation; and, optionally, make a stab at the projected returns on their investment. If presenting comprehensive funding proposals, be realistic when valuing your business and use more than one method of valuation e.g. net asset value, price/earnings ratio, capitalization/revenue ratio, industry yardsticks and so on. Take account of market sentiment/conditions, "going rates", maturity of the business and degree of risk associated with its plans. Of course, you may wish to withhold all specific funding proposals until you have met possible investors or lenders face-to-face and heard their initial reactions. In this case, this subsection would be confined to a description of funding needs and possible sources and forms.

13. Implementation

This is a critically important section – use it to translate all your proposals into clear, realistic and implementable plans.

Highlight the major decision points, time scales, milestones and actions required by management and others to progress the plan. Explain contingency plans to cover shortfalls.

Be realistic about the likely rate of progress and make provision for slippages.

Length & Structure:

- Use a maximum of 3 pages for this section. Limit to one page for a basic/short plan.
- The subsections below are for general guidance only. They could result in some undesirable duplication or overlap. Accordingly, you may prefer to:
 - amalgamate some of them.
 - use less obtrusive sub-headings like

First & Subsequent Years: Xx

- delete all sub-headings and cover all relevant matters in a series of short paragraphs.

13.1. First Year

Summarize the key tasks to be completed during the first year, use a simple Gantt chart or table. Avoid going into too much detail or being too tactical.

Month	1	2	3	4	5	6	7	8	9	10	11	12
Key Task 1	##### ###											
Key Task 2			##### ###									
Key Task 3		##### ###										
Key Task 4						##### ###						
Key Task 5		##### #####										

Key Task 6		##### ##										
.....												
.....												
.....												

13.2. Subsequent Years

To discuss implementation for subsequent years, use a simple table or bullet points and concentrate on high-level, strategic issues.

13.3. Contingency Plans

Discuss contingency measures to cover the possibility of plans going astray for internal reasons or due to external factors. These could include the following:

- Delays in raising external finance or only raising a proportion of the required amount.
- Undershooting of sales projections due to competition, changes in demand or problems with marketing or distribution.
- Delays in completing major R&D or capital expenditure programs.
- Non-availability of materials or unexpected cost increases.

It may be useful to refer back to the results of [11.6. Sensitivity Analyses](#) ⁷⁸.

14. Conclusion

Use this section to wrap up your plan and leave the reader with a warm and positive view of the business and its plans.

Length & Structure:

Confine this section to a few carefully drafted paragraphs and write it when your plan is almost complete.

Having reached the end of your plan, review the [3. Mission, Strategies etc.](#)^[32] to ensure that its contents are fully reflected throughout the plan. If not, then either change the details and/or the strategies to eliminate divergences or plug gaps.

Review what the business expects to achieve. Indicate why it will succeed and why investors should support it. Be very positive and confident to encourage favorable reactions. Maybe, you could draw on some of the strengths and opportunities described in [3.5. SWOTs](#)^[34].

Key questions to ask at this "wrap up" stage include:

1. Has the [Table of Contents](#)^[25] been updated and are pages numbered?
2. Has the plan been spell checked in its final form?
3. Is the [plan's length](#)^[11] appropriate to its purpose?
4. Have the business's [funding needs](#)^[80], if appropriate, been clearly stated?
5. Does the plan's [summary](#)^[29] stimulate interest?
6. Have all key questions been anticipated?
7. What likely objections remain unresolved?
8. Will the plan provoke the desired responses?

Tip: Get someone to read a near-final draft plan to check that it makes good business sense, reads well and is clear. Ideally, that "someone" should be a detached, independent person involved in business with experience of your industry and/or business planning. Hopefully, they will be able to see "wood from the trees" better than you can. Do not be resentful of any criticism - use it to improve the next draft. If your plan is lengthy or important, anticipate several drafts.

Have a look at the [Checklist on How NOT to Write a Business Plan](#) to ensure that you have not made any serious errors in preparing your plan.

To help finalize your plan, review the [Checklist for Preparing a Business Plan](#). You may also wish to look back at the online white papers on [Writing a Business Plan](#) and [Insights into Business Planning](#).

If you would like to offer feedback, suggestions or success stories relating to use of Biz-Plan, please e-mail info@planware.org.

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Appendices

Use appendices to present detailed or additional information that is summarized or referenced in the body of the plan. This reduces the length of the plan. It also enhances readability and ensures that the reader does not get sucked into excessive detail. Suggestions for possible appendices follow.

If the appendices are very lengthy, consider binding them into a separate volume. This should make the plan appear less intimidating and creates the opportunity to circulate the plan with or without appendices. If presenting the appendices as a separate volume, be sure to include a cover page (complementing that of the main plan) and a detailed contents list (number all pages in the appendices).

Review of Development of Business (20XX to 20XX)

Consider using a chronological list. Focus on highlights and important events.

Summarized Historic Financial Statements (20XX to 20XX)

Tabulate high-level values (revenues, cost of sales, pre-tax profits, fixed assets, current assets, current liabilities etc.). Summarize highlights and explain any exceptional events. Offer audited accounts as attachments or separate items.

Detailed Description (Technical Specifications) of Product/Service (Range)

Assume reader has no prior technical knowledge. Minimize use of technical terms/jargon and avoid blinding with science. Offer technical write-ups as a separate document. If necessary, include a glossary.

Market Review and Results of Market Research

If you cannot compile this appendix, you should seriously reconsider whether you are ready to write a business plan. Include tables explaining size of market, segmentation, competition, market shares, growth patterns, distribution channels, price/quality segments, customer categories, future trends, market share/segmentation projections etc. Summarize your main findings in the markets section within the body of your plan.

Assessments of Competitors

Who, what, where, how etc. Explain how your products and services compare. How would you rate your business's strengths, weaknesses, threats and opportunities relative to your main competitors? Summarize your main findings in the markets section within the plan's body.

Market Projections & Sales Forecasts (20XX to 20XX)

Use tables and charts. Clearly state all key assumptions on market size and shares, volumes and prices. Confine your assessments to directly available, served markets (rather than total markets). If you plan to serve several markets, devote separate sections within this appendix to each market and then produce a summary of the overall projections.

Build your sales projections from the ground up by setting out (a) clear marketing and sales strategies (b) explicit sales plans and budgets and (c) realistic assessments of numbers of enquiries, outlets, customers, contracts etc. and conversion rates or lead times to arrive at sales volume and value forecasts. These should be compiled on a monthly basis for the first year and

quarterly thereafter. Do not base the projections on superficial market share assessments e.g. *we will achieve sales of \$500,000 based on securing a 2% of the regional market which is projected by researchers to reach \$25 million.*

Be sure to explain the marketing strategies and plans in fair detail – specify resources required, costs etc. Identify any prospective partners and describe sales methods. In simple terms, you need to cover the 4Ps – product, price, place and promotion. Compile a 3-5 year annual marketing budget and break it down by month for first year and quarterly thereafter.

Summarize your plans and projections in the body of the plan. You should also feed the resultant detailed revenue and marketing cost projections into your financial projections.

Details of Manufacturing/Operational Plans & Costs

Describe processes/operations in limited detail. Diagrams or flow charts may help explain complex issues. Indicate capital investment (and timing), describe/justify (briefly) the functions of major items and review any capacity-related issues. Discuss sources of materials/supplies and their costs. Specify projected staffing levels/rates, direct/indirect operating costs and productivity levels. Discuss inventories and production cycles as well as related planning and control systems. Even if you are a service business, use this appendix to describe operational issues connected with the provision of these services, support etc.

CVs of Senior Managers

If your business is substantial, you must present CVs for a balanced and experienced management team. If gaps exist, supply job descriptions and explain how they will be filled. Remember the five factors which venture capitalists look for when making an investment – management, management, management, market and, finally, product!!! Bear in mind that many businesses try to follow this sequence in reverse order!!!

Assumptions for Financial Projections (20XX to 20XX)

The assumptions should be consistent with and derived from the earlier sections/appendices in the plan. Use text bullets to highlight key assumptions and place the details in tables within this appendix.

If you need guidance, [download](#) a trial copy of [Exl-Plan](#)^[15] and have a look at its **Textual Summary Report** and monthly assumption reports.

Financial Projections (20XX to 20XX)

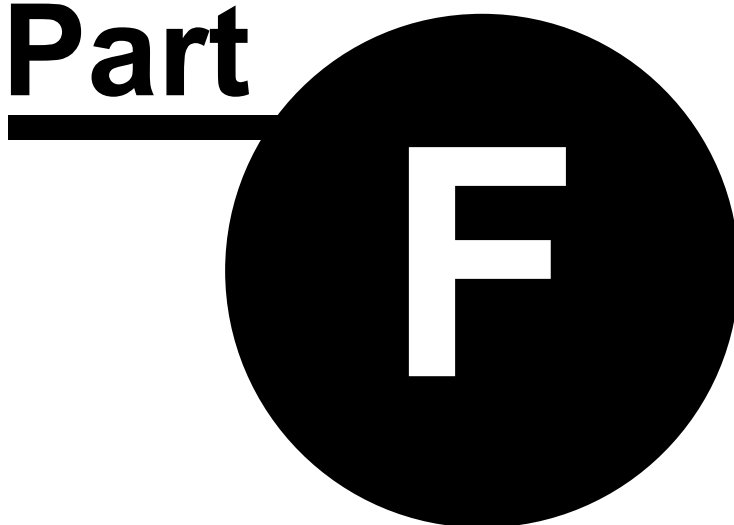
Use tables showing projections for first year (or longer) in considerable detail. You should include fully integrated P&Ls (income statements), cash flow projections and balance sheets by month for the first year. Present less detailed quarterly & annual projections for subsequent years. The opening balance sheet and first year's projections should coincide with the first year covered by your plan.

Check out the contents and layouts of the monthly, quarterly and annual reports generated by [Exl-Plan](#)^[15]. You could paste or link key tables and charts from Exl-Plan directly into Biz-Plan (see [Using Exl-Plan with Biz-Plan](#)^[16]). A lower tech solution would be to append photocopies of Exl-Plan's reports to the back of your business plan. When photocopying, you will be able to change margins and enlarge pages or change their orientation to suit your plan's layout and bindings.

Biz-Plan

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Contact Details

4. Contact Details

Contact details for the author of Biz-Plan are as follows:

PlanWare - Invest-Tech Limited

27 Ardmeen Park
Blackrock
Co Dublin
Ireland

Tel: +353-1-2834083

Fax: +353-1-2782391

E-mail: info@planware.org

Web: <http://www.planware.org>

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PlanWare - Invest-Tech Limited
27 Ardmeen Park, Blackrock, Co Dublin, Ireland

Web: <http://www.planware.org>
Email: info@planware.org

Tel: 283 4083 Fax: 278 2391
Dial codes:

IRL: 01- UK: 00-353-1- US: 011-353-1- Other: +353-1-