**Scope & Explanations**

**Structure and content of a business plan**

The structure and content of a full business plan intended for external use is shown below. This is a general pro forma and, as already stated, it may be appropriate to omit or add complete sections to suit different circumstances. The contents of each section: may also need to be adapted to suit your venture. For example, location is a vital part of a business plan for a retail start-up, web functionality for an internet start-up. Your plan should read like a professional business report – succinct and to the point, and full of vital information. It must be convincing.

**A guide to content as follows**

*Note: this is a* ***template*** *that you could use for Business plan with some points to consider*

**Contents**

**Page**

1. Cover
2. Executive summary (1-page)
3. Table of contents
4. Business details
   1. Legal form
   2. Description of product/service
   3. Mission & Vision Statements
   4. Aims and Objectives
5. Industry and market analysis (**Summary of PJ1 with self-reference**)
   1. Industry size, growth, structure (macro/micro/local level)
   2. Industry and market trends (macro/micro/local level)
   3. Market research findings (primary research findings)
   4. Market segments and reasons for target market selection
   5. Buyer behavior across segments
   6. Competitor analysis (strengths and weaknesses)
   7. Key success factors
6. Target Customers and Value Proposition/s
7. Marketing strategy & Marketing Mix
8. Operations plan
   1. Key operating activities (manufacturing, business model)
   2. Partnerships/scalability
   3. Business controls
   4. IP issues
   5. Scalability
9. Management team and company structure
10. Resources (premises/machinery/staff, etc.)
11. Financial projections

* Detailed
* Summary of key financial metrics
* Capital requirements
* 3-year cash-flow

1. Financing Plan & Valuation
2. Risks Factors and Mediation (Strategic options)
3. Key milestones – timeline to launch
   1. Graphic that details tasks needed to be accomplished up to date of launch
4. Exit strategy
5. References
6. Appendices

**Details of Business Plan**

**1. Cover**

The cover should include the business name and contact details. You should consider if the plan needs to be marked 'confidential'.

**2. Executive summary**

If you are seeking external finance, this is probably the most important section of the plan. Many equity investors will only read the full plan if they find the summary attractive. It should only be written after the full plan is complete, and then it should be written with the reader and purpose of the plan in mind.

If it is to be used to attract funding (which is the case for PJ1), it should state what is requested from the lender or Investor, and how they will benefit by providing the funds. It must be a summary of the plan - not an introduction. It should highlight the nature of your product/service, target customers, value proposition and competitive advantage. It should appeal to the reader by highlighting the distinctive capabilities and potential of the business, including the financial return if the plan is written to attract an equity investor.

It should state what deal you are offering, for example, “20% of the business in exchange for £100,000”.

Above all, the executive summary must be focused and succinct – no more than one or two pages long.

**3. Table of contents**

This is a list of sections and sub-sections, with page numbers.

**4. Business details**

This section covers basic information such as business name, address, legal form, and ownership.

It should include:

* a description of your product/service;
* your vision and mission statement; and
* your aims and objectives.

**If this is an *existing* business**, you should **include a brief business history**.

**5. Industry and market analysis** (**Summary of PJ1 with self-reference**)

This section provides background information on your industry sector and the market segments withinit. It should take the form of a narrative informed by academic models such as a SLEPT analysis and Porter's Five Forces.

You should review your ***competitors*** and their strengths and weaknesses. The more you know about an industry and market, and the competitors you face, the more confidence your readers will have in your ability to compete within it. This section should include:

* industry size, growth, structure (macro and micro/local level);
* industry and market trends (macro and micro/local level);
* market research findings (primary research findings);
* market segments and reasons for target market(s) selection;
* buyer behavior across segments;
* competitor analysis (strengths and weaknesses); and
* **for an *existing* business – market share**.

In most industries, there are some ***key success factors*** that industry players must master in order to compete. These need to be highlighted but judgement is required about what is important for your venture.

**6. Target Customers and Value Proposition/s**

This is the section where you outline your target market segment/s and the value proposition/s for your product/service. It is essential that your ***'unique selling propositions’*** are **clearly and simply** ***articulated***. In doing this, you should highlight your ***differential advantage*** over competitors. The more points of difference, and the stronger and more sustainable they are, the better.

This is where you also set out your ***sales targets***. If you have firm orders for the product or service, be sure to mention this.

**7. Marketing strategy & Marketing-mix**

This section provides the details about how you propose to achieve those sales targets – not only the details of your ***marketing-mix***, but also the ***details of your sales tactics/strategies*** (***how*** the ***product/service*** will actually be ***sold*** **and** ***value propositions*** **delivered**).

As well as the launch strategy, this should also highlight the ***growth potential*** **through** ***market and product development***, your ***competitive reaction and strategy*** for establishing your brand. It should include:

* price, promotions, distribution, product, etc.;
* launch strategy;
* sales tactics;
* brand development;
* competitive reaction;
* product and market development; and
* growth potential.

Investors are always particularly interested in ***pricing strategy*** because this is a prime determinant of the profitability of the business.

**8. Operations plan**

This section outlines ***how*** your business will be run and ***how*** your product/service will be produced.

What goes into the operations plan varies depending on the nature of the venture. However, what is important is that the ***key activities*** for your venture are highlighted.

The operations plan must convince the reader that you understand the operation of the business – ***how*** to do whatever needs to be done to ***deliver*** your ***product*/service** **and** its ***value propositions***.

So issues of business control, if critical to the business, need to be covered.

Also, the prospect of ***scalability*** – should the business prove to be even more successful than planned – can be addressed in this section. What are your strategic options?

The content of this section is difficult to predict, but might include:

* key operating activities (e.g. manufacturing processes, ***business model***, etc.);
* partnerships;
* business controls;
* IP issues; and
* scalability.

**9. Management team and company structure**

This section outlines all the people involved in the venture – details of their background and experience – as well as the organizational structure you are adopting. A new venture team with an established track record in the industry or with relevant experience will certainly add credibility to any start-up. Remember that investors ultimately invest in people, not products. An experienced board of directors can achieve the same result.

Brief CVs can go in the appendices. For larger start-ups, an organization chart can go in this section. This section should include:

* Key people, their functions and background;
* Business organization or structure;
* Directors, advisors and other key partners;
* Skills gaps and plans for filling them.

**10. Resources**

This section describes the firm's facilities, equipment, and staff requirements. It should include:

* premises and facilities;
* machinery and equipment; and
* staff.

**11. Financial projections**

Typically, financial projections for three years are expected by funders, with a monthly cash-flow forecast for the first year. A very small-scale start-up, insight only provides financial projections for the first year. Five-year forecasts might be expected for larger projects where significant commercialization risks have not been resolved. You should provide a one-page financial ***summary in the main write-up section*** and place the detailed projections in the appendices.

Financial details going into your ***appendices*** should be ***as long as it takes*** to provide all the information required. These should include:

* income projections;
* cash flow projections;
* balance sheet projections;
* key ratios; and
* assumptions on which your financial projections are based, particularly the basis for your sales projections.

For ***existing business*** – **add historical statements and analysis of past performance**.

**12. Financing Plan**

This section highlights the finance you need to launch your business. External funders will expect you to contribute some capital. Lenders will be interested in the ***risks*** they face and the ***security*** they can obtain.

Equity investors will be interested in the ***proposed valuation of your company*** and ***overall return*** they might make and how this might be realized. This section should include:

* founders' contribution;
* loan and/or equity finance requirements;
* gearing/leverage; and
* time scale and exit routes for equity investors.

**13. Risks Factors & Mediation (Strategic Options)**

This section should identify the key risks you face and explain how they will be monitored and mitigated. You need to identify your critical success factors and the strategic options you face should these key risks materialize. Strategic options are valuable because circumstances can, and do, change. They give you flexibility in a changing environment. This section should include:

* identified risks;
* risk monitoring and mitigation;
* critical success factors; and
* strategic options.

**14. Key Milestones – Timeline to launch**

These milestones, often incorporating ***critical success factors***, highlight graphically the tasks and progress needed to launch and grow the business. They might include prototype completion, formalization of partnerships, obtaining finance, securing of key customers, etc. This section gives the sequence and timing of important events.

They must be ***deliverable*** and ***measurable/quantifiable***.

**15. Exit strategy**

See Section 12 above.

**16. References**

Use Harvard referencing format.

**17. Appendices**

Any information that is vital, but might impede the flow of the plan, should go into the appendix. One key piece of information is the ***assumptions*** upon which the financial projections are based, in particular the sales projections. These need to be made explicit and you can expect an investor to scrutinize them closely. This section might include:

* detailed financial projections (see Section 11);
* financial assumptions - start-up costs, basis for sales projections, fixed/variable costs, profit margins (see Section 11);
* background information (Location information (maps, layouts etc.);
* operations information (Gantt charts etc.)
* details of market research;
* details of IP protection; and
* website screenshots;

For an ***existing business***: historic financial statements, brochures, etc.

**Final Note:**

The business plan ***must convince*** the reader:

A. You can ***turn*** your business ***idea*** into ***reality***.

B. You ***understand the industr***y, ***market***, ***and business*** you want to establish.

C. ***Viability*** of the business – that you have an ***excellent*** ***product/service*** and ***value propositions***.

D. You know ***how*** to ***combat the competition*** and ***develop strategies/tactics*** to deliver the value propositions

E. You have ***credibility*** and make them trust your ***judgement***.

So, when you have written the plan, get friends or relatives to read it and give you honest feedback.