

The Business Plan – Writing a Business Plan for a Pre-Start or New Business

Page 1 – Contents

This may seem strange putting in a blank contents page when we have given you the titles of the pages but this is so that you can adapt your plan, some businesses don't need all of the pages provided.

Page 2 – Your Story/Overview of the Business

This page needs to describe what you are going to do/are doing in detail; it needs to include the following:

- What kind of business it is (eg plumbing, complimentary therapy, retail etc)
- What products or services you offer
- Where you operate from
- What geographical area you cover
- What hours you open
- How people contact you
- How you deal with customers
- How many staff you have and what they do
- Your role in the business
- When the business started

Page 3 – SWOT analysis

The layout of this page is significant, the top 2 windows are internal issues and the bottom 2 windows are external issues. Each window should be given individual attention but some of the issues may cross over and you may have the same thing in more than 1 window (eg Strengths – small organisation, able to give customers individual attention, know customers by name etc; Weaknesses – small organisation, unable to take on too much work at any one time).

Strengths

Include everything you are good at, this may include personal strengths such as your expertise in the business, it may include the strengths of your staff and it may include “corporate” strengths such as the location of the premises or your teams ability to work well together.

Weaknesses

Include everything you are not so good at, but that is within your control to put right. Example: if you are not very good at book keeping, you can either learn to do it or pay someone else to do it for you. As soon as you identify a weakness, you can work towards putting it right.

Opportunities

Where do you see the future opportunities for your business? If you are a gardener, you may look where they are building new housing estates. If you are a retailer you may be identifying wonderful new products to sell.

Threats

These are potential threats to your business that you have no control over, you need to identify and be aware of the threats even if you can't “do” anything about them. Examples: bank interest rates, changes in legislation, the competition.

Page 4 – Key People

You are a key person in your business but there are many more, include some of the following:

- All those internal to your business – your partner (personal or business), your family members, your staff
- The professionals – your business banker, your accountant, solicitor, business adviser
- Your suppliers
- Anyone else you feel is an essential ingredient to the success of your business

Pages 5 and 6 – Curriculum Vitae

This is a very short CV for owners or potential owners of businesses. If you already have a CV, you can put it in here instead of the pages provided, but don't forget to include anything you have done outside of work that may be relevant to running your own business (eg secretary of the Young Farmers, Scout Troop Leader etc). These should be things you have done that would need some of the same skills required for running your own business.

Page 7 – Market Research

Please see separate sheets on Market Research

Page 8 – The Competition

You need to know who your competition are and what they are up to. You need to find out as much as you can about the competition *before* you start your business once you have started it will be much more difficult to “ask questions”.

You need to find out:

- Who they are (name names in your business plan – eg Fred Bloggs & Co)
- Where they are (could be just the town or you may want to state exact location or area they cover with their products or services)
- What they do (what do they offer, how does it differ from what you offer)
- How they do it (are they any good at what they do)
- What they charge (a range of prices, compare like for like products or services)

A good way to assess your competition is to use the Strengths and Weaknesses, example:

Fred Bloggs & Co	
Strengths	Weaknesses
<ul style="list-style-type: none"> ● Established 20 years ● Well known in local area ● Enough staff to take on extra work ● Nice plush premises ● Strong sales team 	<ul style="list-style-type: none"> ● Set in their ways have not moved with the times ● High staff wages, staff sickness problems ● Poor customer service ● Rude staff ● High overheads

Page 9 – Pricing of your products and services

You should include details of how you have set your prices and follow these rules:

- Don't base your prices on undercutting the competition, if you start a price war with a business that has been established for 20 years, who do you think will win in the end?
- You may want to have a general rule of thumb (eg adding percentage etc) to give you a rough guide
- You should always base your prices on what the market will stand (you may add your percentage for a Prawn Cocktail and come up with a price of £3 but if everyone else is charging £6 you would be foolish to sell it for so much less)

If you have a price list, include it in your plan, if you don't show how you estimate or “price up” jobs by giving an example

Page 10 – Promotions and Advertising

You need to:

- Consider what is the most effective form of advertising for **your** business
- Investigate costs and reliability
- Set yourself a budget for the year for all your advertising
- Establish what you expect to gain from advertising (eg you spend £200 on an advert but you expect to gain £2000 worth of business from it)
- Set up a system to monitor if your advertising is actually working (eg ask everyone who phones where they heard about you and make a note of their answers)
- Do an action plan for the whole year, where you will advertise, when, how much it will cost, etc

Page 11 – Premises

Details of your premises, what you do from there (eg if you only have an office at home and work on customer premises all the time as a plumber or electrician would)

- | | |
|---|--|
| <ul style="list-style-type: none"> ● If you have business premises you should include ● a plan of the layout ● details of what is done where ● the square footage ● refurbishment plans ● fixtures and fittings | <ul style="list-style-type: none"> ● lease agreement ● details of rent, rates etc ● alarms fitted ● special provisions in the lease ● mortgage details if you have purchased the premises |
|---|--|

Page 12 – Equipment

This should be in 2 separate lists:

List 1 should show equipment you already have and how much each item is worth. If you have recently purchased and still have the receipts you can show the full purchase price, if a few years old (eg carpenters tools) you can show a second hand value.

List 2 should show the equipment you need to purchase with more than 1 estimate of the cost and brochures or leaflets if possible.

You should also include a time scale of when you intend to purchase each of these items (eg before starting to trade, month 6 of trading etc)

Page 13 – Details of Insurance, Licences and Permits

You need to list the insurances, licences and permits you have, showing the company that provide them and the costs involved. These could include:

- Vehicle insurance
- Employer liability insurance
- Public liability insurance
- Professional indemnity insurance
- Key person insurance
- Interruption of trade insurance
- Buildings and contents insurance
- Product liability insurance
- Employee fidelity insurance
- Special perils insurance
- All risks insurance
- Credit insurance
- Justices licence
- Basic food hygiene certificate
- Local government registration of food business
- Performing rights society
- Data protection registration
- Health and Safety policy/HSE registration (if you employ 5 people or more)

You can usually get insurances through your professional or trade body, they know the business you are in and have specially tailored packages, you can also get standard insurance policies from your bank.

Page 14 – Contingency plans

You need to think about “what will you do if”? The answer may be quite simple (eg if my car breaks down I will call the AA) but you need to show you have plans in place. A few examples:

What will you do if:

- Your car breaks down and you rely on it for doing your business (eg electrician, driving instructor)
- You are sick and unable to meet your commitments (eg trainer booked to deliver training to 20 people)
- A piece of vital equipment breaks down (eg gardener in the middle of summer without a lawn mower)

Page 15 – Details of your personal commitments

If you are applying for a loan or a grant the bank or other institution will want to know what you already owe. There are several slots on this page for various loans, credit cards etc. If you are listing a mortgage, you need to put the value of the house also to show your equity

Page 16 – Details of Business Finance

This is where you show where you are getting the finance for the business, this again has several slots as many businesses get their finance from several different sources.

Page 17 – Capital Requirements

These are your start up costs. You need to show how much capital you need to get the business up and running. Most of these costs will be incurred *before* you start to trade (eg public liability insurance).

If you have put the costs on each of the previous pages (eg advertising, premises, equipment) you can simply refer to these to complete this page.

Page 18 – Survival Income

You need to know how much cash you need to be able to take out of your business for your personal living expenses. This page gives you standard headings of items you may spend your money on with extra blank lines for any other items not listed.

- List everything you spend your personal money on and total up (A)
- List all other income into the household (eg your partners salary, child benefit etc) and total up (B)
- Take B from A to find out how much you need your business to provide for you each month/year (you can do this per month or for the whole year and then divide into 12)

Page 19 – Additional comments to cash flow forecast

You need to give details of any capital expenditure that you are adding to the cash flow forecast, eg if you put a spend of £5000 in month 3 you need to list here what it is for eg £3000 for a computer, £2000 for a car
You also need to summarise any fluctuations in trade and the reasons for this eg seasonality

Page 20 – Profit and Loss Account

This is a forecast of the profit you expect to make in the year ahead. You may find it easier if you complete the cash flow forecast first.

The top section is about income and *direct costs* eg if you are selling double-glazing and you pay your salesman for each house he sells, that is a direct cost as it will fluctuate according to how much business you do.

The bottom section is about *indirect costs (or overheads)* eg the costs that business will incur even if you don't have any customers eg rent, rates, staff salaries.

Last Page – Cash Flow Forecast

Please see separate guidelines





Business Plan

CONTENTS

SWOT ANALYSIS

STRENGTHS

WEAKNESSES

OPPORTUNITIES

THREATS

CURRICULUM VITAE

PERSONAL DETAILS

NAME:

HOME ADDRESS:

EDUCATION & QUALIFICATIONS:

DATE:

DETAILS:

TRAINING RECORD

DATE:

DETAILS*:

* DETAILS (Including type of training, qualifications & awards etc.)

CURRICULUM VITAE CONTINUED

PRESENT JOB DETAILS

* JOB DETAILS (Including Employer and major responsibilities.)

JOB TITLE:

JOB DETAILS*:

PREVIOUS EMPLOYMENT/EXPERIENCE

* DETAILS (Including Employer and major responsibilities.)

DATE:

DETAILS*:

OTHER EXPERIENCE*:

* Relevant to the business

DETAILS OF PERSONAL COMMITMENTS

1. PREMISES/LAND

Purchase price	£ _____	
Building costs	£ _____	
Rental/lease premium	£ _____	
Conversion costs	£ _____	
Fittings & decorations	£ _____	
TOTAL		£ _____

2. EQUIPMENT/TOOLS

Existing equipment	£ _____	
Equipment required	£ _____	
TOTAL		£ _____

3. TRANSPORT

Purchase price	£ _____	
Lease premium	£ _____	
Licences	£ _____	
Insurance	£ _____	
TOTAL		£ _____

4. OTHER

Telephone	£ _____	
Office equipment	£ _____	
Business machines	£ _____	
Other (please state) _____		
TOTAL		£ _____

5. INSURANCE

Liability	£ _____	
Personal	£ _____	
Other (please state) _____	£ _____	
TOTAL		£ _____

6. WORKING CAPITAL

Materials/stock	£ _____	
Wages	£ _____	
Drawings	£ _____	
Other (please state) _____	£ _____	
TOTAL		£ _____

TOTAL START-UP CAPITAL NEEDED £ _____

PERSONAL CAPITAL TO BE INTRODUCED £ _____

ADDITIONAL CAPITAL REQUIRED £ _____

SURVIVAL INCOME

SOURCE OF FINANCE		£
ESTIMATED EXPENDITURE		£
Mortgage/Rent		£
Council Tax and Water Rates		£
Gas, electricity and oil		£
All personal and property insurance		£
Food and general housekeeping expenses		£
Clothing		£
Telephone		£
Hire charges (tv, video, etc)		£
Entertainment (meals and drinks etc)		£
Subscriptions to associations, journals etc		£
Car tax and insurance		£
Car running expenses		£
Car service and maintenance		£
Children's expenditure and presents		£
Savings plans		£
HP payments		£
Christmas, birthdays and holidays		£
Other (please state)		£
Contingencies		£
Total Expenditure	(a)	£
ESTIMATED INCOME	Income from family/partner (total)	£
	Other income (please state)	£
	Total Income	(b) £
Total survival income required in the month (a-b)		£

PROFIT AND LOSS ACCOUNT

	£	£	£
INCOME			
Sales			
Cost of Sales			
Materials			
Labour			
Total			
GROSS PROFIT			
EXPENDITURE			
Salaries			
Rent/rates/water			
Insurance			
Repairs/renewals			
Heat/light/power			
Postage			
Printing/stationery			
Advertising			
Transport			
Telephone			
Licences			
Legal fees			
Carriage/packing			
Leasing/HP			
Bank charges			
Interest			

PROFIT AND LOSS ACCOUNT CONTINUED

	£	£	£
EXPENDITURE continued			
Other			
Depreciation			
Accountancy			
Total			
NET PROFIT			

GROSS PROFIT MARGIN (GPM)

Gross Profit = _____ * 100% = _____ %

Sales

ANNUAL TURNOVER TO BREAK EVEN

Overheads = _____ * 100 = £

GPM |

	Pre-Start	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Income (please show month name)														
Sales														
Sales														
Cash Injection														
Grant														
Loan														
Total Income (A)														
Outgoings														
Stock														
Consumables														
Wages and Emp. NIC														
Rent and rates														
Heat and light														
Advertising														
Postage and Stationery														
Telephone and Fax														
Insurance														
Transport costs														
Professional fees														
Capital Expenditure														
Loan Repayments														
Drawings and NIC														
Other														
Total Outgoings (B)														
Opening Balance b/f (C)														
Closing Balance (A-B+C) c/f														

TO PRINT DOUBLE SIDED PLANS

- Print front cover first
- Print even pages 2 to 22
- Put paper in tray 2 with print face up and pointing down into the tray
- Print odd pages 1 to 21
- Page 22 will be left in the tray to add to the back of the plan