

A Sample Business Plan

<Company Name>

<Product- If there is one>

<Tag Line - If there is one>

Business Plan

LOGO

Web address

Name

Email

Tel: +44

Fax: +44

Company Name

Address

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CONTENTS

Make it very easy for the reader to find information in the plan, especially if the plan is written for a fund raising. List all the sections with page numbers and list all sub-headings, again with page numbers.

1. EXECUTIVE SUMMARY

The Executive summary prefaces the plan and needs to be an honest sales pitch!

This is the key element of the business plan if you are seeking funds. It will certainly be the first part of the plan read by potential funders and may be the only part. It therefore needs to catch attention and get your message across clearly and succinctly and entice the reader to carry on reading. Aim for 2 pages but don't worry if it runs into 3. You can cover more detail in the plan itself.

The Executive summary must cover all aspects of the business opportunity (including your 'elevator pitch') and what you want from the person reading the plan. If you are seeking funds it must also contain your contact details; bank managers and funders are busy people, don't give them an excuse to leave your plan on the shelf.

It is best written after completing the business plan detail and should be written as a document that will stand alone should someone ask for just your Executive Summary.

Some categories that may need to be covered in an Executive Summary are, aim at about one more paragraph per section:

1.1 Funding Requirement

Don't be shy! Be up front and positive about what you need, when you need it and why you need it. You may also cover how much equity is offered in return for the funding, but be careful equity discussions are always negotiable and stipulating what you think the incoming money is worth may put off an interested investor. If you are seeking funds tell your potential investors in this paragraph how you plan for them to get their money out.

1.2 Product/Service Strategy

Be very clear about what your product is, where it came from, how it is produced, what it does, what benefit it provides to your customers. And what your vision is for the product/service and indeed the business.

1.3 Marketing Strategy

What markets do you sell into now, how will this market change. What new markets are you intending to approach? How big are these markets, how will you get to these markets. Why will your product succeed, who are the competition, how will you beat the competition. There is much to cover in this paragraph. It is the most important paragraph in the executive summary, as without a market you do not have a business.

1.4 Sales

Who buys your product, why do they buy it, what are your sales to date, what are your projected sales (generally over the next 3 years for a plan seeking funds), who sells your product - you, sales people, sales channels? What are your sales channels?

1.5 Product Pricing

This can be included in the Sales section if the product is simple. If you have a complex product then consider providing the details in a separate section. If you sell into different markets and price your product(s) differently cover it here. If you have a supply chain then cover detail of your suppliers in this section and show how your margin is made.

1.6 Management Team

Who is your business? Is it just you or do you have business partners, a management team, staff? Cover details of your top team in this section. Who are they are why are they critical to the business? Investors will be keen to know who is key to the business and will assess the risk of losing that person or people. If you have staff mention how many are employed.

1.7 Company Financials and Background

What is the financial history of your business? How did it start? Were funds put in, if so how much? Did you fund it yourself? What are you revenues to date? What are your costs to date? Are you profitable? What are your projected revenues/costs? If you are seeking funds give information showing why the funds are needed. Include a chart (always easier to display numbers) and/or a graph (especially useful to show cash flow dipping negative and how input of funds will show it come back positive) and show your projected revenue/costs?

1.8 Contact Details

Most important if the plan is for fund raising. How does the bank/VC contact you? Remember that if this is an early stage business and you are still quoting your home telephone numbers that a venture capitalist may call!!

THE BUSINESS PLAN

The business plan itself still needs to be written succinctly and interestingly; after all it is to be read by an audience that will depend upon the type of plan being written. Business plans may be written for:

- Internal use (An operational plan) - for the management to determine what the business will do and how it will be monitored.
- Banks - For loan finance, overdraft, SFLGs, to open the account
- Venture Capitalists - To raise equity funding.

Sometimes a business may have all 3 plans!

Why write a business plan?

A business plan forces you to think about your business and where you want to take it into the future. The type of plan your business needs depends on your businesses future. Whatever the need the plan has a number of purposes that can be summarised as:

1. Clarification

Planning will make you think clearly about the business and all aspects of the business that can be summarised as follows. These form the sub heading of the business plan:

Business Aspects	Considerations
The Company: History and Vision	Where did it come from and where are you going?
The Product or Service	What do you do? What problems do you product/service address?
The Markets, Customers and Competitors	Who do you, will you sell to, how will you get them to buy your product and who else will try and sell to them?
The Team, Staff, Operations, Buildings	Who is in your business or do you need I your business? What is your/their background? How will the business operate and where?
The Financials	What money have you made, will you make, will you need to make? What do you need personally?
The Risks	What risks, threats are there to your business and how will you overcome them?
The Exit	How will you stop doing your business? How will your investors (if you have them) get their money out?

2. Marketing

Maybe your business has functioned perfectly well to date but, as we all know, markets change rapidly and our business has to change with them if we are to keep up our level of sales. So to ensure that our business does not 'fall behind the times' and we lose market share and hence sales we have to constantly assess the market and re-adjust our offering to suit. We may need to approach new markets that are unfamiliar, how do we find out about them and therefore determine how to achieve sales from a new market. Writing the plan will force us to think about the future of our businesses and how they should develop to take new market opportunities.

3. Project Planning

The business plan is a constantly changing document it is out of date the minute it has been written. Our businesses move and change daily, we need to ensure that we evolve the plan over time to take account of our moving business. It does not need to dominate our business, doing the business and making sales are far more important than writing about it! But it is good practice to create a monthly plan re-assessment schedule, (or longer depending on how fast the business will change) and check our progress against the plan. This monitoring process should not only be a check of the financials but also a check on the markets and should take into account other changes (perhaps key personnel) that have taken place since the last assessment.

How do we plan?

This depends on the type of business. If you are a one-man band there is no choice - you have to do the planning (or contract someone to do it for you - but the best plans are written by the Entrepreneur themselves. The business is yours, it reflects your vision and your approach you are the best writer. Expert reviewing input is an added bonus).

If you have a management team you need to consider if you want their input or to write the plan alone. By involving the team you have the opportunity to discover personal ambitions or all involved, if you have recruited them this may not have been discovered at interview!! The commitment and personal ambition of your staff will be key to the success of your business. Their buy in to your vision and business plans will have major impact on your likelihood of success and by involving them at an early stage in the planning process enables you to achieve their buy-in or to make personnel changes now.

If you have staff make sure that the plan is communicated to them. It is your leadership and vision that will drive this business forward and they need to be committed to you and the business and where the business is going. Make them feel a part of it, it will lead to loyalty and commitment.

You can outsource parts of the plan, say to your Marketing Director to do the marketing section of the plan - this will be how many large corporations operate but for a small business the owner writes the best plan.

It is often necessary to have an expert eye run over the financial projections to check for accuracy and this is essential if the plan is seeking funds. Always ensure that what you have projected in the numbers is reflected in the text! If one should change make sure the other changes too -

Writing a business plan takes time, often between 100 and 300 hours (for a funding plan) to get to final draft, do not underestimate the time you will need! But do ensure that the plan is appropriate for the business and is the type of plan you need. Over complication is unnecessary and KISS - is good advice!

If you are writing the plan for fund raising monitor whom the plan is sent to and when. Always try to get the recipient to sign a non-disclosure agreement; some VC's will refuse. You then have to take a calculated decision as to whether to forward the plan or not.

2 THE COMPANY

Include in this section your company history. When was it founded? Who are the directors, key staff? What is the shareholding? What do you do? What is your product or service? Who are your key customers? How do you sell to your customers? Who are your partners? What is your strategy for the future?

This section introduces the reader to the company; it's history, where it is now and where you intend to go. The sub sections you may wish to include are:

2.1 Business Partners

What other businesses do you have an agreement with that enables your trade? Are they key suppliers, sales partners, distributors?

2.2 Premises and Location

Where you trade from, your address

2.3 Strategy and Objectives

Where you plan to take the company and a brief overview of how - this will be covered in more detail later in the plan so keep this short.

2.4 Exit Route

How do you plan to get out of the business, what you intend to happen to it. This section is more important if you seek finance; describe how your investor will retrieve the money they put in and more. Will your business go to trade sale, floatation, merger?

2 THE PRODUCT/SERVICE

In this section describe what you do to make money. What is your product/service? If there are multiple products and services describe them all - make this section fit what you do. Remember if you have a technical product ensure that the reader will understand what you write - a business plan is not a technical document, your readers are mostly likely non-technical. So ensure the reader will go away understanding what you do. Test it on someone who does not know what you do. If they read it and understand great! If not you will need to reconsider what you're written.

Sections you might include are:

2.1 Products

Describe in detail.

2.2 Services

Describe in detail.

2.3 Major Customers

Include high profile customers, names that the reader will recognise to add substance to your business.

2.4 Pricing

How the product/service is sold (include licensing models if they apply).

2.5 Product Strategy

How will your product develop over the next 12 months and why?

2.6 Support

How do you support the customers of your product?

3 MARKETS, CUSTOMERS AND COMPETITORS

3.1 Markets

What markets do you sell into now? What is that market like? This section is an overview of the existing and planned markets.

3.1.1 Market Size

How big is your market? What is the projected size of any new markets? This section shows if you have done your market research?

3.1.2 Target Markets and Market Segments

Of the markets mentioned in the previous section which parts of it do you intend to sell into? It may be all or may be a part of that market. If so, define it in this section and describe the characteristics of the market. Do you have different products or services that will be targeted at different markets? Make this section very easy to read, it can be complicated with different products and your objective is to tell your reader what you plan to sell to whom.

3.1.3 Indirect Channels to Market

Do you sell through resellers, distributors? If so describe it here. Who are they? What type of business are they? Why are they beneficial to your business? What margin do you offer them? Why is this an incentive to sell your product? How does selling your product enhance their business?

3.1.4 Product Pricing

You will have already given an outline product pricing in the section about 'The Company'. In this section you can provide more detailed information about how you sell your product or service. Do you have different process for different markets? If so, why? If you offer a service describe how to arrive at the pricing for your customers. In this section your objective is to make the reader fully understand how you price your product and/or service.

3.1.5 Market Strategy

Most important! This section is for you to tell your reader how you take your product to market or how plan to take your product to market. It must be believable! The funds you allocate for marketing in your financials have got to align with what you plan to do. You cannot allocate, for example, £50 per month, and expect to have a massive advertising campaign - this must be realistic.

Describe what actions you will take to gain new customers and what actions you will take to maintain the old ones. Remember it is always about 10 times more expensive to find a new customer than it is to sell to an existing one. What marketing tactics will you use? Telesales, advertising campaign, direct mail, email campaign, PR, articles? Where will you advertise? Will you have a website? Will you sell from the website? How will you get your site known? Will you create a brochure?

In your strategy planning you will have considered very carefully the best approach to market - describe it here.

3.1.6 PR

If you plan to use PR describe what type of campaign you will run? Educational? How will it address your market? Will you local press, national press, vertical market publications, TV, radio? Will you hire a PR agency?

3.2 Customers

You will have already mentioned your top customers in the section 'The Company'. Use this section to describe your customer base in more detail. Include, again, the top customers and why they buy from you. Then describe your current market in more detail. How many customers do you have? How are they segmented? Industry? Size? Individuals? How will your customer base change over the duration you are writing about in this plan? Why will it change as you predict.

3.3 Competitors

Which other companies sell similar product or service into the same markets and therefore could take your customer base? Who are your major threats to doing business? What markets do they address? Whilst we all like to think that our business is safe and our best customer will not leave, we know that they can be encouraged away with a better price, service, and offering. In this section we need to show that we are aware of our competitors, we know who they are and how they do business, that we are watching them. What is our competitive edge to overcome the competition?

3.4 Sales Organisation

Who does the selling and how? Direct sales, indirect sales? Is there a sales manager/director/staff? How are they targeted? How much revenue do we expect them to bring in? From a standing start when do we expect them to be efficient? When do we start recruiting them? Or is the sales organization you? If so will you consider recruiting someone else when you are so busy you can cope with no more?

4 STAFF, REPORTING & CONTROL SYSTEMS

This section is for larger businesses or those going for funding who will recruit staff, if you intend to stay a one-man band ignore it.

4.1 Management Team

Who are you management team? Provide their names and a short paragraph about to each showing why they have been recruited into the roles they perform.

4.2 Employees

How many? What do they do? Are there any key employees that the business would find it hard to function without?

4.3 Reporting Structure/Responsibilities

What is the structure of the business, who reports to who? What responsibilities do each of the roles you have previously defined hold? Are there any gaps in the team, any skills that the business needs that will be recruited? An investor will look closely at this section to check that all required skill sets are covered. They will also be very interested in the team - this is a key section and you must show that the management team is strong and capable of driving the business forward. Let's face it it's people that screw up!

4.4 Planned Recruitment and Office Space

If your business is to grow and requires new staff what type of people do you need? In what roles will they be employed and where will they sit? Are they home workers, will they work from your home or will you need an office? If you need an office how big does it need to be? Do you need space for manufacture or storage (goods in/goods out area)? In this section show that you have thought through the growth of the business in terms of people and premises.

4.5 Control Systems and Incentives

How will the business be controlled, how will you monitor progress? Will you produce monthly management accounts and match these with your predicted income and expenditure. Will you review the business at the end of each month against the business plan to monitor project control and budgets? Will you hold monthly management meetings with your staff? Or will you be less formal and meet over a coffee. Describe here what you plan to do to keep control of your business development.

If you are to recruit people into your business how will you keep motivated to do the jobs they are employed to do. Are you planning incentive schemes such as share options, pensions?

5 FINANCIAL INFORMATION AND PROJECTIONS

In this section you must describe the historical financials and your projections for the future.

5.1 Previous Trading Performance

How did you do last year, the year before and the year before that? What was your expenditure? Have you made a profit? In this section you can describe how much money has come in and how much you spent.

5.2 Trading Projections

How are you predicting your performance to change? It is much clearer to show in a chart how you project your costs and income; it is perfectly acceptable to just indicate top line and bottom line figures. More detailed financial projections can be provided in the appendices, if needed. Even if the plan is only for your own use to monitor your business you should endeavour to write a financial plan for 1 year at least showing monthly what you project to bring in and what you expect to spend.

5.3 Profit/Loss and Cashflow

If you are seeking funding it is essential to show clearly how much money is required to keep the cash flow positive, in this section this is best shown as a graph. Anyone funding the business will also be interested to know when the business becomes profitable month on month, so include a monthly profit and loss. Help from a qualified accountant is strongly advised to check figures before submitting to venture capitalists. Banks are a little more sympathetic but checking is still recommended.

If the plan is for you alone then keep the financials simple, something that you can easily understand and use as a monitoring tool.

Profit and loss is the money projected to be invoiced each month and the money projected to be spent.

Cash flow is a little more complicated and takes into consideration assumptions on when customers will pay and when you expect to pay for items. It takes into account the bank balance at the start of the month and the actual money that goes out and the actual money that comes in.

6 RISK ANALYSIS

All businesses are at risk from competition and other outside factors that they cannot always influence. In this section you need to show that you have thought about what risks there are to your business and what you plan to do to overcome these potential risks.

6.1 SWOT Analysis

If you are seeking funding you will be expected to include your Strengths (what is positive and strong about your business, that maybe sets you apart from your competition), Weaknesses (what gaps are there in your business, what issues are you aware of that need to be addressed, where does the business need strengthening), Opportunities (what opportunities are there for the business that you can take to improve your performance), Threats (what could happen to damage your business?).

This is an excellent exercise for everyone and makes you consider the 'what if's', by doing so you protect your business and your future.

6.2 Addressing the Weaknesses and Threats

How will you deal with the business weaknesses and the threats to your business? You need to show that you can realistically address these issues and overcome them.

Company Name
Date
Contact

APPENDICES

The appendices include any information you may want to include to support the business plan. This may be further information not contained on the plan that you feel needs further clarification. The items you may want to include are:

Statutory Accounts - If you are a limited company and have a previous trading history

Cash Projections - Full details of your cash projections.

Contact Details of your lawyers, auditors.

Technical Details - If this needs expanding for a reader more technically minded.

Glossary - If there are terms you have used in the plan that may need explaining (but this is not recommended!).

Financial Assumptions and Model - Describe the assumptions you have made about money in and money out. For example if you issue an invoice how long will your customer take to pay? 10 days, 20 days, 30 days, 60 days? This affects when money comes in to your business and hence your cash flow.

Revenue Assumptions - What assumptions have you made about your revenue? Explain what financial assumptions you have made to justify the numbers you have projected. For example hiring another sales person should create an increase in revenue when they are trained and effective.

Costs Assumptions - What have you assumed about when you pay your bills? Do you pay after 10 days, 20 days, 30 days, 60 days?

Management Resumes - You may want to expand on the skills of your management team.