

Business Planning

Introduction

Business people who do their own business plan not only understand the overall running of the business, but also the way they want their businesses to run and the direction they want to take, giving them a total sense of ownership.

A business plan is a written document that details the current position, projected needs and expected results of the new or existing business. A business plan is a blueprint for the understanding and growth of the business.

Preparing a business plan is not as easy as it seems. This template is designed to assist new and existing business operators and owners to plan the future of their business with minimal external assistance. Business owners know their business better than anyone else, so it is important they take ownership of this plan and have an active role in its production and implementation. These notes and template sets out the key features of a business plan and provide prompts to show how a business plan is written.

Important disclaimer

The sample business plan in this template is provided as a guide only.

Intending and existing business owners and operators must undertake their own research and use current and reliable data for the preparation of their business plans.

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What is a business plan?

A business plan clearly sets out and describes the strategy and purpose of the business.

It shows the reader that the owner has/have clear objectives and direction for their business. It also shows evidence of the market potential and the acceptance of the product or service in the market place with the projected sales. The plan sets out the all the important facts about the business, its history, relevance, the current position and the business activities to be undertaken. It's a living document , continuously changing.

Why do a businesses plan?

Many people ask, "Why a business plan?" Let's say you decide to take a holiday and travel overseas or somewhere in Australia. Would you just get on a plane or in the car and head off? No! You would sit down and plan the journey. Where do you want to go? What would you like to see? How much money will you need to enjoy such an adventure? A business plan is no different. It helps you set the direction, objectives and pathway to where you want to take your business. It's becoming increasingly tough to survive in business today. It's simply not good enough to have a great product or fantastic service, although these help. Business people must be good managers no matter what business they are in. Successful business people plan, they have clear objectives, they produce good products or services. They understand the market that they are going into, can manage money properly and are good employers. The primary reason for formulating a business plan is to address all the criteria that make a successful business. In the case of a new business, a business plan will assist by comparing actual outcomes against projections, allowing the owner/operator to refine the business plan and improve performance. But there are other important reasons to formulate a business plan. For a start, no bank will lend money to a business unless it has a business plan that demonstrates how the business proposes to service the interest and repay the loan. Also the involvement of stakeholders such as staff,

family and partners in the formulation of a business plan is a good way of securing their commitment to the business.

The business plan

The following are the usual section headings for business planning with prompts indicating what issues should be considered. Not every section has to be addressed in the same degree of detail. For example, a person buying a well-established business might have to pay much more attention to the valuation of the business than to the market analysis. Conversely, a new starter wanting to break into a competitive business such as a road transport, building construction or the legal profession should pay particular attention to market research and marketing strategies. There also may be specific areas not noted on this plan relating to your particular business, so just place them in to the areas where applicable.

The business plan summary

- 1 Vision Statement**
- 2 Mission Statement**
- 3 Description of the Business**
- 4 Business Structure**
- 5 Market Analysis**
- 6 Marketing Plan**
- 7 Operational Plan**
- 8 Growth and Development**
- 9 Occupational Health and Safety**
- 10 Financial Management Plan**

Business Planning

- **1** *Vision statement*

The destination

Where do you see your business?

- **2** *Mission statement*

How are you going to get to your destination?

What are you going to do to get your business to where you want it to be?

- **3** *Description of the business*

In this section, provide a detailed description of your business.

- The business concept of the product or service you will provide.
- The motives for the business.
- Your expertise and experience to make this idea work.
- Your short and long term objectives.

- **4** ***Business structure***

How will the business be structured? This needs to be clear from the outset as it can be very costly to change in the future. Provide a clear description of the proposed ownership structure and why it was chosen.

- Will I be a sole trader?
- What about a partnership?
- Or you may prefer to become a company?
- Register your trading name
- Apply for an ABN (Australian Business Number)
- Do I need a domain name?
- Are there government regulations for my business and do I need a license?
- Do I require insurance?

- **5** ***Market analysis***

It is essential to show the reader of your business plan that there is a sound customer base for your business.

- Research the market
- Who are your customers?
- What is the market size?
- What is the growth potential of the market?
- What is the geographic location you will be working in?
- What trends do you see in the industry?
- What profit margins are there?
- Are there seasonal trends?

These are just some of the questions you will need to consider within your business plan.

- **6 SWOT Analysis**

- This stands for ***strengths, weaknesses, opportunities and threats.***

This helps in identifying how you see your business within the market, specifying what you can do differently in order to gain a market share. Listed are some ideas that will help assist you in identifying what areas of your business need the most attention – particularly focusing on what elements of your business separate you from the competitor.

- **Strengths:**

List down what you see as strengths in your competitors

Well known in the markets
Caters to a larger market
Has a large range of products
Has a large premise

- **Weaknesses**

List down what you see as weaknesses in your competitors

Slow to respond to customers needs
Do not have a unique product
Doing the same thing over and over without any change
Business is located too far out of town

- **Opportunities**

List down what you see as opportunities for you business

Quick to respond to changes in the market
A unique product
Service is mobile
Expand the business into other areas

- **Threats**

List down what you see as threats to your business

Unknown in the market
Future competitors in the industry
Increasing costs of material

- **7 *Marketing plan***

A marketing plan is crucial for the success of the business. The market, your customers, must be made aware of the service/s and/or product/s of your business and be enticed to buy.

Describe the strategies that you will use to present your business in order to achieve and maximise sales. Things to be considered are:

- Image What kind of image do you want to have?
- Features and benefits What separates you from the rest?
- Marketing mix What are you going to promote? Product, service or price?
- Advertising How are you going to advertise? TV, Radio, etc
- Costs How much do you spend?
- E - commerce Do you have a web site?
- Budget Link marketing costs to sales
- Pricing Do I set a pricing policy?

- **8 *Operation plan***

The operation plan is where your business will be based and the staff you will need as well as plant and equipment if required.

- Will you be working from home?
- Will you need to lease premises?
- Will you need plant and equipment to produce your product?
- Will you have to do maintenance?
- Will you need insurance for the equipment?

Staffing

- Will you need staff and what will their key roles be?
- Before looking for staff what are your personal qualifications and skills?
- Personal SWOT analysis, be honest.

For example:

- **Strengths:** Experienced in business
- **Weaknesses:** Limited experienced in this industry
- **Opportunities:** To learn more about customer services.
- **Threats:** Illness

● **9 Growth and development**

Growth and development can mean a lot of things in business, like an increase in sales and a continual improvement in products and services. We must not overlook personal growth and development in a business. You continually need to look at the key roles in the business as well as staffing and how you can improve the processes. The businesses that plan for growth normally succeed.

For business growth and development

- Talk to suppliers to see what's new
- Attend trade shows
- Ask your customers what they want
- Continually review your finances

• **10 Occupational health and safety**

It's essential in today's business plan that you look at the OH & S responsibilities for staff as well as yourself.

- Procedures and policies

• **11 Financial plan**

Sound financial management is one of the best ways for your business to remain profitable. How well you manage the finances of your business is the foundation for a successful business. As a business owner, you will need to identify and implement policies that will ensure that you meet your financial obligations. There are many costs and expenses associated with starting a business that must be considered. For example the operational costs before you become profitable. Where does this come from? Also things like:

How will you arrange for collection and payment of the GST?

Will you have a business bank account and a separate one for the GST?

Will you use a computerised accounting system?

How will you control your debtors?

• **Projected cash flow**

Irrespective of the profitability of a business it is necessary to ensure that the business does not run out of cash. For example, this can happen because too much stock or materials are purchased, clients do not pay when they should, the owners/proprietors draw too much, funds have not been set aside to pay tax or too much has been borrowed to set up the business and there is insufficient profit on hand to make the capital repayments.

The projected cash flow highlights surpluses and shortfalls of cash and is a vital part of good financial management of a business. It is calculated as follows:

Cash receipts from all business sources (revenue, loans, sale equipment, etc.) less cash payments (renovating costs and overhead expenses, set up costs, capital repayments, taxation, etc.)

Start up Costs: What will I need to start up my business?

Personal (costs prior to opening)

Lease	Legal costs	-----
	Bond	-----
	Rent month in advance	-----
	Stamp Duty	-----
	Licenses or permits	-----
Utilities	Gas	-----
	Electricity	-----
	Phone	-----
	Internet	-----
Insurances	Public Liability	-----
	Property Damage	-----
	Glass	-----
	Fire and Theft	-----
Materials	Stock or materials	-----
Equipment	Computer and software	-----
	Printer/fax/scanner	-----
	Chairs and desks	-----
Supplies	Stationery and office supplies	-----
	Business cards	-----
	Printing and artwork set up	-----
Bank	Loan establishment fee	-----
	Credit card fees	-----
	EFTPOS terminal fees	-----
Advertising and Promotion		-----
	Signage	-----
	Yellow Pages	-----
Accounting setup		-----
Wages		-----

Others -----

Running Costs:

Here is a starting list to use so you can add or delete what is needed in your particular business.

Accounting fees

Purchases - sundry materials not included in cost of goods sold

Advertising

Freight

Electricity / gas

Insurances (not vehicle)

Leasing of equipment

Legal expenses

Motor vehicle

Printing and postage

Rent / lease of property

Repairs and maintenance

Stationery and office supplies

Telephone / internet

Superannuation

Wages

Other

Appendices

(Modify list as necessary)

- Business Name Registration Certificate (if applicable)
- Photocopy of driver's license or other personal identification – key people
- Evidence of Council application / approval (If applicable)
- Insurance quotations, minimum requirement Public Liability
- Market research i.e. show formal evidence to back up your research.
- Resumés of key people in your business.
- Partnership agreements (if applicable)
- Copy of lease agreement (if applicable)
- Patents, trademarks and copyrights (if applicable)
- Supplier agreements stating credit terms / quotations
- Orders, or letters of commitment to purchase product or use services
- Letters of support from industry
- Letters of support from authoritative persons
- Photos of the premises
- Photos or examples of the products
- Copies of promotional literature
- Copies of qualifications of key people
- Environmental analysis – demographic, economic, social / cultural, technological, political / legal and resource factors