

1.6 Writing a business plan

HOME

PLANS

MARKETS

THE BRAND

PRODUCT

DISTRIBUTION

PROMOTION

PEOPLE

FINANCE

RISK

GROWTH

- > *What is a business plan?*
- > *The process*
- > *Thought starters*

Many people think a business plan is only written when seeking finance. This is just one of the reasons for writing a business plan. The most important reason is that it is the best possible way of developing a blueprint for the future of your business. It has been said that 'If businesses fail to plan, they plan to fail.'

What is a business plan?

A business plan

- > describes the purpose of the business;
- > describes the present and future shape of the business;
- > documents the challenges faced by the business;
- > defines short and long term objectives;
- > establishes a framework for action to achieve those objectives; and
- > sets out performance measures which enable you to measure progress toward achieving your purpose.

A business plan should describe the NOW (where is my business now?), the WHERE (where do I want it to be?), and the HOW (how am I going to get there?).

A business plan is a prerequisite for seeking finance from lenders or investors.

The process

The following sections are the key components of any business plan. The other modules of the toolkit will help you fill out the detail.

1. Explore your context

Describe:

- > The background of the business, product or service and a brief history of the organisation
- > Who the customers are
- > The past performance of the organization
- > Any key or influential elements that might dictate the success of the product or service

2. Analyse your markets

- > A brief description of the overall market and the specific market segment targeted
- > Detailed information on current and proposed customers
- > Names of leading competitors, market share, and alternative products or services

- > Market influences—economic trends, seasonal fluctuations, legislation and social factors
- > Are you aware of who and where your target market is, and the changes affecting that market?

3. Explain ownership

- > Describe the business structure

4. Define your business objectives

- > Develop a list of short-term, specific targets that will help to indicate progress towards longer term ones. Measurability is important.

5. Demonstrate management commitment and capability

- > Describe strengths and skills
- > Organisational chart

6. Put forward your marketing approach

Describe the marketing strategy used to approach customers by detailing:

- > The image of the organization you wish to convey
- > The key or unique features that will differentiate the product



- > A description of promotional and publicity material
- > The 4 Ps—Product, Price, Place and Promotion
- > Packaging
- > Distribution channels
- > What marketing methods do your competitors use, and how effective are they?
- > Public relations

7. Describe your plans for development and production

- > Where are you going to operate from? Will you lease premises or operate from home? If you plan to grow, at what point will you migrate to larger premises?
- > All aspects of researching, developing, producing and delivering your product or service. Describe the research, development and production processes with the expected costs of raw materials, labour, and plant and equipment.
- > Include a brief section on contingency planning for possible scenarios that might disrupt your operations.
- > Are you aware of the terms and conditions of your main suppliers?
- > Are you aware of the steps you need to take to maintain quality?

8. Describe your financial needs

- > Start up costs
- > Profit and loss statements
- > Sources of finance
- > Cash flow analysis
- > Balance sheets
- > Break even and profit projections
- > Financial control

- > Sales forecasts
- > Budget

9. Discuss critical success factors

- > Risks and problems, not omitting actual and potential negative factors
- > Demonstrate that you are aware of likely changes in the economy and technology

10. Conclusion

- > Conclusion
- > Timetable of events

11. Executive summary

- > If included, this goes at the beginning of the plan

Thought starters

- > What is your main business?
- > Who are your main customers?
- > What is your main capability?
- > How healthy is your current financial situation?
- > Who are you trying to convince?

Websites

www.southaustralia.biz/Events_Calendar/BusinessPlanning/BusinessPlan.pdf

www.national.com.au/National_Information_Guides/0..55014.00.html