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Business Plan Guide

This is a guide for creating a business plan. It sets forth the essential elements of a business plan, including a business summary, risk analysis, product description, ownership structure, marketing strategy and financial forecasts. A business plan serves as a roadmap for a business to achieve its goals. By following the step-by-step instructions you will be able to create a professional business plan specifically tailored to your company.

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Business
Plan
Template

2016

A Guide to
Drafting a
Business Plan

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Business Summary

While appearing first, this section of the Business Plan is written last. It summarizes the key elements of the entire Plan and is a brief introduction to the company, its product or service, and how it can be defined as an ongoing business activity.

The Business Summary should contain the following elements:

Business Idea

In this section you need to clearly outline your business proposal. Here, you will provide sufficient description of your product or service for the reader to gain a clear understanding of the nature of your business

Company Objectives

It will help the reader of your plan if they understand your objectives for being in business. The company objectives need to be: specific, measurable, achievable, and time-bound.

Mission Statement

This is a recorded clear and concise statement of an overall company goal providing direction for the business.

Risk Analysis

In every business there are risks. It is important to consider these risks as you plan your business activities.

A useful way of assessing the risks is to include them as part of a “SWOT” analysis:

S Strengths

W Weaknesses

O Opportunities

T Threats

“Strengths” and “Weaknesses” should focus on the internal environment (management, product, and service), whilst “Opportunities” and “Threats” should focus on the external environment (economy, market, and competitors).

Clearly, it is important that your business idea has significant strengths (or can develop them) and a plan to counter to any weaknesses. It should be enhanced to take advantage of any opportunities and thought should be given to its response to perceived threats.

A SWOT analysis should provide proof to you, your investors, funders, etc., of the likelihood of your business succeeding or failing. If your analysis suggests it will fail you need to reconsider your idea.

Product/Service Description

In this section, describe in greater detail the technical specifications of your product/service. Include drawings, photos, etc. to present the product or service to the reader.

This section could include:

- Description of the main products and services.
- An explanation of the process of production and the technology used.
- The sourcing of the inputs into the production of the product or service.
- Explanation of the quality standard of the product and identification of the systems used to ensure this quality standard is in place in terms of product and service.
- A timeline showing the company's projected timing of activities and significant milestones.
- Your product's advantages, including:
 - Is it cheaper?
 - Is it better quality?
 - Is it effective/cost effective?
 - What unique features does it have?
 - Increased benefits to customers?
- Does it have any disadvantages?
 - What is the current status of the product?
 - Is it still in the research and development stage or is it already established on the market?
 - What is the product's likely lifespan?

Ownership, Management, and Personnel

In this section, you need to provide the details of business ownership. List the number of shares together with their ownership and/or the availability for sale if applicable.

The Business Plan must communicate the management's capabilities and convince readers that they can achieve the objectives set. A description of the management structure, together, with a statement about the "leaders" role and style of management, could prove useful.

The following points should be covered in this section:

A summary of key managers, identifying and/or providing:

- Their roles, to demonstrate that you have a balanced team.
- Their experience, achievements, and relevance to future plans.
- Photos, which may help to brighten this up and add a creative touch.
- An organizational chart.

Markets and Marketing

In many investors' eyes this section is second only in importance to their assessment of management's capabilities. It is often the hardest section to write.

Sales figures are the most difficult to forecast accurately. As a result, this section is the most difficult to justify. Too often business plans are written from the view point of the producer (i.e. the company). For example, the company may be very enthusiastic about a product but fails to explain why or how a customer will purchase it, expecting an investor to recognize immediately the market's need for the product.

You must justify the company's enthusiasm and demonstrate that you understand your market and your role and position within it. Investors want to know whether your company has a lead over competitors and whether you can maintain that lead.

The Market

- Description (the needs of the market)
 - Describe your market generally and its future prospects, setting forth details such as market size. More importantly, define your particular niche in terms of product, customers, etc. Include summaries of any statistical information available to your niche market.
- Customers (market segmentation)
 - Who are they?
 - Where are they?
 - Why do they buy?

- When do they buy?
- What do they buy?

- Competition
 - Who are they?
 - Where are they?
 - What are their strengths and weaknesses?
 - Will you compete successfully against them?

Marketing and Promotion

- What are your plans for marketing?
 - Advertising
 - Trade shows
 - Promotional literature
- How will you distribute your product?
- Provide an explanation as to how the marketing mix will be applied to achieve the company's objectives

These items are crucial to the accuracy of the sales forecast and require considerable thought and effort to complete. You must demonstrate a clear market need for the product, that you understand your customers' needs, and that your product meets these needs.

Financial Forecasts

A business' financial performance is generally measured in terms of profit and increased shareholder's wealth. It is necessary, therefore, to consider the likely financial outcome of your business as part of your Business Plan.

This is usually done by way of:

- Breakeven Analysis
- Forecast Statement of Financial Performance (or Profit and Loss)
- Forecast Cash Flow
- Forecast Statement of Financial Position (or Balance Sheet)

It is often best to start with the Breakeven Analysis, as most of the figures are known.

To complete the Performance Statement Forecast it is best to start with the Sales Forecast, broken down in a month by month basis.

- How many will be sold each month?
- At what price?
- When will you be paid?

Then move on to the production costs, as these will be derived from the sale information.

When forecasting, be realistic! It is important to strike a balance between the two extremes.

- Don't undersell yourself.
- Don't be too optimistic either.

You should accept that your forecasts are not set in concrete. Rather, they are estimates.

You could include separate "optimistic," "realistic," and "desperate" forecasts based on different assumptions. Or prepare a "what if" sensitivity analyses. Spreadsheets are a useful tool for the calculations.

This section must also include a statement of where start-up capital and any other ongoing sources of finance will come from and set forth what procedures the company has put in place to ensure the safe receipting and payment of monies from the company's accounts.

Business Plan Presentation

"Act professionally, but think differently."

What a YES judge or a local contributor will remember is: how you are different from everyone else. Like every other YES company, you will have to cover all the criteria for both the business plan presentation and the oral presentation.

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