

Preparing a Business Plan

A business plan is a written description of a business's future. It reports on the environment in which the company operates, explains what the company plans to do in the near future and predicts how it will perform financially.

The following loose outline can be used as the basis for preparing a simple business plan.

1. **Executive Summary**

a Business Concept

Describes business, product and market, pointing out exactly what will be sold, to whom and why, and why this will be successful.

B Financial Features

Summary of important financial points in business plan.

C Financial Requirements

Summary of capital needed to start or expand the business, how this will be used and what equity (if any) will be provided or collateral is to be put up.

D Summary of Strategy proposed

Overview of the market in which the business functions, its strategy to beat the competition, and future predictions as to profitability and likely return on investment.

2. **Business Description**

Include:

- Short description of industry you operate in, present outlook and future possibilities.
- Information on various markets within the industry, including any new products or developments that will benefit or hurt your business.
- New business or already established?
- Structure of your business – e.g. wholesale, retail, manufacturer or service.
- Who will your customers be?
- How will your product be distributed?
- Description of the products or services you intend to market.
- Information about the team – the individuals who have launched the company, etc.

3. **Marketing Plan**

- What is the market for your product/service? What is its size, structure, growth prospects, trends and sales potential? How is your business different in terms of geography, product or potential customers?
- Competition Analysis: - what other companies are in the same field? How will you compete with them?
- Pricing:- What are you going to charge and why?
- Distribution: - What is your strategy for physically getting your product/service to the market?
- Promotion/Advertising: - What advertising, packaging, public relations, sales promotions, etc. will you use?

4. **Production Plan**

This is crucial for a manufacturing business, but may be omitted if you are a service-provider.

- What production process is to be used?
- Capacity planning and task scheduling,
- Estimate of production costs

5. **Operations and Management Plan**

Describe how your business functions. Include the logistics of the organisation, such as the various responsibilities of the management team, the tasks assigned to each division within the company, and capital and expense requirements relating to your business operations.

Include:

- Organisation Structure for your business
- Staff costs, and costs for support services.

6. **Financial Analysis**

Include:

- Income Statement
- Balance Sheet
- Cash Flow Statement