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BUSINESS PLAN

- A business plan is a document that describes the business, its objectives, strategies and financial position. Its purpose is varied, but its most important functions are to secure finance and to measure the progress of the business.
- A business plan should always include an executive summary, spell out the business opportunity, set out the marketing and sales strategy, detail the company's operations and contain a financial forecast.
- Put the executive summary at the front of the document and ensure it details the key points of your business plan, i.e. it should highlight the best bits and give an overview of the business.
- The business opportunity should say who you are, explain what the business does, what it has to offer, how you plan to develop the business and your vision for the future.
- The marketing and sales strategy should set out how the business intends to sell and promote its products/services, what its pricing policy is, how it will sell, etc.
- The company's operations should focus on where it operates from, its IT and management information systems.
- The financial forecast must give a clear indication, in figures, of what's been said earlier about the company in other parts of the report. Include cash flow statements, a profit and loss forecast and a sales forecast. Also state any security you can offer and how the company can repay any borrowings.

The following are key elements of a traditional business plan.

Executive summary

Briefly explain what your company is and why it will be successful. Include your mission statement, your product or service, and basic information about your company's leadership team, employees and location. You should also include financial information and high-level growth plans if you plan to ask for financing.

Company description

Use your company description to provide detailed information about your company. Go into detail about the problems your business addresses. Be specific, and detail the consumers, organisations or businesses your company plans to serve.

Explain the competitive advantages that will make your business a success. Your company description is where you should showcase your strengths.

Market analysis

You'll need a good understanding of your industry outlook and target market. Competitive research will show you what other businesses are doing and what their strengths are. In your market research, look for trends and themes. What do successful competitors do? Why does it work? Can you do it better?

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Management

Explain how your company will be structured and who will run it.

Describe the legal structure of your business and use an organisational chart to lay out who's in charge of what in your company. Show how each person's unique experience will contribute to the success of your venture. Consider including the CVs of key members of your team.

Service or product line

Describe what you sell or what service you offer. Explain how it benefits your customers and what the product lifecycle looks like. Share your plans for intellectual property.

Marketing and sales

Your goal here is to describe how you'll attract and retain customers. You'll also describe how a sale will actually happen. You'll refer to this section later when you make financial projections, so make sure to thoroughly describe your complete marketing and sales strategies.

Funding

If you're asking for funding, this is where you'll outline your funding requirements. Your goal is to clearly explain how much funding you'll need over the next five years and what you'll use it for. Specify whether you want debt or equity, the terms you'd like applied, and the length of time your request will cover. Give a detailed description of how you'll use your funds. Specify if you need funds to buy equipment or materials, pay salaries, or cover specific bills until income increases. Always include a description of your future strategic financial plans, like paying off debt or selling your business.

Financial projections

Supplement your funding request with financial projections. Include income statements, balance sheets, and cash flow statements for the last three to five years. Provide a prospective financial outlook for the next five years. Include forecast income statements, balance sheets, cash flow statements, and capital expenditure budgets. Be sure to clearly explain your projections and match them to your funding requests.

Appendix

Common items to include are credit histories, CVs, images, references, statutory permits, patents, legal documents, and other contracts etc.