



Business Plan Guide

Broadly, any business plan should set out:

- where the business is now
- where the business wants to go
- how the business is going to get there

The preparation of a business plan should be seen as an important management tool by all businesses irrespective of size and not as a document that they have to produce in support of a lending request. It should provide four key functions:

- assist in clarifying, focusing and researching the development of the business
- provide a structure for the business strategy and development plans over the short, medium and long term
- can be used as the basis for discussion or support with third parties such as bankers, shareholders or other investors
- sets goals and objectives and enables monitoring and review against actual performance.

Expected content of a Business Plan:

- **Synopsis/executive summary**
A few paragraphs briefly outlining the plan, detailing why it is being written and what the business is seeking to achieve. Any borrowing requirements should be detailed – how much, for what, and the length of time to repay.
- **Business background and history**
This should include when the business commenced trading, performance and development since that time, notable achievements and milestones, and any industry recognition such as quality awards. If it is a new business with no history, detail should be provided of why the business is starting up and the owner's background and experience.
- **Products or services**
What the business does with details of their range of products or services. This should then be expanded to demonstrate what differentiates them from what is available elsewhere in the market.
- **Process**
This is only applicable where the business is manufacturing a product. An outline should be provided, illustrated diagrammatically where appropriate.
- **Market analysis**
This is one of the key areas of the plan and can be wide ranging. It is heavily influenced by the business sector in question and how your customer operates within that market. An example of the type of areas you should expect to see the results of research are:
 - market size
 - market trends
 - competitors – who, what they do and how they compare



- market segmentation, including different delivery channels such as retail outlets or internet based
 - service quality
 - pricing
 - potential customers
 - environmental issues
 - legislative issues
- **Marketing strategy**

The strategy is formulated on the back of the above research and is often enhanced by the inclusion of a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis. The content of the strategy is usually built around:

 - customers and markets – what potential exists and specifically to whom are they going to sell?
 - premises – where and the impact on distribution and sales?
 - product or service – already covered but needs to be briefly revisited in this section to provide a complete view of the strategy; what and how does it compare with the rest of the market?
 - promotion – how will the business advertise and what are the costs?
 - price – charging policy including details of the margins involved and comparison with competitors.
 - **The proposal**

The reasons for undertaking and what benefits it will bring to the business, such as increased sales, cost savings, job creation, etc. The financial requirements should be detailed illustrating the capital expenditure and working capital needs.
 - **Management/staff**

Include profiles of the management team supported by a structure chart (if appropriate) illustrating how the business will operate in going forward. Details should be provided of any additional staffing requirements and the impact on the wages bill.
 - **Property**

Details of existing premises including ownership, value, terms of lease, etc; in the case of a new business, details of proposed location and inherent costs.
 - **Equipment/capital expenditure**

Details of necessary expenditure during the period of the plan (not normally exceeding three years).

Financial information

You should expect this to include:

- the last three years' profit and loss accounts and balance sheets
- Management Accounts - where the latest Annual Financial Statements are greater than three months at the time of application, management accounts will be required
- 2 years profit and loss and balance sheet projections aligned with your financial year end
- 2 years monthly cash flow projections
- Assumptions on which all projections are based
- funding requirements/package – bank loan/overdraft, directors input, leasing, private equity etc.



- **Risk assessment**

Demonstration that a sensitivity analysis has been completed considering the impact of any variances from the forecast performance and what actions could be taken to minimise the risk. Examples could include contingency strategies for failure to achieve projected turnover, reduced profit margin or increased costs.

There are many sources that your customer can draw upon to assist in compilation of their business plan, including Business Gateway/Council Advisors and a plethora of websites.

From the above sample format you can see the key importance of the plan not only as fundamental to supporting a lending request but also as a tool to assist management in retaining a disciplined and focused approach.