

Business Plan Template

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Section One – Executive Summary

The purpose of the executive summary is to ensure that the reader fully understands what the business proposition is about. Specifically, in terms of the unique selling points of the product or service, the size and scope of the business, its target market and how much finance is required initially, together with a plan for the next five years. It's useful to create an initial identity for the business with a logo, together with an outline of your competitive differentials. You need to show the credibility of the team putting forward the business plan.

The executive summary sits at the front of the business plan and is normally completed when you have got all of the information together, in the main body of the report.

- Brief description of business including unique selling points and its target market segment.
- How much finance is required, nature of finance and purpose?
- Highlights of financial projections for the next three to five years.
- What makes the business different from the competition?
- What gives the business credibility (track record, management team, qualifications, etc)?

1. Executive Summary

1.1. Description of Business

1.2. Finance Required

1.3. Financial Projections

1.4. Business Differentiators

1.5. Business Credibility

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Section Two – The Company and its Industry

This section sets out the values of the founders, the business and the key players so that their core competencies can be clearly seen and the achievements of the business and its market place can be anticipated.

Information related to the industry per se can be found through secondary research from articles or publications such as Keynote.

- Purpose of the company (mission and objectives)
- A brief description of the founders and their skills, roles and any past successes relevant to the business.
- Discussion of the industry in the context of your business and your competitive differentials. *“Use your logo and outline your competitive edge”.*

2. The Company and It’s Industry

2.1. Purpose of the Company

2.2. Company founders and skill sets

2.3. Competitive differentials

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Section Three – Products/Services

This section will describe the main products and services, the distinctive qualities, the level of technological capacity, the need for any licenses or intellectual property rights and for future potential.

- A simple description of the main products, services, markets and their application.
- Distinctive qualities or uniqueness of product/service e.g. Low production costs, superior technology, reaction speed, easy to use, quality etc.
- Current technological capacity and further requirements such as replacement products, emergence of competitive technologies and any new research and development findings.
- Licence/patent rights
- Future potential – avoid comparing products being released in the future with those on the market presently.

3. Products and Services

3.1. Main products, services and markets

3.2. Distinctive qualities

3.3. Technological capacity

3.4. Licence/patent rights

3.5. Future potential

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Section Four – Markets

The purpose of this section is to understand how the business operates within the competitive market place. It will show where it is situated, the market size and possibilities for growth, customers, competitors and the market share that the business aims to achieve.

- Geographically where is your market?
- What has the market been like in the past?
- What is the market size?
- What are the possibilities for growth?
- Who are your customers?
- Who makes the purchasing decision in each segment?
- Who are your competitors? – What are their strengths and weaknesses, competitive advantages, market shares, future dangers towards your company?
- Any information regarding segmentation of the market and the characteristics of those segments e.g. which segments are to be penetrated, their size and the current and future market positions (regional, national or international).
- What market share do you estimate your business will achieve?

4. Markets

4.1. Geographic spread

4.2. Market history

4.3. Market size

4.4. Possibilities for growth

4.5. Customers

4.6. Purchasing decision makers

4.7. Competitors

4.8. Market segmentation

4.9. Expected market share

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Section Five – Marketing

The purpose of this section is to show how the company proposes to market its products or services. It needs to show why that particular method of marketing has been chosen, how you know that you are going to be successful and what it will cost. You need to show a clear understanding of your product in relation to the marketplace, the price you intend to sell for, how it will be made available to the market and an outline promotional plan.

- How do you intend to promote and sell your products and services and what will it cost?
- Why do you think the methods you choose to promote and sell your product/service are appropriate for your particular market and how will you measure success?
- What are the benefits of your products?
- How many do you expect to sell? Over what time period? Account for seasonality?
- What is your position in the market place in relation to the competition?
- Pricing policy
- What will the distribution channels be?
- What will the coverage of customers be?
- What is the type and extent of the interest shown by prospective customers?

5. Marketing

5.1. Promotion and Sales

5.2. Measuring success

5.3. Product benefits

5.4. Sales expectations

- 5.5. Market positioning**
- 5.6. Distribution channels**
- 5.7. Customer coverage**
- 5.8. Early prospects and interest**

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Section Six – Design & Development

If your product is new and under development you need to consider design and whether any difficulties are likely to arise in terms of development for the market place.

- What will be the stages of development for the product/service?
- Can you foresee any difficulties and risks in designing/ developing the product/service?
- What steps have been taken/ will be taken to secure design rights/registration designs etc?

6. Design and Development

6.1. Product/Service development stages

6.2. Risks in the design/development process

6.3. Design rights and registration

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Section Seven – Manufacturing & Operations

You need to convince investors that you fully understand how the business operates and to show whether it's more appropriate to assemble rather than to make. You should make the most cost effective and suitable choice, in terms of the way you intend to run your business. Identify key players in the market in terms of suppliers, how the supply chain works, whether there are any material supply problems, whether alternative sources of supply exist and indicate your selection criteria for sub-contractors and operating overseas. It is always useful to work your way through the manufacturing and operating systems to make certain that the key points below are being picked up. It is a good idea to put together a detailed operational plan of all the activities to be carried out in a 24hrs period to use as a guide to answer the following questions.

- Where do you intend to locate the business and why? - In the short term? – In the long term? Where will it be? What will it be like? How much will it cost? What insurance will you need? Do you need a licence?
- Sources of supply of key materials or work force.
- What significant dependence is there on key material?
- What are the prospective alternative sources of supply and any projected costs?
- What are the manufacturing capabilities that have you analysed (in house, using sub-contractors etc)?
- What machinery/vehicles do you require?
 - Are these to be bought or leased and on what terms?
 - How long is their lifespan?
 - What selection criteria for subcontractors have you chosen?
- What is the feasibility of offshore manufacturing such as the Far East?
- What is the nature of the production process – machinery and other critical components?

7. Manufacturing and Operations

7.1. Business location

7.2. Source of supplies and workforce

7.3. Manufacturing capabilities

7.4. Machinery/vehicles/plant

7.5. Production process

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Section Eight – Management

Investors are particularly interested in the skills, motivation and ability of the management team and the owners. They need to know the background of the individuals concerned, their experiences, their skills, their knowledge. The selection process for new employees, particularly key members of staff together with the way that the business is going to be structured is equally important. Identify any gaps within the management team and demonstrate how those gaps are going to be plugged.

- Who are the business owners/ directors?
- What degree of control do the managers hold?
- What are the experiences and roles of any non-executive directors and key managers? (CVs should be included as an appendix).
- What is the summary of planned staff numbers? (Broken down by key functions).
- What future recruitment plans are there?
- What are the strategies to develop and retain the current workforce?
- Are their plans for the implementation of any quality benchmark systems e.g., IIP etc.

8. Management

8.1. Business owners and directors

8.2. Non-executive directors and key managers

8.3. Planned staff numbers

8.4. Recruitment/development/retention

8.5. Quality systems

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Section Nine – Finance

The finance section is written after all of the other sections, because it is simply translating your plan into monetary terms. What funds are required and when? What's going to be the profitability for the firm? What risks are likely to happen? What levels of control are going to be exercised over the business in terms of gross profit margins, return on capital employed, sales figures, sales growth?

You need to know elements such as the break-even analysis in terms of what the fixed costs are, what the variable costs are and, when it comes to ascertaining cash flow, undertake a sensitivity analysis. A sensitivity analysis reflects the most optimistic situation within the company and the most pessimistic, enabling you to determine that your cash requirements satisfy the most optimistic and the most pessimistic scenarios.

Financial Requirements

- What funds are required and when?
- What are the terms of the deal? E.g. interest rates, repayment period, guarantees, type of finance, and source.
- What is the anticipated gearing?
- What is the exit route for investors?

Detailed Financial Plan

- Profit and loss account
- Contribution and breakeven analysis
- Cash flow analysis
- Sensitivity analysis
- Balance sheets

Financial Highlights, Risks and Assumptions

- Highlight the financial plan - sales, profit, return on capital, net worth
- Comment on the financial plan
- What are the risks and how will they be tackled?

9. Finance

9.1. Financial requirements

9.2. Detailed financial plan

9.3. Financial highlights, risks and assumptions

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Section Ten – Risks and Rewards

What if? What would happen if this or that happened and what would you do? What are the risks and how does the management intend to minimise those? Equally, what are the likely rewards or returns? Perhaps in 5 years time the business may be floated on the stock market?

- Risks: How does the management intend to minimise these?
- Rewards: If the projected forecast materialises, what is the worth of the company?

10. Risks and rewards

10.1. Risks

10.2. Rewards

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Section Eleven – Objectives and Milestones

This comes back to setting successful criteria. Each part of the business needs to have an action plan which outlines the milestones and therefore the success and failure criteria for their part in the operation.

- A detailed timetable for the action plan for each area e.g. marketing, operations should have objectives plus success and failure criteria.
- What are your personal objectives in running the business and how do you intend to achieve them?
- What objectives do you have for the business itself and how do you intend to achieve them?

11. Objectives and milestones

11.1. Action plans and timetable

11.2. Personal objectives

11.3. Business objectives

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Appendices

- Glossary of terms
- Summary – technical data, new products including patent specifications etc.
- Market entry report by external consultants
- Marketing plan
- Order and enquiry status – new product
- Current shareholders
- Organisation chart: current, year 2, year 5.
- Curriculum Vitae of senior management
- Financial projections (year one to five): projected balance sheet on an accruals basis, profit and loss projections on a monthly or quarterly basis, if possible, for the first two years and annually for three subsequent years. Assumptions used including accounting principles, sales and market share assumptions, costs, payroll expenses, R & D costs, warranty costs and taxes. Sensitivity and break-even analysis.
- If available, accounts for the past three years.

Appendices