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Business Plans

What is a business plan?

It is a written statement of your business; what you want to achieve with it and how you will do that. It should outline the structure of your business, the product or service, the customer, the growth potential and the financials. In simple terms it is a plan for the future of the business. It allows you to identify a vision for the business and demonstrate how this vision is to be achieved.

Why do I need a business plan?

It is essential to have a realistic, working business plan when you are starting up in business. A business plan can help you to focus your thoughts. The process of putting your business plan together can be a means of making your mistakes on paper rather than in the marketplace. It helps you to do all the necessary research and work out how likely your business is to succeed in practice. The business plan is a way of communicating to third parties, whether they be potential lenders, shareholders, government (should you be applying for a grant) or any other stakeholders. It is of particular importance in helping you to attract finance for your business as potential lenders will require an insight into your current situation and your plans for the business. It is best practice for all businesses to have a business plan.

When should I prepare a business plan?

When launching a business, writing the business plan should be one of the first things that you do, especially if you will require external funding. The business plan should, however, be reviewed on an annual basis, or whenever there is a significant change in the market, or your products and services; or whenever your funding requirements change. Goals and objectives should be re-evaluated and financial projects made for at least 12 months ahead.

How do I go about writing a business plan?

In order to write a business plan you must first research your business concept and collate all the information to demonstrate how it will work in practice. The plan should be well-organised and well-presented. Financial projections must be prepared and included in the business plan. The amount of detail required will vary but the business plan and projections should cover:

- Planning of the business using best estimates of future operations
- The financing of the business and how it is to be funded
- How the plan is to be implemented
- The method of monitoring the progress of the business against the plan

It is important to be objective and to weigh up the pros and cons of the core business concept.

What should a good business plan contain?

The following sections are recommended:

- **Executive Summary** – This is the most important section of the plan and it comes at the start. This section should give the reader a full knowledge of the business and any proposals. The executive summary should be written after the other sections in the business plan.
- **Background** – In this section you should explain the principal products, services, markets, key suppliers and customers of the business and a full description of the operation. It is important that it does not include jargon to allow a clear understanding of the business. Key members of the management team and other staff need to be described in terms of experience and abilities and their specific responsibilities in the business. You should also include information on outside expertise to be used, such as accountants and solicitors.
- **Business Development** – What is the vision for the business? What are your short, medium and long term objectives?
- **Operations** – You should outline the production process, capacity, quality control, equipment required, premises required and future needs.
- **Markets and Competition** – Include your marketing plan, clearly stating who the customer is, how you will reach them, what the competition are doing and what your unique selling point is compared to your competition.
- **Financial Projections** – Include cashflow projections, profit forecasts, break even calculations. The forecasts should be consistent with the rest of the business plan and should cover at least the first 12 months and possibly up to 5 years. You may also want to think about putting in additional projections for best and worst case scenarios.

How should my business plan be presented?

- Keep it short and put detailed analysis/ information at the back of the document in an appendix.
- Keep it professional – this document represents your business and you want to give a positive impression.
- Include a cover and content page, also don't forget page and section numbering.
- You may need to email it to someone, so consider restricting the use of images to keep the size of the document low and ensure the formatting is email friendly.
- Even if it's just for your own use, write the business plan as if it is intended for an external audience.
- Show the plan to your team of advisers – accountant and lawyer – and ask for feedback.
- Avoid technical or sector specific jargon.

For further information, please contact:

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