

How Do I Write A Business Plan?

One of the most important things to think about when starting to work for yourself is the creation of a business plan. This will **map** out the journey of the business and all the areas it needs to **develop**. It is important to develop a detailed **strategic plan** with SMART **objectives** to ensure **sustained success**. It is vital when looking for **investment** to convey the **journey** and **mission** of the business.

▶ Why is a Business Plan Required?

Primarily, a business plan helps you strategically manage your business and make effective decisions on its future development. Strategic planning is essential to ensure sustainability.

An effective business plan will show how your business will move from A to B, from where you are now to achieving your key goal, and the strategy to be followed to achieve this. It will include SMART objectives so that the business can sustainably achieve its aims. Risks will be identified in the plan and strategy will be drawn up to deal with them.

SMART Objectives are:

- **Specific** – clearly focussed on each thing to achieve
- **Measurable** – quantifiable so they can easily be seen to be achieved or not
- **Achievable** – of reasonable challenge
- **Realistic** – of reasonable ambition
- **Time bound** – with a deadline attached

The business plan is primarily for you but also your stakeholders; bank managers, business advisers, contractors and funding organisations, to show them how your business will progress and succeed.

***TIP** – Think about what others would want to see in the plan if they were considering lending your business money.*

Characteristics of a good business plan

Easy to read	Comprehensive	Without contradiction	Honest
Backed by evidence	Realistic	Persuasive	Engaging

Business Plan Sections

1) Table of contents

To ensure that your plan is clear and positively considered, include a table of contents and page numbers to make it easier to navigate.



2) Executive summary

This section should be written last and be as succinct as possible. It should tell the reader about the problem your business solves, your solution, your mission, your target market, a financial snapshot, your resources and what you have achieved to date.



It should read like a sales pitch. Most potential investors never make it past this section so it should inspire and motivate the reader to want to learn more about the business.

TIP – Use a summary of figures to show your projected financial growth.

2) Description of business

- The name and location of the business
- The type of legal structure adopted and why this structure has been selected
- The regulations that the business is required to comply with
- Details of the services/products/activities the business will offer
- Aims and objectives:
 - Business objectives should be short, medium and long-term correlating to the financial projections.



3) Need for the business

How relevant is the business to your customers?

This section should demonstrate the need for the business. You could include national, regional and local policy to show that your business is in line with



government policies.

TIP – Policies that you quote should be recent, sourced correctly and come from the feasibility study which should feed into this section.

4) Market analysis



This section should tie into the market relevance of the enterprise and include evidence of demand. A thorough competitor analysis should be undertaken. Customers may be companies, individuals, small businesses, public sector organisations or funding organisations contracting with you to deliver services.

Consider in the market analysis:

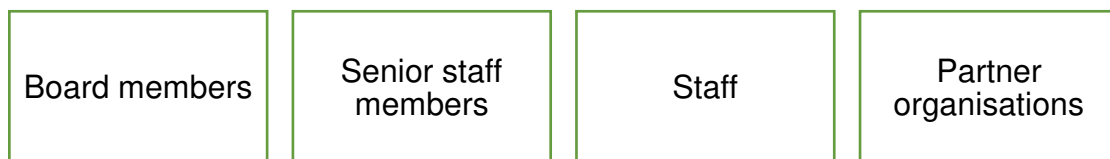
- Market size – statistics on the size of the market (in terms of the number of customers and the value of the industry)
- Customer segmentation – divide the customers in the market into groups based on common characteristics
- Value drivers – identify what every customer segment values when it comes to your industry. Are customers willing to go out of their way to get the right product or service?
- Decision process – include details of who actually purchases the product or service
- Concentration of customer base – give details of where the target markets are

5) Human Resources (HR) plan

This section needs to provide an overview of the owners of the enterprise including relevant experience, roles and responsibilities. Include a hierarchy representing the management structure as it is now and a proposed future structure.



Details of the following should be provided:



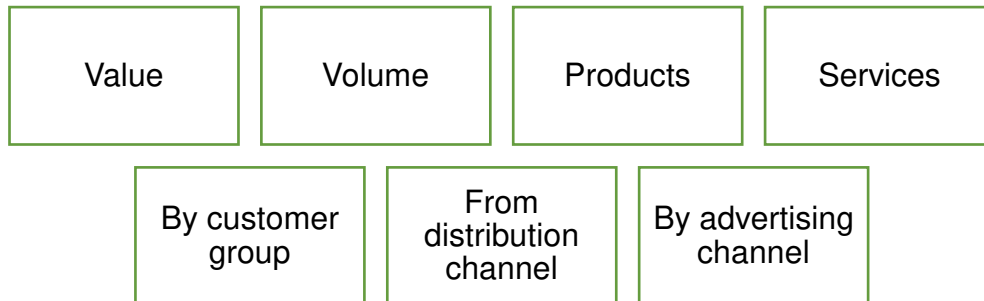
TIP – Attach mini CVs of key personnel in the appendices.

6) Sales objectives

Sales revenue targets are arguably the most important business objectives. Sales are effectively the purpose of the marketing plan.



Sales targets could be categorised into:

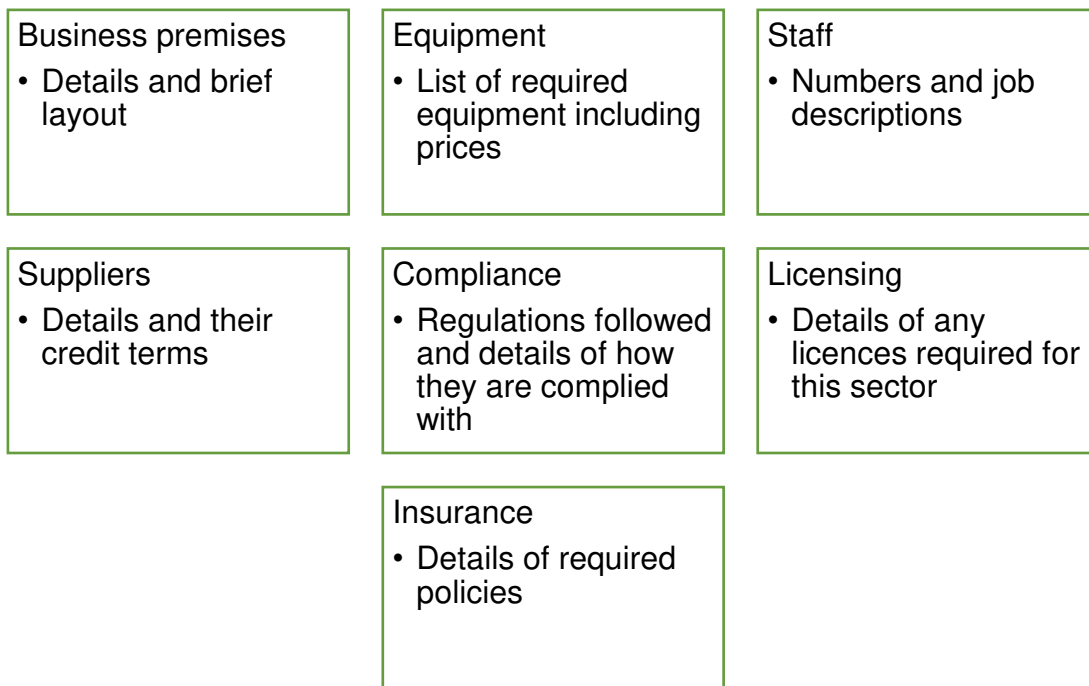


7) Operational requirements

This section should detail how your business plan is put into action. It should outline what is physically needed for the business to start trading.



It should include:

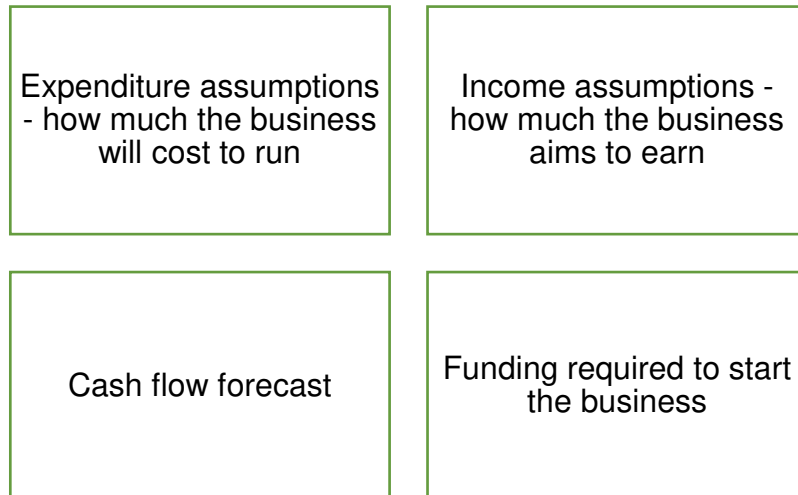


8) Finance plan



This section should provide details of the financials, which should correlate with the business objectives. Use the introduction to provide details of banking arrangements.

Include:



TIP - If applying for funding, create two cash flows – one with funding and one without.

2) SWOT, PESTLE and risk analysis



Include a SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) to identify internal strengths and weaknesses of the business, and external opportunities and threats (outlined in the PESTLE).

A PESTLE analysis identifies key external influences on the business, on a local, regional and national level.

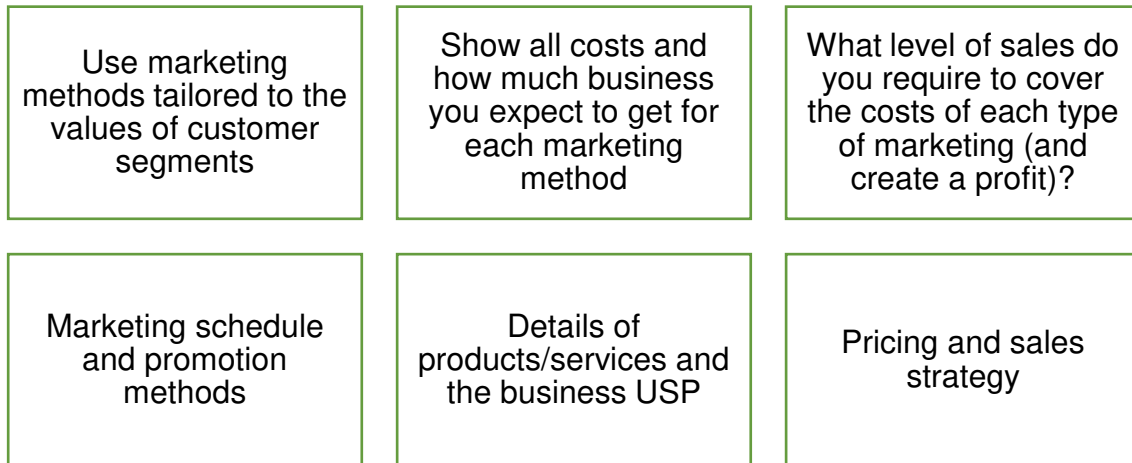
- Political – tax/international trade tariffs/ public sector spending
- Economic – inflation rate/ foreign direct investment
- Social – cultural trends/ demographics
- Technological – innovation/research/ technological awareness
- Legal – consumer laws/ safety standards/ labour laws
- Environmental – weather/awareness of climate change

For the risk analysis use the weaknesses and threats identified in the SWOT. State what level of risk they each possess (low, medium or high) and explain what actions you will take to mitigate the risks.

3) Marketing plan



This section should outline how you will promote your business to the markets you have identified.



TIP – *Promotion is not the only method of marketing. There are many types of marketing methods including relationship marketing and pricing strategies.*

4) Future developments



The long-term strategy for the social enterprise should be included in this section. You should explain where you want the business to be after years one, three and five.

TIP – *If your project has a long-term focus, you may want to include a ten year projection into your business plan.*

5) Appendices



Include all supplementary information to the main body of the business plan such as consultation work, CVs, feasibility work, letters of support, HR policies, cash flow and letters of intent.

Where to go for further help

- Entrepreneurs Handbook <https://entrepreneurhandbook.co.uk>
- Princes' Trust – Advice for young people <https://www.princes-trust.org.uk/help-for-young-people/tools-resources/business-tools>
- SEE Ahead <https://seeahead.co.uk>

- Start Up Donut <https://www.startupdonut.co.uk>
- Government Website – Writing a Business Plan <https://www.gov.uk/write-business-plan>
- Small Business.co.uk <https://smallbusiness.co.uk>