



# How to write a business plan

Planning is simply:

- identifying what your current situation is (where are you now?)
- deciding where you would like to be in the future (what are your goals?)
- identifying the best ways of achieving your goals (how to get from 'A' to 'B').

## Why have a business plan?

Planning the direction of your business is the key to its success.

By developing a business plan, you're better placed to capitalise on current and future opportunities, better serve your clients and increase your profit.

## How can a business plan help your business?

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| A business plan can increase profit                | If you develop a comprehensive business plan, you have a much better chance of being profitable than if you don't have a business plan.   |
| A business plan saves time, work and stress        | You avoid wasted time, costly mistakes and lost opportunities. A plan helps you identify problems before they happen and turn them into opportunities. And better planning can lead to less stress—good planners can have more fun.                               |
| A business plan impresses financiers and investors | Financiers and investors are much more likely to invest in or lend their money to your business if you have a well researched and documented business plan.   |
| A business plan helps you set priorities           | Every business has a limit on the resources that can be committed to different activities. You can't do everything at once. A business plan helps you to prioritise how you allocate your time, money, equipment and other resources so you maximise your profit. |

## What's in a business plan?

There are a number of different sections to a business plan, each focusing on a different part of your business.

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| Executive summary: an overview of the whole concept or business                            | This is the first section of your business plan but the last one that you prepare. It outlines the key points of your business plan in one page.              |
| Business profile: a description of your business   | This section provides details of your business—its name, location and purpose.  |
| Product or service and market analysis: your chosen market and your position in the market | This section identifies, describes and analyses the products and services that you provide, your target market, your market share and how you plan to get it. |

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| Marketing plan: your strategies to attract and keep clients                                  | This section describes your marketing strategies, product decisions, market segmentation, pricing policies and methods of payment, distribution, advertising and promotions. It explains who your clients are and what and why they buy from you.   |
| Legal and risk management plan: what if?   | This section identifies potential impacts on your business (both positive and negative) such as a greater market demand or a depressed economy. It contains contingency (what if) plans that you can follow to avoid losses or make the most of opportunities.  |
| Operating plan: how the business works   | This section summarises how your products are made or how your services are provided, premises and lease terms, plant and equipment, materials, labour, technology and environmental concerns.  |
| Management and personnel plan: your skills and experience                                    | This section reviews personnel functions, job descriptions, policies (including employment, dismissal and anti-discrimination guidelines), work force planning, skills development and training.  |
| Finance plan: your investment, expected turnover, estimated profit and cash flow projections | This section lists business establishment costs, break-even sales, profit and loss and cash flow projections. It explains your funding arrangements including sources of funds. If being used for a finance application, it will show how funds will be repaid.                                       |
| The action plan: what you'll do and when   | This section identifies the activities and tasks needed to achieve your goals, the resources that are needed and the personnel responsible for tasks and timelines.   |
| Appendices   | This section includes information to support or expand any of the above, such as business references, client testimonials, qualifications, detailed product information, consumer research data, environmental audit procedures, financial projections and statements, contracts and legal documents. |

## **How to develop your business plan**

There are two main ways you can develop your business plan—you can do it yourself or you can hire a consultant.

### **Doing it yourself**

If you decide to develop a business plan yourself, you will need to invest time and effort in:

- learning how to write a business plan
- researching and gathering information
- using the information to develop a logical and achievable business plan.

### **Hiring a consultant**

If you decide to hire a consultant you will need to invest time and money in engaging a business adviser to research and develop the plan for you.

The table below compares the two approaches.

|               | Do it yourself   | Hire a consultant  |
|---------------|--|--|
| Advantages    | <ul style="list-style-type: none"> <li>• You gain an intimate understanding of your business plan. This ensures that you know how to implement it.</li> <li>• You gain a much better understanding of how your business really works (and how you can make more profit).</li> <li>• You gain skills that are useful when running other aspects of your business.</li> <li>• Costs much less than hiring a consultant.</li> </ul> | <ul style="list-style-type: none"> <li>• You benefit from the skills of capable professionals who can improve and fine-tune your plan.</li> <li>• You save a lot of time that you can otherwise devote to your business.</li> </ul>  |
| Disadvantages | <ul style="list-style-type: none"> <li>• You may not have all of the skills needed to develop a business plan.</li> <li>• You will need to invest a lot of time, especially if you are learning from scratch.</li> </ul>   | <ul style="list-style-type: none"> <li>• You may not be as confident and capable when implementing your plan.</li> <li>• You miss the opportunity to gain a better understanding of your business.</li> <li>• Costs much more than doing it yourself.</li> <li>• Your business adviser may not know your business as well as you.</li> </ul> |

A third option is to develop your business plan using a combination of both options. Consider hiring a consultant to provide the guidance and expertise that you don't have. When you implement your business plan, both you and your consultant will be familiar with it and you will be able to rely on their guidance and expertise to make it work.

As mentioned above, when developing your business plan:

- identify what your current situation is
- decide where you would like to be in the future
- identify the best ways to achieve your goals.

Try to:

- identify the strengths of your business, or what makes you successful
- establish both short-term (1–2 years) and long-term (2–5 years) business goals
- set timeframes for reaching the goals you have set
- review your business plan on a regular basis .

It is important to continually review the results of your business planning to ensure your business's ongoing success. Ask yourself if the business has achieved its goals, in what areas your business can improve and what strategies you need to implement to improve your business's performance.