

PREPARE A BUSINESS PLAN

WHY WRITE A BUSINESS PLAN?

Before starting up, an entrepreneur needs to create a plan, a vision, a dream.

A business plan (and the accompanying action plan) is a crucial tool for entrepreneurs to:

- Guide them in the right direction
- Provide a benchmarking tool to focus on tangible and specific results
- Help prioritise tasks and manage goals more effectively
- Attract investment
- Reach the final goal, which could mean selling the business in year three or floating the company.

BUSINESS PLAN RULES

The main **RULES** for writing a winning business plan are:

- Make it clear and concise and include hard facts. Excite the reader. Give them something real and viable to believe in and invest in. Investors have limited time to browse through pages and pages.
- Think maximum impact and minimum fluff. I personally believe a good business plan can be written in three pages.
- Reveal your passion, drive and determination, plus a clear snapshot of your business.
- Know your market, your figures and forecasts and the risks involved. Be aware of competition and be able to provide evidence to support your claims. Get to know your figures inside out. Imprint them in your mind so you can explain them without referring to paperwork. This is key; not only when it comes to attracting investment, but also for your own peace of mind. Know your start-up costs, and how much is coming in and going out of the business at any one time.

Outlined below are the key areas you need to figure out and include in your business plan.

- How much money/investment you'll need. Be precise.
- Where you'll get it from: friends and family, the bank, business angels, venture capitalists, investment fund managers, via a government grant/loan scheme?
- What you will spend it on and why.
- What the ROI (Return On Investment) will be. This is what fuels an investor's interest and is what gives you the impetus to grow.
- How you have overcome/will overcome any identified risks such as competitors, negative consumer trends or internal risks such as poor planning or management?

WHAT TO INCLUDE IN YOUR BUSINESS PLAN:

- Background: What you have done (and how) up to this point. What have you already invested in terms of time and effort. Reveal your experience, what you have sacrificed, and what you are prepared to do to drive the business forward.
- Snapshot what your business will do and how it will operate.
- Detailed financial forecast for your business with a profit and loss account and cash flow analysis. [Click here for our Business Tool on successful sales.](#)
- Information about the market you are entering and analysis of your business's position within that market. Include market research from credible sources that underpin statements about the shape, size and potential of the market. Also include competitor analysis, plus tasks and timescales for entering certain markets. Explain how you are going to win customers. Give milestones and steps you'll be taking to achieve them. [Click here for our Business Tool on marketing.](#)
- Supporting evidence. Substantiate claims for your own peace of mind as well as any potential investors.