

## **GUIDANCE ON PREPARATION OF YOUR BUSINESS PLAN**

This checklist is intended to highlight the areas that your plan should cover. Please do not treat the notes as a 'table of contents' or a definitive list: use it as a checklist to ensure that your plan is complete before submitting your application. Every business is unique and so is every Business Plan. However, a plan should be easy to read and a narrative of 15 - 20 pages is probably sufficient.

### **Contents**

#### **◆ Executive Summary**

A single sheet summarising the proposal, including operational, financial and managerial information which is capable of standing alone if necessary. Remember to say how much money you are seeking and why you need it. Include the factors that distinguish you from the competition.

#### **◆ Description of the Business**

Describe in some detail the principal activities of the business, its history, ownership (present and proposed shareholdings, any special rights attached to their shareholding, any debt or other assistance being given to the company by a shareholder) current position, location and potential for the future. Include an organisation chart of the business. Outline the company's strategy and objectives with timescales.

#### **◆ Analysis**

Strengths, Weaknesses, Opportunities and Threats. Examples of threats might be one of your competitors reacting with severe price cutting, legislation critical to the sales of the product delayed by a change in government. Weaknesses in your business may be the reliability of a new process or product, the difficulty of recruiting key staff or the technology cannot be protected from competition.

#### **◆ The Management Team**

Detail key management and describe their responsibilities, track record and how their experience suits them for their role. Attach CVs including names, addresses, personal details, qualifications and experience in an appendix. If there are managerial gaps describe how these will be dealt with. Explain management controls, financial information and the budgeting process.

#### **◆ Products & Services**

Describe the company's products and services. Are there any unique/innovative features which give you a competitive advantage? Why should anyone buy it? Show what needs you are fulfilling or what problems you are solving for your potential customers? If you have any sales literature, include copies.

Are you developing any new products. Discuss your competitors' relative strengths and weaknesses. If your product is technology based, describe what IPR (patent, registered design or copyright) you have in place. If you are selling a product made by someone else, what agreement do you have?

#### **◆ The Market**

Demonstrate your knowledge of the market by including details of the market size, segments, margins, competitors and a forecast of future trends. Indicate how your projections compare with the size of the market and how competitors' products compare with yours.

◆ **Sales & Marketing**

Where are your sales coming from? - specify whether orders have actually been received. How will customers hear about and get hold of your products? What is your route and timing to market?

◆ **Market Research**

Report the results of any market research carried out. What are your customers' needs? How do you know? Do you have any evidence that indicates customers will buy from you?

◆ **Prices**

How do you set your prices? - are they based on cost or on what the customer will pay? What mark up do you work on? Show the selling prices and costs for your main products.

◆ **Operations & Production**

Include a simple description of your manufacturing process or service provision, including any subcontracting. Highlight any element of your operation which is different to your competitors and state supplier lead times and alternative sourcing plans.

◆ **Physical Resources**

Describe your premises and equipment.

◆ **Staffing**

Number of employees, labour relations, key individuals and responsibilities. Strategies to develop and retain staff.

◆ **Suppliers**

Indicate your suppliers and the credit terms available.

◆ **Risks**

Identify the key risks and say how you would try to overcome them - for example, what would happen if you were ill for several weeks? Seasonality and how it can be overcome.

◆ **Historical Financial Data**

If you are already trading, submit a copy of your accounts, together with up to date management accounts (this is essential). Include details of your main creditors and debtors. Comment on any significant movements in historic figures. This section should be based upon information provided by you and your team, but you might need to call on an accountant or other experienced professional.

◆ **Projections**

Include three- year projections (including balance sheet, profit and loss account and cash flow) with details of assumptions and sensitivities (especially to demonstrate effect of lower or higher sales or increase in debtor days). For new or start-up businesses, first and second year are the time of greatest risk, so prepare cash flows on a monthly basis for this period and quarterly after that. Profit and loss accounts should be at least quarterly for the first two years, but the balance sheets need only be annual.

Highlight cash flow, profitability, borrowings of all types, and capital expenditure requirements. Include an up to date statement of affairs showing net cash or borrowings. Demonstrate from where increased sales / improved margins originate, and how projected sales assumptions have been calculated e.g. product type, volume, and price.

◆ **Finance Required**

How much do you need in total? What is the working capital requirement and is this seasonal? How much is available (or needed) from other sources (banks etc.)? How much do you need from the Fund? What is the timescale for the funding? How much are you and your team investing?