



Business Plan Guide

This guide takes you through the key parts of a business plan and what to include in it. Some helpful tips are highlighted as you go along. And don't forget we're here to answer any questions you have.

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Don't forget to use the templates on www.outsetfinance.com

GENERAL TIPS:

Avoid jargon and repetition

Write with clarity and succinctness

Use graphs, tables, graphics, photographs or bullet points to break up blocks of text

Have a cover page with your logo / branding

Check for grammar and spelling

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Executive Summary

TIP: Write this section last!

Bullet points highlighting the KEY points of the plan:

- Who you are
- What the business is
- What the legal entity of the business is
- Why the business has been set up
- When the business is to commence trading
- How much capital does the business require to start up
- Where the business will be located
- What is your financial goal?

- What is your vision for the future?



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Products and Services

TIP: Be clear when you describe what your business does. Tell the reader what you do, what you have to offer and why people will want it.

- Type of business and the sector you are in
- Key features of your industry
- Any relevant history (if you acquire the business)
- Describe EXACTLY what your products / services are
- Avoid overly technical detail in the main body of the plan – use the Appendices for this
- If there is more than one product or service, detail each one and, if possible, indicate what each will contribute to the overall turnover of the business.
- Make sure you indicate whether your product is patented or you have any intellectual property protection for your product / services / brand.
- What makes your products / services different in the marketplace
- What benefits it offers
- How you plan to develop your products / services (feedback forms etc?)



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The Market Place and the Competition

TIP: Demonstrate that you know what is going on in your market (MARKET RESEARCH), you know you are up against (COMPETITION) and you have a good idea of who you will be selling to (CUSTOMERS).

Have you sold your product/services to customers already? - If so, please provide details.

Do you have customers waiting to buy your product/services? - If so, provide details.

MARKET RESEARCH

Quantative - facts & figures: what your market size potentially is, whether the market is static / declining / expanding / seasonal and the reasons for this, what trends there are, what the customer demographics are, any historical data, what the current issues are, what potential barriers you may face

Qualitative – feelings & opinions: questionnaires, surveys, interviews and focus groups results. Some good places to find information are:

www.upmystreet.com
www.statistics.gov.uk
www.direct.gov
www.oxygen.mintel.com
www.marketresearch.com
www.communities.gov.uk

CUSTOMERS

- What are the characteristics of your **ideal** customer? - Are they individuals or businesses? For individuals, consider age, gender, shopping habits, social etc. For businesses, consider size, industry, location etc.
- How do your customers buy?
- Why customers will buy it and how do you know this? Possible questions to ask potential customers if you are selling to other businesses:
 - How and when do your customers make their buying decision?
 - Who is involved in the buying decision? Who else has influence on the decision?
 - Where do they get their information from to make their decision?
 - Who do they currently buy from?
 - Why do they buy from them?
 - How satisfied are they?
 - Do they have a specific defined need for your product / service now? If not, what about the future?



COMPETITION

- Who they are, how they work, what they offer – use a table like the following:
- Consider why people may choose to buy from them (their strengths) or to buy from you (their weaknesses) – be honest and objective!

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Marketing and Sales

This is where you need to explain your route to market and how you intend to market & promote your business

- How you plan to position your products / services in the market place, including your **Advantages** that you have over your competitors
- What **guarantees** can you offer?
- Who potentially is directly and / or indirectly in contact with your ideal customers?
- Who are the 'Top 10' prospects that you have identified and why?
- Who you could possibly collaborate with
- How you calculated your prices
- How you will add value to your products / services which will encourage your customers to buy from you
- What your terms and conditions of trading are (getting the money in!)
- What message will you use to promote your products / services?
- What strategic alliances could you make (and with whom) that will give you greater access to specific markets?
- What your marketing strategy is (see appendix v)
- What your marketing budget will be, how often you will do it I.e. initial marketing campaign with follow up marketing



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Personal Profile and Team Skills

Detail your experience, attributes and qualifications in direct relation to your proposed business.

If you are employing staff, explain who you are looking for, the skills they will require, where you will recruit them from, how you will train them, what your training budget will be.



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Operations

Key points to include are:

Location

- Where your business will be located
- Are you buying or renting your business premises?
- What are the terms? What have you negotiated (rent free periods, refurbishment contributions, stepped rent etc)

If you produce your product(s)

- Describe how you are going to make your product / what is/are the process?
- Who will your suppliers be? Why? Will you have a contract with them? What are their terms and conditions (paying money out!)? What are your back up plans if your primary suppliers let you down?

Management information

- What systems will you use to collate important management accounting information (spreadsheets / accounting software / on-line systems)?
- How will you monitor the quality of your goods or services? (e.g. Feedback forms etc)
- How often will you have a business review meeting and what will you be monitoring?

Support

- Who are you working with to support your business?
- Have you had any mentoring?
- What professional services have you engaged with to help you?

Administration

- What paperwork do you need to put in place before you start trading? - e.g. business cards, email footers, terms and conditions, enquiry forms, quote forms, invoices, receipts
- What legal aspects do you need to consider? – complaints procedures, Health and Safety, Environmental, Equality, Disability, Data Protection
- What types of insurance do you require?
- What licences and permissions are necessary for the business to trade?



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Taxation

Consider the different types of tax and national insurance that you may be liable for within your business.

- VAT
- Corporation Tax
- Personal Taxation
- National Insurance Class 2
- National Insurance Class 4

Exit Strategy

- Outline your Exit Strategy - this may include seeking investor, selling the business or passing it on to members of your family
- How will you pay back the loan if the business is unsuccessful?



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Financial Forecasting notes

- Sales – the amount of income you expect to raise from sales. How have you calculated this? What assumptions have you made? Evidence needs to be provided as to how you reach these sales projections (i.e how many products are you going to sell per month – why you arrived at this figure – tie this back to your market research)
- Cost of sales – What is the cost to produce your product or buy in the materials for each of your sales ?
- Expenses – What will your expenses (variable costs / overheads) be to run your business?
- What do you need to draw out of the business (drawings)? - minimum should be your personal survival budget. Remember this is your take home /net pay!
- Wages – if you are employing staff, this figure should be their take home / net pay.
- Tax / NI for both your drawings and any staff wages
- Cash-flow – the cash balance and monthly cash-flow include capital introduced into the business through own funds or loans
- Detail the sources and uses of funds for the business - these must all be included in the Cash Flow.
- Do you have any evidence supporting Revenue and Cost Assumptions? (e.g. Supplier cost contracts, marketing quotes, tenancy agreements and product costs?)
- Make sure to project a conservative sales forecast within the first 3-6 months
- Is the Cash Flow still positive after the initial set up costs? If not, you need to reconsider either cutting the costs or changing the amount of the loan that you require.
- It is advised you do not over inflate your expected revenue in order to make this cash flow work – this will only make your cash flow difficult to maintain over the coming year.
- Do you identify a Break Even point within the first year of operation? If not, provide commentary around this.
- Do you ensure that cyclical/seasonal trends are reflected in your sales figures? (i.e will you be producing more ice coffees in summer than winter – will this product produce higher sales figures? Will it also produce a higher cost margin?)
- Have you included the loan repayment in the cash flow?



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Appendices

TIP: Adding more information gives a better chance of your application being approved. The more you can tell us, the easier we can make a decision.

Things to include:

(i) Certificates / Regulatory / Contracts

- Copies of any educational, vocational, professional certificates and diplomas
- Accreditations
- Insurance policies / certificates
- Trading Licences / permissions
- Sales contracts
- Supplier contracts

(ii) Orders / Contracts secured

- Copies of any orders placed with your business or contracts signed
- Commitment to purchase your goods or services
- Outlets / intermediaries who have agreed to sell on your behalf
- Agencies / intermediaries who agree to refer business to you
- Testimonials from existing customers / clients / agencies / intermediaries

(iii) Equipment / resources already possessed and required (what you need the loan for)

- List of Capital equipment and resources already put into the business
- List of Capital equipment and resources and cost, if required

(iv) Market Research findings

- Self conducted (summaries, charts etc)
- Professionally sourced
- Survey forms (summaries, charts)
- Feedback form results (charts)
- Business references and testimonials

(v) Marketing Strategy

What are you going to do	What investment will be needed?
Leaflet distribution: (Who? What areas? How many households? How many people will it reach?)	
Advertising – trade publications (Which? What is their readership? Who read it? Which types of business advertise in it?)	
Advertising – local publications (Which? What is their readership? Who reads it? Which types of business advertise in it?)	



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Tele-sales	
Personalised mail shots / E-shots (How are you going to do this? – yourself / professionally?)	
Membership of associations, Chamber of Commerce, networking groups (Why that association / group? How many members do they have? Who are they? What do they offer?)	
Internet activities Website – creation, hosting (Who are you going to use? What are they offering? What other companies do they work with?)	
Internet activities Adwords, Content Management, Search Engine Optimisation / Pay per Click (Who are you going to use? What are they offering? What other companies do they work with?)	
Markets / shows / trade fairs (What are they? Where are they? Who goes? How many go? Who else exhibit / attend? When are they held?)	
Special offers	
Other	
<u>TOTAL COST</u>	