

+ 

**Putting Pen to Paper
- Business Planning 101**

Melissa Westcott- Managing Director TM3 Training Solutions.

+ 

Some Background Info

Melissa Westcott
TM3 Training Solutions

+ **Getting to the bottom of things-
Why are you here?**



+ **What is so important about this
Business Plan Stuff?**

- A Business Plan identifies key areas of your business so you can maximize the time you spend on generating income.
- Key investors will want to look at your Business Plan before providing capital.
- A Business Plan helps you start and keep your business on a successful path.
- You should prepare a Business Plan, although, in reality, many small business owners do not.

+ **What is a Business Plan?**

- A Business Plan is a written document that defines the goals of your business and describes how you will attain those goals.
- A Business Plan is worth your considerable investment of time, effort, and energy.
- A Business Plan sets objectives, defines budgets, engages partners, and anticipates problems before they occur.



+ **10 Reasons Why You Need a Strong
Business Plan**

<ol style="list-style-type: none"> 1. To see if your business ideas will work. 2. To outline each area of the business. 3. To set up milestones. 4. To learn about the market. 5. To secure additional funding or loans. 6. To determine your financial needs. 7. To attract top-level people. 	<ol style="list-style-type: none"> 8. To monitor your business. 9. To devise contingency plans. 10. To attract investors
---	---



+ Where do you start?



TMS[®]
Training Solutions

+ How Detailed Should Your Plan Be?

- Business plans differ widely in their length, appearance, content, and the emphasis placed on different aspects of the business.
- Depending on your business and your intended use, you may need a very different type of Business Plan:
 - **Mini-plan:** Less emphasis on critical details. Used to test your assumptions, concept, and measure the interest of potential investors.
 - **Working Plan:** Almost total emphasis on details. Used continuously to review business operations and progress.
 - **Presentation Plan:** Emphasis on marketability of the business concept. Used to give information about the business to bankers, venture capitalists, and other external resources.

TMS[®]
Training Solutions

+ Assembling a Business Plan

Every Business Plan should include some essential components:

- **Overview of the Business:** Describes the business, including its products and services.
- **The Marketing Plan:** Describes the target market for your product and explains how you will reach that market.
- **The Financial Management Plan:** Details the costs associated with operating your business and explains how you will pay for those costs, including the amount of financing you may need.
- **The Operations and Management Plan:** Describes how you will manage the core processes of your business, including use of human resources.

TMS[®]
Training Solutions

+ Nine Common Parts of a Good Business Plan

- Business plans must help investors understand and gain confidence on how you will meet your customers' needs.
- Seven common parts of a good Business Plan are:
 1. Executive Summary
 2. Business Concept/Description
 3. SWOT
 4. Market Analysis & Strategies
 5. Business Growth and Development
 6. Business Structure
 7. Financial Plan
 8. Operations and Management Plan
 9. Supporting Documents

TMS[®]
Training Solutions

+ Part 1: Executive Summary

This section should be completed AFTER the business plan is finished. It is a ONE PAGE SUMMARY.

The Executive Summary is the readers' first impression of the business and should cover the following areas briefly but informatively:

- • The business name
- • The business structure
- • Key personnel and their relevant experience
- • Description of the product and/or service
- • Its current market position and the potential for growth
- • The business' objectives both in the short and long terms
- • The reason the business will be successful
- • Financial projections
- • Funds sought and usage.

TMS[®]
Training Solutions

+ Part 2: Business Description/ Concept

- Provide a brief description of the core activities of the business. In the case of an existing business, state its history, current position and future business activities.
- For a new business, outline the proposal, where the proprietors want the business to be in two to five years and how they will achieve their objectives.

TMS[®]
Training Solutions

+ SWOT Analysis

- SWOT analysis: Strengths, Weaknesses, Opportunities and Threats
- A SWOT analysis highlights strengths and weaknesses within the business and identifies opportunities and threats in the external business environment. This will enable the proprietors to make the most of their competitive advantages, take steps to overcome their shortcomings, exploit opportunities in the marketplace and minimise their exposure to external threats.
- Provide a list of the strengths, weaknesses, opportunities and threats.

+ Part 3: Market Analysis & Strategies

It is essential to show that there is a sound customer base for the business.

Provide a description of the market in terms of the following:

- • Who are the customers?
- • What is their geographical location?
- • How many customers are there in this location?
- • What is their purchasing power?
- • How are they accessed?
- • What is the stability of the market and expected growth (or decline)?
- • What are the seasonal trends?
- • What influences the customers?
- • What is the price sensitivity?
- • What is the competitive edge?



+ Marketing strategies

- A good marketing strategy is vital to the success of a business. Customers must know about the product/s and service/s of the business and be encouraged to buy them.
- Describe the strategies that will be used to achieve sales. The following points should be considered:

+ Part 5: Marketing Plan

- The Marketing Plan section details what you propose to accomplish, and is critical in obtaining funding to pursue new initiatives.
- The Marketing Plan section:
 - Explains (from an internal perspective) the impacts and results of past marketing decisions.
 - Explains the external market in which the business is competing.
 - Sets goals to direct future marketing efforts.
 - Sets clear, realistic, and measurable targets.
 - Includes deadlines for meeting those targets.
 - Provides a budget for all marketing activities.
 - Specifies accountability and measures for all activities.



+ Business growth and development

- Business growth and development means increasing sales, optimising the use of the business infrastructure, increasing buying power, improving efficiencies through internal specialisation and continually improving the product and service. Businesses that do not have a strategy for growth and development will soon be overtaken by their competitors. Describe how the business will be developed.

+ Production facilities

Provide an outline of how the products and services will be produced:

- The skills, qualifications and experience of the proprietors
- The equipment required
- Sources of raw materials
- Subcontracting
- Technical requirements
- Personnel

+ Business structure

Business proprietors may choose to operate their businesses under one of a number of structures with different options for identifying the business and its products and services. These include:

Business Structure	Identifying features
■ Sole trader	■ Business names
■ Partnership	■ Company names
■ Limited partnership	■ Trademarks
■ Proprietary company	■ Designs ■ Patents

Provide a clear description of the proposed ownership structure and why it was chosen.

+ Different Financial Planning Options (Slide 1 of 2)

- **Short-term Forecast:** Projects either the current year or a rolling 12-month period by month. This type of forecast should be updated at least monthly and become the main planning and monitoring vehicle.
- **Budget:** Translates goals into detailed actions and interim targets. A budget should provide details, such as specific staffing plans and line-item expenditures.
 - The size of a company may determine whether the same model used to prepare the 12-month forecast can be appropriate for budgeting.
 - In any case, unlike the 12-month forecast, a budget should generally be frozen at the time they are approved.



+ Different Financial Planning Options (Slide 2 of 2)

- **Strategic Forecast:** Incorporates the strategic goals of the company into the projections. For startup companies, the initial Business Plan should include a month-by-month projection for the first year, followed by annual projections for a minimum of three years.
- **Cash Forecast:** Breaks down the budget and 12-month forecast into more detail. The focus of these forecasts is on cash flow, rather than accounting profit, and periods may be as short as a week in order to capture fluctuations.



+ Part 6: Financial Plan (Slide 1 of 2)

- The Financial Plan translates your company's goals into specific financial targets.
- The Financial Plan section:
 - Clearly defines what a successful outcome entails. The plan isn't merely a prediction; it implies a commitment to making the targeted results happen and establishes milestones for gauging progress.
 - Provides you with a vital feedback-and-control tool. Variances from projections provide early warnings of problems. When variances occur, the plan can provide a framework for determining the financial impact and the effects of various corrective actions.
 - Anticipate problems. If rapid growth creates a cash shortage due to investment in receivables and inventory, the forecast should show this. If next year's projections depend on certain milestones this year, the assumptions should spell this out.



+ Part 6: Financial Plan (Slide 2 of 2)

- The Financial Plan is the most essential part of your Business Plan. It shows investors the timeframes you have scheduled to make profits.
- Some elements of the Financial Plan include:
 - Important Assumptions
 - Key Financial Indicators
 - Break-even Analysis
 - Projected Profit and Loss
 - Projected Cash Flow
 - Projected Balance Sheet
 - Business Ratios
 - Long-term Plan



+ Part 4: Management Team

The Management Team section outlines:

- **Organizational Structure:** Highlights the hierarchy and outlines responsibilities and decision-making powers.
- **Management Team:** Highlights the track record of the company's managers. You may also offer details about key employees including qualifications, experiences, or outstanding skills, which could add a competitive edge to the image of the business.
- **Working Structure:** Highlights how your management team will operate within your defined organizational structure.
- **Expertise:** Highlights the business expertise of your management and senior team. You may also include special knowledge of budget control, personnel management, public relations, and strategic planning.
- **Skills Gap:** Highlights plans to improve your company's overall skills or expertise. In this section, you should discuss opportunities and plans to acquire new information and knowledge that will add value.
- **Personnel Plan:** Highlights current and future staffing requirements and related costs.



+ Supporting Documents

- Supporting Documentation ■ • Projected profit/loss – first year
- Possible Documents to include: ■ • Projected cashflow – first year
- • References, qualifications ■ • Projected profit/loss – second year
- • Licences and permits ■ • Projected cashflow – second year
- • Business or company incorporation ■ • Statement of financial position certificate
- • Partnership agreement
- • Research data, promotional literature
- • Product drawings, designs or photos, locality map

+ Administration

- Management information systems
- The business will maintain proper and sufficient business records to show the financial position of the business on a monthly basis. Financial records will show overall profitability and cash flow and compared with projected profit/loss and cash flow statements of this Business
- Plan. Records will also be kept for each job to show its progress and cost in labour, materials, and subcontractors and compared with the estimate for that job.



+ Key Takeaways from Today

- Business Plans are critical for the success of a company.
- Different businesses will require different types of Business Plans.
- All Business Plans have some essential sections that explain the core aspects of the company.
- In order to help your company have a better chance of gaining interest and investors, a Business Plan should include seven essential sections:
 1. Executive Summary
 2. Business Concept
 3. Market Analysis
 4. Management Team
 5. Marketing Plan
 6. Financial Plan
 7. Operations and Management Plan



+ Sources and Citations

- Small Business Administration, *Business Planning, How To Prepare a Business Plan*
- Gary Cadenhead, *No Longer Moot*
- Shirleen Glasin, ProSidian Consulting, *Building a Business Plan*
- Entrepreneur.com, *Small Business Encyclopedia, Business Plans*
- AllBusiness, A D&B Company, *10 Reasons Why You Need a Strong Business Plan*
- *Business Owners Toolkit, Total Know-How for Small Businesses*



+ Questions?

