

Writing file 4

Writing a basic business plan

1 With a partner, discuss the following questions about the company you work for.

- 1 How did the company begin?
- 2 Who are the directors of the company and what is their business background?
- 3 What services does the company offer?
- 4 What is the goal of the company?
- 5 What is the market potential for the product / service your company provides?

2 Anyone starting a new company will need the answers to the questions in 1 to write a business plan. There are nine steps to writing a business plan. Match these 'steps' 1–8 to the correct advice a–i in the text below.

- 1 An outline of your goals and objectives
- 2 A short description of how the company began
- 3 Goals for your company
- 4 Biodata for each member of your management team
- 5 A description of the product or service you plan to offer
- 6 The market potential for your service or product
- 7 A marketing strategy
- 8 A financial projection
- 9 Exit plan

- a: This is where you show that you have thought through the finances by including spreadsheets that demonstrate how you reached your projected financial figures. You also need to mention here how much money you'll need from your investors.
- b: This describes what marketing tools you will use to attract your target audience and the budget you'll need for this.
- c: Here you describe in detail how you set up the company and how you came to do this – e.g. how you got the idea/s.
- d: In effect, this explains how the investor can get out of their investment in three to seven years.
- e: It's important to have professional details of the members of your management team and what each is / will be responsible for in the business.
- f: It's crucial to get this right as some investors base their decision as to whether or not to invest on this. It needs to show you have a viable business proposal, so should include information about what sort of company it is, what the product / service and its USP is, information about your senior staff members, how much money you want and how it will be used.
- g: This should give a clear description of your product. Be clear about how it differs from other similar products on the market – its unique selling point (USP).

- h: This describes how you envisage the future of the company, the principles it will be run on and how it will grow.
- i: You need to show what market research you have carried out to establish that there is a large enough potential market for any investment in your company / product to be worthwhile.

3 Look at this advice about writing a business plan. With a partner, decide if each is a 'do' or 'don't' and why?

- 1 be overly optimistic with your figures.
- 2 base you business plan purely on a concept.
- 3 frequently modify your business plans to account for changing conditions.
- 4 use search engines to find model business plans on line.
- 5 spell out the strengths and weaknesses of your management team.
- 6 ask for advice from experts in your field.
- 7 include a monthly one-year cash flow projection.
- 8 skip the step of preparing a business plan.

4 Read the opening of the business plan for Nancy's Sandwich Shop. Does it interest you? Would you invest your money in this project? Why / why not?

“The following business plan will hopefully describe the potential need for a sandwich shop maybe located in the centre of the city. Though we have not done any formal market research, talking to our friends has led us to believe that a sandwich shop would be popular. Opening the shop will take lots of hard work and cash but we are determined to give it a go.”

5 Read the quote about language in business plans.

- 1 How well does Nancy's opening follow the advice?
- 2 How could you make it more positive?

“When writing a business plan try to be concise and to the point. One of the most crucial things is to use positive language. Many people speak negatively without knowing it. The use of 'would' for example, does not show confidence nor does 'we will do' or 'we are trying to'. The second thing to do is to present yourself with confidence so the reader knows you are serious about your plan.”

6 Use the ideas you came up with in the discussion in 1 and the advice from 3 and 5 to write an introduction to a business plan for your company.