

## Business Plan Guidance notes



# Business Name

*The front page of your business plan creates the FIRST IMPRESSION for your business – how can you make sure that the impression is a positive one?*



*Include the name of the business. You may also like to include:*

- *Logo*
- *Picture/photograph*
- *'Strap line'*

**This is your plan so please make it your own – whilst we recommend you follow the structure; you are free to change the design / layout to reflect your business / personality. Use pictures and images to bring your plan to life.**

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Name(s) of Owners, Partners or Directors:

Type of Business: *e.g. Sole Trader, Partnership, Ltd Company, CIC etc.*

Business Name: if you have chosen one:

Contact Address:

Postcode:

Telephone No:

Mobile No:

E-mail Address:

Web-Site:

Facebook/Twitter etc.:

Date:

## FINANCIAL REQUIREMENT SUMMARY

**Total Start up costs required**                      £ \_\_\_\_\_

<b>Source of Funds</b>	<b>£</b>
Own resources i.e. cash or assets	
Loan	
Grant	
Other	
<b>TOTAL</b>	

## BUSINESS (EXECUTIVE) SUMMARY

This is a one page summary of your business plan. Imagine that someone doesn't have the time to read your whole business plan in detail, but needs to get a good feel for your business and plans - this page will give them exactly that. Think Dragon's Den!

- **Note how the use of “bullet points” makes it easier to write, and provides clarity.**

### Idea Summary ( *an overview of what you do* )

*An overview / collection of short statements, which describes your legal status, main business activity, intended customers and location. These can be in bullet points.*

#### *Example*

- Andy Smith – NVQ level 3 plumber - sole trader.
- set up to deliver a high quality plumbing and heating service to general domestic customers
- bathroom design service – Aqualisa accredited and approved
- Norwich based

### Outline Market: ( *Who are your customers?* )

*A general description of the market for your products and / or services. Describe your customer's in terms of age, sex, wealth, location. It is useful to think who say 80% of your customers would be.*

#### *Example*

- The main market for services will be private homeowners looking for mid to high end spec.
- 50 mile radius of Norwich
- Landlords looking to upgrade
- Existing repairs / upgrade or new bathrooms, boilers and heating systems.

### Operation Summary ( *How does your business operate?* )

*Describe how the business will operate, how the product or services will be produced and supplied to customers and where all this will take place.*

#### *Example*

- The business will operate from home, with all work undertaken on customer's premises.
- After an initial visit, a detailed quotation will be prepared and any agreed work will be arranged for a time and date to suit the customer.
- A 24 hour emergency call out service will also be offered for leaks, burst pipes, and heating breakdowns.

### Financial Summary ( *Start up costs / projected turnover / profit* )

*Outline your start up costs and how you intend to fund your business. Summarise your estimated turnover and profit*

#### *Example*

- Start up costs, £10000, for tools and equipment. Investing £5k from own funds and seeking start up loan £5k over 3 years
- Turnover is forecasted at £46,000 in the first year, producing a net profit of £22,000 before tax.

## THE KEY PEOPLE IN THE BUSINESS

*Include CVs for all partners / directors in the business. An example is given below*

### **Barry Davison**

Unit 5  
Henderson Business Park  
London  
SW19 4DF  
Phone: 020 7101 0696  
Fax: 020 7101 0697  
E-mail: [barry.davison@orange.co.uk](mailto:barry.davison@orange.co.uk)

### **Personal Profile**

Professional, Capita registered plumbing and gas engineer, with a passion for customer service and reliability. Over 25 years of industrial experience. Consistently works to the highest standards. Much respected in his trade due to his proven supervisory skills, knowledge and enthusiasm.

### **Work Experience**

**2005-2009 British Gas** - Domestic service engineer

**1985-2005 CORGI** - Advice centre, heading up technical support team

**1979-1985 Cookes Heating Ltd** - Apprentice plumber and heating engineer

### **Qualifications**

ACS Gas Assessment / HSE Gas Safe Registered

CPA1 Combustion Performance Analysis

City & Guilds Level 3 NVQ. Industrial and Commercial Gas Installation

### **Education**

Croydon College – A Level Mathematics / Physics

### **Transferable Skills**

#### ***Technical***

Twenty five years' experience in domestic and commercial gas installations. Gained wide ranging knowledge whilst heading up the national CORGI technical support team. Developed excellent relations with gas appliance manufacturers, becoming a recognised expert in leading brands. Provided input to internal technical training courses at British Gas.

#### ***Customer Service***

Responsible for all levels of customer service at CORGI. Key player in achieving the national Gold standard award for technical support and service. Helped develop British Gas customer satisfaction monitoring system

#### ***Organisation & Management***

Managed a team of 20 technical support staff at CORGI. Responsible for staffing levels and ongoing team development, ensuring the highest levels of support and advice. Developed in house management system which was subsequently introduced in other departments.

### **Hobbies & Interests**

Runs local Jazz Club – organiser, administrator and treasurer.

## SWOT Analysis

This is about you and your business

### STRENGTHS

Your personal and business strengths.

- *People person – good at relationship building*
- *25 years of industry experience*
- *City and Guilds Certificate in Plumbing*
- *£5000 to invest*
- *Strong network of contacts*

### WEAKNESSES

Your personal and business identified weaknesses. You have some control over these.

- *Lack of confidence in selling*
- *Bookkeeping*
- *Finance required £5000*

### OPPORTUNITIES

Events and situations that you can potentially take advantage of.

- *Introduce products or services that compliment your business*
- *Subcontract to larger service providers*
- *Take on apprentice to expand business*
- *Join local networking group*
- *Write articles for local paper*

### THREATS

Uncontrollable events that may work against you and require protective action.

- *Political – New legislation*
- *Economic / Environmental –. Recession / competition*
- *Social – changes in social trends or behaviours.*
- *Technological - Updated or new technology*
- *Personal - sickness*

## YOUR AIMS AND OBJECTIVES

What do you wish to achieve over say the next five to ten years?

### **You and/or your family**

First Year

- *To learn Spanish by attending classes at college enrolling this September.*
- *To be confident enough to attend and present at a business networking event by the end of November.*

By year three

- *To travel to Australia within the next 2 years.*
- *To buy a Mazda 3 by the end of my third year*

Five years +

- *To have my mortgage paid off within the next 10 years, in order for me to invest in a holiday apartment in France.*

### **Your Business**

First Year

- *To make a profit of at least £20,000 in the first year.*
- *Establish regular customer base of minimum 100*

By year three

- *To provide servicing contracts with 80% of my customers.*
- *To increase customer satisfaction to 95% fully satisfied*
- *To take on an apprentice in year three.*

Five years +

- *To make a profit of £50,000 at the end of year 5*
- *To be recognized as one of the leading plumbers in Norfolk, obtaining local industry 4 star award*

### **Ask yourself:**

Do the two sets of objectives come together?

Are they realistic?

Are they complementary?

An important aspect of setting aims, or goals, is to keep them **SMART**, that is, **Specific, Measurable, Achievable, Realistic, Timed**



## LEGAL MATTERS

**Complete / comment on the sections that are relevant to your business.**

### **Business Structure**

State here what type of business you are. - sole trader, limited company etc.

<https://www.gov.uk/business-legal-structures>

### **HMRC and Companies House**

When you start to trade you must register with Her Majesty's Revenue and Customs (HMRC).

Are you trading or not?

[http://www.youtube.com/watch?v=MYgCctGY\\_Ug](http://www.youtube.com/watch?v=MYgCctGY_Ug)

<http://www.hmrc.gov.uk/businesses/iwtregister-a-new-business.shtml>

Limited companies, CICs etc .must register with Companies House and comply with the regulations as set out in the Companies Act of 2006.

<http://www.companies-house.gov.uk/infoAndGuide/companyRegistration.shtml>

When employing people you will need to set up a PAYE scheme and pay taxes and NI on time.

<https://www.gov.uk/browse/employing-people/payroll>

### **Premises**

State if working from home, or renting premises

- State the rental amount, deposit required and details of any rent free periods
- Include the length of any lease and details of any break clauses.
- Confirm the relevant planning permission is in place

<https://www.gov.uk/planning-permission-england-wales>

- Provide details of the rates payable and an estimate of utility bills
- Also include your insurance responsibilities

<https://www.gov.uk/choosing-your-business-premises>

<https://www.gov.uk/run-business-from-home>

## **Permissions**

You may need planning permission to alter your premises. If you rent your home or have a mortgage you may need to seek permission to run a business.

<https://www.gov.uk/planning-permission-england-wales>

## **Registrations and Licences**

Example - You may need to register with the local Environmental Health department if you run a café or make food for sale from home. State here any licences that you require.

<https://www.gov.uk/licence-finder>

Check on your local council website under the business section. For example:

<http://www.harlow.gov.uk/enviro-health>

### **PRS and PPL licence.**

If you play music you will need one or, likely, both of these.

<http://www.prsformusic.com/users/businessesandliveevents/livevenueevents/soundadvice/aguidetolicences/Pages/aguidetolicences.aspx>

<http://www.prsformusic.com/ppljointlicence/pages/ppljointlicence.aspx>

### **Data Protection Act**

It will be necessary to comply with the Data Protection Act 1998, which protects an individual's right to privacy, and stipulates how businesses may keep and dispose of personal records.

[http://www.ico.org.uk/for\\_organisations/data\\_protection/registration/self-assessment](http://www.ico.org.uk/for_organisations/data_protection/registration/self-assessment)

### **Copyright**

Be aware using any material in that may be protected by copyright. Consider protecting your own intellectual property.

<http://www.ipo.gov.uk>

### **Workings with Children or Vulnerable People**

If you work with children or vulnerable adults you need a DBS check (formerly known as CRB)

<http://www.gov.uk/disclosure-barring-service-check/overview>

## **Consumer Law**

### **Supply of Goods and Services Act 1982**

You will need to comply with the Supply of Goods and Services Act 1982 (as amended), which stipulates that services should be provided with due care and skill, within a reasonable timeframe and for a reasonable price. Trading Standards provides guidance documents on the requirements under this Act for businesses operating in England, Wales and Scotland.

<https://www.gov.uk/find-local-trading-standards-office>

<http://www.which.co.uk/consumer-rights/regulation/supply-of-goods-and-services-act-1982>

### **Consumer Contracts Regulations 2013**

The regulations apply to items bought online, at a distance, or away from a trader's premises

If involved with distance selling / website sales you need to be aware of the Consumer Contract Regulations 2013.

<http://www.legislation.gov.uk/ukxi/2002/2013/body/made>

<http://www.which.co.uk/consumer-rights/regulation/consumer-contracts-regulations>

### **Trade Descriptions Act 1968 and the Control of Misleading Advertisements Regulations 1988**

All services must be accurately described in promotional materials.

<http://www.legislation.gov.uk/ukpga/1968/29/contents>

<http://www.legislation.gov.uk/ukxi/1988/915/regulation/2/made>

### **Equality Act 2010 and Employment Law**

This will require your business to offer people with disabilities access to the same facilities that are available to others.

<https://www.gov.uk/equality-act-2010-guidance>

If you employ people you must be aware of all employment laws.

<https://www.gov.uk/search?q=employment+law&tab=detailed-results>

<https://www.gov.uk/employing-staff>

## **Terms and Conditions**

Terms and Conditions of sale are essential to every business. These usually take the form of a written contract provided by you to another party, confirming the terms on which you undertake business.

Contracts produced for your business need to comply with this law. Engage the services of a solicitor when required.

<http://www.smallbusiness.co.uk/news/law/19607/how-to-develop-your-terms-and-conditions.shtml>

## **Unfair Contract Terms Act**

Any contracts produced must be fair to avoid any potential challenges in a Court of Law.

## **Business Insurance**

### **Vehicle Insurance**

Any current private motor policy will need to have an additional clause added, to cover business use if you intend to use the vehicle for that purpose.

### **Employers Liability**

Required if you are taking on staff.

<https://www.gov.uk/employers-liability-insurance>

### **Public liability**

Protects against claims by members of the public who might sue for damages to persons or property.

### **Product liability**

Anyone who has been harmed by a defective product may be able to recover compensation from the responsible company. Product liability covers a business against such claims. Consider the Sale of Goods Act.

### **Professional Indemnity**

Professional indemnity insurance covers legal costs, as well as any costs that may be awarded, if you are alleged to have provided inadequate advice / services that cause your client to lose money.

### **Building and Contents Insurance**

A Business policy will include the risks associated with working from your business address, and cover business property / equipment.

### **Sickness Insurance Cover**

Should be considered to provide support if you are unable to work due to ill health

## HEALTH AND SAFETY

You will need to comply with the Health and Safety at Work etc. Act 1974, which covers all work activities and their associated hazards.

<http://www.hse.gov.uk/>

### **Health and Safety Policy**

If you employ five or more people you will need a written health and safety policy.

### **Risk Assessment**

You should carry out a risk assessment, including fire risk assessments, as required. Advice and guidance is available at the Health and Safety Executive.

[www.hse.gov.uk](http://www.hse.gov.uk)

### **PAT (Portable Appliance Testing)**

All business electrical equipment should be tested for safety.

### **Fire Regulations**

Fire risk assessments should be carried out at your premises and actions taken where necessary.

### **Manual Handling Operations**

The Health and Safety Executive has recently published guidelines for reducing musculoskeletal disorders such as backache and repetitive strain injury. Be aware of the minimum standards re the Health and Safety (Miscellaneous Amendments) Regulations 2002, which also cover working with computer screens.

<http://www.hse.gov.uk/msd/dse/>

**WE HAVE NOT INCLUDED EVERY POSSIBLE LEGISLATION THAT MAY APPLY TO YOUR BUSINESS. YOU MUST CHECK AND INCLUDE ANY LEGISLATION THAT IS SPECIFIC TO YOUR TRADE OR INDUSTRY.**

## FINANCIAL FORECASTS

*Your Financials should be presented on a separate Excel Spreadsheet which has been provided.*

Describe here the assumptions and thinking behind your financial forecasts.

### Survival Budget

To start the process of business planning, you need to calculate the total amount of money that you will need to meet your personal living expenses. Whilst this is often known as your “survival” budget, make sure this is an amount of money that you will be happy with, rather than simply “surviving”

This figure is the amount of money you will need to be able to pay all of your personal expenses. Whilst you need to show the annual figure, it will be easier to calculate by reviewing your weekly / monthly expenditure and multiplying the figures by 52 or 12.

You are trying to arrive at an amount that your business needs to produce to cover your personal requirements. Of course, if you have other income (perhaps, a partner’s earnings), contributing towards the household, the amount of money your business needs to bring in may be reduced accordingly.

*Remember:*

- Be honest with yourself and don't underestimate your bills
- Remember luxuries e.g. evenings out, holidays, etc.
- Also remember everyday “cash” items – bus tickets / sandwiches / newspapers
- You may have to live on a reduced income during the first few months of your business
- The overall figure will act as a guide when planning how much money to take out of the business for the first twelve months - this figure is called your “drawings”, for a sole trader or partner. Limited companies will show a Directors Salary.

If the amount of money you forecast to take from your business differs from your “Survival Budget” you will need to comment as to why this is the case. You must also explain the source of any funds shown as “Other Income”. You will need to break this down if there is more than once source.

If you are applying for finance, and are asked to submit personal bank statements, please comment on any items that differ (or do not feature) from your survival budget.

## Start-Up Costs

Your start up costs will be detailed on the spreadsheet and will outline the money required to set up your business before you start to trade.

They can include property, equipment, tools and machinery, transport, insurances, training costs, marketing and the advertising you want to do to launch your business.

Equipment should be entered in the “Capital Expenditure” section.

A business plan should very clearly set out the total amount of money required to set up a business. It should also clearly detail the areas in which the money will be spent and where it is proposed the money is coming from.

Please also provide comment on whether your figures are estimated or whether you have obtained detailed quotes. This is particularly important if you are showing any property refurbishment costs.

## Sales Forecast

A sales forecast is a way of estimating the value of your sales / work undertaken in a given period of time. The spreadsheet covers 12 Months.

The forecast looks at how much income you are expecting to generate.

<https://www.gov.uk/forecast-business-finances>

There are two main methods of forecasting:

**Assumptions** -Based on the market research you have undertaken or  
**History**, based on past experience / test trading

New Businesses generally have to rely on basic assumptions and market research. Competitor activity is a good way of gaining an understanding of what may be achievable, although this may not be easy to establish for certain types of business.

### If you are selling Products;

In order to ease the process, and provide maximum clarity, it is not necessary to detail every type of product or service you offer. It will be easier to group products together in terms of product type or price.

For example, a ladies fashion shop may sell a range of accessories priced between £5 and £10, a range of T-shirts between £10 and £20, shoes priced between £20 and £30 and dresses between £30 and £50. So taking accessories as an example, it is reasonable to assume that the average price is £7.50. Selling Price is the price, or average price, that your market research tells you your customers will be prepared to pay.



Variable Costs are those costs that are directly related to sales e.g. if you are a florist and buy bunches of flowers in at £3 per bunch and sell them for £5 per bunch – your Unit Variable Cost will be £3 per bunch.

Remember, if you are charging for your service by the hour, and not selling goods, you may not have any “variable” costs.

The excel spreadsheet provided will make the process of forecasting much easier. Let’s see how we would complete the spreadsheet forecast for the ladies fashion shop;

- The spreadsheet is completed with the name of the product line. e.g. “Accessories”.
- The unit price is taken as the average sale price.
- The corresponding “unit cost” is the cost of the product to you. This is known as the variable cost as your cost varies in direct proportion to the number sold.
- An estimation of the number sold is then entered.
- The spreadsheet will calculate the total income and cost for each product.

	November
<b>Accessories</b>	
unit selling price	7.5
unit cost	4
number sold	2
total income invoiced	15
total unit cost	8
<b>T Shirts</b>	
unit selling price	15
unit cost	7
number sold	3
total income invoiced	45
total unit cost	21
<b>Shoes</b>	
unit selling price	25
unit cost	12
number sold	4
total income invoiced	100
total unit cost	48

It is useful to ask yourself a number of questions to help you to forecast the monthly sales. These need to be asked for each product for each month. The answers to the questions should be based on the results of your market research and should cover the following points:

- How many customers do you expect to buy this product per month?
- How many units do you expect each customer to buy?
- How many units do you expect to be sold each month?
- What will be the price per unit? (Or average price in the case of price ranges)
- You will need to explain / consider other factors such as seasonal trends
- You should comment on the reality of selling the volumes you have forecast

### **If you are selling your time;**

If you are selling your time, as opposed to products, then it is usually sufficient to enter the total hours you expect to work in a given month. You would also enter your anticipated hourly rate. The spreadsheet will then calculate the total income. If a painter and decorator proposed to charge £20 per hour, then he would only need to complete the hourly rate section at the bottom of the sales forecast spreadsheet

The cost of the paint / materials would simply be added to the customer's final invoice. Even if you did take a "mark up" on the materials, it is easier only to show only the time charged as your income.

<b>HOURS CHARGED</b>	
hourly rate	20
hours worked	40
total hours invoiced	800

If you are taking over an existing business you should obtain a copy of the most recent accounts and trading figures. Care should be taken, as this information may not be accurate or indeed up-to-date. If the seller refuses to provide the accounts you should be extremely cautious. It is important to establish a genuine reason for why the business is being sold.

## Cash Flow Forecast

A cashflow forecast tracks the anticipated flow of money both into and out of your business. It simply shows the timings that money will enter or leave your bank account.

The spreadsheet we have provided includes a cash flow document. The sales income will be automatically entered, based on the sales entered in your sales forecast. You will then need to complete your expenses in the month that they occur. Remember some expenses occur every month whilst others may only appear quarterly.

The cash flow also includes a “start up” month where you record expenses incurred before you start. This will be picked up automatically from your “Start up costs” spreadsheet. Remember you will need to complete the income section of the cash flow for the start up month – this will either be money you have introduced yourself, borrowed, or a combination of both.

The main purpose of a cashflow is to monitor the movement of cash in the business. A cashflow will simply show you the anticipated level of your business bank account on a month by month basis. Any shortfall will need to be funded by either a bank overdraft or an injection of capital by the owner. Alternatively, you may conclude that certain items of expenditure must be deferred or not made at all.

Banks and other institutions will place great importance on the cashflow. It is highly unlikely that you will obtain any form of loan or grant without a detailed and accurate cashflow forecast.

Once you have entered your expenses, the spreadsheet will calculate your bank balance. Look out for any “minus” figures at the bottom of the spreadsheet as this is an indication that you would run out of cash, during that month, based on your predictions of income and expenditure.

The example shows a cash flow completed for the first few months, including the start up month. Notice the “minus” figure occurring in month 3 when the business runs out of money.

## Cash Flow Example

	Pre Start	Mth 1	Mth 2	Mth 3
Income	FORECAST	FORECAST	FORECAST	FORECAST
Cash sales Income		2,000	2,200	2,400
Credit sales Income			0	0
Hours Charged		0	0	0
Own funds introduced	3,000			
Loans Recieved	2,000			
Other Income - Grants etc				
<b>Total Income = (A)</b>	5,000	2,000	2,200	2,400
<b>Expenditure - Variable Costs</b>				
Materials/Stock	0	500	550	600
Sub Contractors				
Delivery Costs				
<b>Total Variable Costs = (B)</b>	0	500	550	600
<b>Fixed Costs</b>				
Owner's / Partner's Drawings (1)		1,000	1,000	1,000
Owner's / Partner's Drawings(2)				
Directors Salaries ( Ltd Companies only)				
Staff Wages/Salaries				
Rent and Rates	0	800	800	800
Electricity/Gas/Water	0	50	50	50
Telephone	0	30	30	30
Property/Equipment Maintenance	0			
Insurances	0	26	26	26
Postage and Stationery	0	10	10	10
Publicity and Marketing	0			300
Motor expenses	0	50	50	50
Professional fees	0			
Capital expenditure	4,000			
Bank Charges/Interest	0	10	10	10
Loan Capital payments				
Loan Interest payments				
Lease payments	0			
Other	0			
<b>Total Fixed Costs = (C)</b>	4,000	1,976	1,976	2,276
<b>Total Expenditure = (D) = B + C</b>	4,000	2,476	2,526	2,876
<b>Net Cash Flow = A - D</b>	1,000	-476	-326	-476
<b>Opening Balance</b>	0	1,000	524	198
<b>Closing Balance</b>	1,000	524	198	-278

Also note that the closing bank balance of one month becomes the opening balance of the next. The spreadsheet automatically carries this number forward.

### **Credit Sales**

Remember, if you are showing “credit” sales on your sales forecast (sales where you will not be paid immediately) these sales will appear on the cash flow in the following month, when funds are likely to be received. This is a key feature of the cash flow. Our spreadsheet includes a 30 day credit sales section. Credit sales made in, say month 1, will not be received into the bank account until month 2. If you complete the credit sales section of the sales forecast, the spreadsheet will automatically show funds being received on the cash flow, the following month.

Finally, if your cash flow shows a healthy cash balance at the end of the year, you need to consider how realistic this is.

### **Depreciation Register**

The asset / depreciation register forms part of the spreadsheet – it will show the potential amount which you can offset against your profit, to reduce your tax liability. There may not be a need to provide any further comment in this section.

<https://www.gov.uk/capital-allowances/annual-investment-allowance>

## Profit and Loss

The Profit and Loss account shows total sales, less the expenses for the business. This will either show a trading profit or loss. This is often referred to as the bottom line or Net Profit. It is this amount on which sole traders and partnership's income tax liability is calculated (Corporation Tax for Limited Companies).

Some adjustments may be required to comply with HMRC regulations.

Only amounts that relate to your actual trading are included in the Profit & Loss account. Capital allowances (for the purchase of equipment / vehicles, for example) may be available to reduce your final tax liability.

The figure at the top of a Profit And Loss account will be the total "Sales" or "Turnover". This is the total amount of funds received / invoiced and equates to the value of the work / sales undertaken in the year.

### **Sales Income / Turnover:**

The total amount of sales or sales invoiced during a period.

### **Variable costs:**

Represents the direct costs of the sales made. This will be the cost, to you, of the goods or materials sold. Note that it is the cost of the stock actually "used" to achieve the sales. It is not the total stock you have purchased, only the stock that you have used.

### **Gross Profit :**

Sales minus Variable Costs

### **Fixed Costs:**

Expenditure other than variable costs. The fixed costs are often referred to as overheads. Examples would be Rent, Wages, and Marketing

**Net Profit** = Gross Profit minus Total Fixed Costs

Example Profit & Loss		
<b>Sales / Turnover</b>		66600
<b>Variable Costs</b>		
	Total Variable Costs	36630
<b>Gross Profit</b>		29970
<b>Fixed Costs</b>		
	Directors Salaries	0
	Staff Wages/Salaries	0
	Rent and Rates	8000
	Electricity/Gas/Water	450
	Telephone	270
	Property / Maintenance	0
	Insurances	260
	Postage and Stationery	100
	Publicity and Marketing	800
	Motor expenses	500
	Professional fees	0
	Bank Charges/Interest	100
	Loan/HP Interest	200
	Lease payments	0
	Other	0
	Depreciation	0
	<b>Total Fixed Costs</b>	10680
	<b>NET PROFIT</b>	19290

For a sole trader, or partnership, the final profit figure (£19290) has to cover taxation, drawings and any loan capital repayments.

For a limited company, the director's salaries would be included in the fixed costs so the net profit has to cover any loan capital repayments and Corporation tax.

## MARKET RESEARCH

“Facts and figures are essential to support your research”

If you answer “**don’t know**” to at least one of the following questions, you will need to find more information.

If you answer ‘**yes**’ to a question, how is it evidenced?

If you answer ‘**no**’ to a question then you may need to re-think your business idea, since you need to be confident that each of the three questions can be answered positively.

From these initial questions, others may follow - add anything relevant

Market research is **essential** to help you establish if there will be enough demand to start-up and grow your new business successfully. You must include secondary and primary research (see below) findings. Include your own analysis.

### **Proposed Market**

Who do you intend to sell to? Describe your ideal customer/who is most likely to do business with you? Are you selling to businesses or consumers?

Where are your customers based?

How many customers will there be?

Will you be able to attract enough people quickly and will they pay a price which ensures profitability

### **Secondary Research**

Market research information obtained from the internet/reference books

This should provide information on national or trade trends for your industry/service.

### **Primary Research**

The result of your "local" market research in the proposed trading area

State the number of contacts you made in carrying out the research. Attach the questionnaire you used, if relevant, and a summary of all the results and other information e.g. names of contacts and customers. Have you done any test trading?

### **Supplier Research**

Who will you obtain your supplies from? Why have you chosen them?



## COMPETITOR ANALYSIS PRODUCTS / SERVICES

List your products or services below	Competitor 1	Competitor 2	Competitor 3	Competitor 4
BATHROOM FITTING	√ Very similar to mine in terms of customer offer. Good customer feedback on website	x evidence customer service not good / service slow. Van is poorly presented	√ good facebook feedback , high quality fittings and good design.	√ offer is cheaper but uses lower quality fittings. Good customer satisfaction given price.

Use this type of analysis to show which services or products are offered by the competitors and/or comment on the quality of the service

## COMPETITOR PRICING COMPARISON FOR PRODUCTS AND SERVICES

List the products/services that you and your competition will offer

Put the competitor's name at the head of each column

Product or service	Competitor 1	Competitor 2	Competitor 3	Competitor 4	Your Business
	£	£	£	£	Your price
Basic Shower installation	£350	£400	£390	£500	£500

- You should consider the marketing techniques of your competitors, commenting on the things that they do particularly well.

## MARKETING PLAN

### **Strategy / Objectives**

A brief overview of how your business intends to get a share of the market.

How will you make your product/service stand out from the crowd?

What level of sales do you want to reach in your first year? (Give sales in terms of number of units sold or income)

What gross /net profit levels are you aiming for?

What level of repeat business are you aiming for?

Set an objective to monitor the quality of your product or service.

### **USP ( unique selling point)**

What is your unique selling point/proposition?

What differentiates you from your competitors?

Why should a customer choose you rather than someone else?

## **Marketing Tactics**

### **Product (Service)**

Describe/list the products/services you intend to offer (in the first year)

New or other products or services you intend to subsequently sell

How often will customers purchase from you? (daily, weekly, monthly, annually)

What are the benefits to customers (i.e. what your products/services will give them/do for them)?

Where does your business rank in terms of quality, appearance, reliability, ease of use, ease of maintenance etc?

Set an objective to monitor the quality of your product or service.

### **Price**

Outline your pricing strategy.

### **Place**

Where are your customers?

How will your customers access your product/service?

Shop / workshop / office/ market stall location? Can customers buy online? Is your product/service accessed online only?

What is your place in the market? Are you aiming for the top/luxury end, middle or value end?

### **Promotion**

Describe/list all the methods that you will use to promote your business.

Do you intend to “brand” your product / service? Provide an example of your proposed Logo / Strapline

If you have a website include a hyperlink to it.

If you have business cards or flyers then add these as appendices

How will you launch your new business to attract the maximum publicity?

## PROMOTIONAL TIMETABLE

Describe how you propose to advertise and promote your products and services to your customers. Include a time plan. Ensure the costs match those on your financial forecast.

<b>Date</b>	<b>Task</b>	<b>Estimated Cost</b>
<i>6 weeks pre-start</i>	<i>Decide on name, design business logo and letterheads, engage a printer to produce 250 letterheads and business cards</i>	<i>Design: £20.00 Printing: £60.00</i>
<i>5 weeks pre-start</i>	<i>Source a web-site</i>	<i>Design £100.00 Implementation £300.00</i>
<i>4 weeks pre-start</i>	<i>Buy sign for premises and have van sign written</i>	<i>Premises: £80.00 Van: £50.00</i>
<i>2 weeks pre-start</i>	<i>Distribute leaflets around car-parks</i>	<i>Petrol: £20.00</i>
<i>1 week pre-start</i>	<i>Write/e-mail news release &amp; take photo to give to the local newspapers, media group (e.g. radio, TV etc)</i>	<i>Photo: £5.00</i>
<i>Start</i>	<i>Advert in local paper, motor section</i>	<i>Advert: £80.00</i>
<i>June 17</i>	<i>Stand at home life exhibition</i>	<i>Visit and leaflet: £20.00 Stall: £100.00</i>
	<b>TOTAL BUDGET</b>	<b>£835.00</b>

## OPERATIONS

*The purpose of the Operations Plan is to describe the day to day operation of your business including where you will locate the business and how you will produce and supply your product or service.*

### **Product or Service Process**

- Describe the process (manufacturing of product/provision of service) from start to finish
- Consider producing a process manual to ensure consistency of service
- Have standard email “templates” that you can personalise

### **How do you receive products/services from your suppliers?**

- How long will it take?
- What backups do you have in place?

### **Resources**

- Do I have the necessary quality of tools and equipment to deliver the service
- Again, consider what back up you would have in place

### **What regulations and organisations are in place to monitor your industry?**

- How do you plan on staying up to date?
- Provide membership details of any that you have joined

### **Quality-control**

- State the measures and system you intend to have in place.

### **How will you measure customer satisfaction?**

- Explain your service monitoring and complaints system

### **What will be the process for collecting monies owed?**

- “Cash” or will you invoice your customers?
- How will you ensure monies due are received?

### **Bookkeeping**

- The method you will be using. When will you update? Do you plan to use the services of a bookkeeper?

### **Accountant**

- Will you produce your accounts and undertake HMRC/Companies House submissions yourself? How will you make sure you do these on time? Do you plan to use an accountant? State their name and involvement (if applicable)

### **Bank**

- State the name of your bank and business manager

### **Tax Liability**

- How will you save for your tax liability?

## CONTINGENCY PLANS

How will you repay any loans if your business is unsuccessful?

What are the effects on your plan if actual sales were 20% less than you expect?

What happens if your customers take longer to pay than you planned?

How will you plan to run your business in the event of sickness or injury to yourself or any key personnel?

What if demand is much greater than you expect?

What if new competition arises?

## SUMMARY (your final thoughts)

### **Example**

*This plan has come together after much thought and, in many ways, marks the beginning of the realisation of a personal dream. The plan has allowed me to bring the reality of combining my passion for nature with a business, a step closer.*

*My knowledge of the market has been accrued over many years, extensively from a hobby. This, combined with extensive market research, has given me the confidence that I can compete in this “growing” leisure sector.*

*The forecasts have been carefully prepared - the sales forecast is conservative – based on the research and some “test trading” I believe these figures are achievable – particularly in view of the marketing advice that I have received and the careful formulation of the marketing strategy.*

*The financials show turnover of circa 40k in the first year. This produces Gross Profit of 22k. With overheads of just under 11k and net profit of just over 11k is forecast. This will be sufficient to meet personal drawings and allow a provision for taxation.*

*The plan has enabled me to focus on the areas that I am confident will ensure success. Careful monitoring will be key to ensuring that the matters stay on course. I know that the road to business success will not be easy – however, the plan has put me in a position where I feel I have every chance of succeeding – I look forward to the challenges that lie ahead.*