



Business Planning

A good business plan will increase your chances of business success. It will help you identify your customers, market area, pricing strategies, financial and operational goals. By completing a business plan you will better understand your competitive advantages, new opportunities, current weaknesses and longer-term objectives for the business. Having a business plan is also an important requirement for gaining finance from financial institutions.

How to Start the Business Plan

Before you start writing a business plan it is wise to do some background work. This involves collecting and analysing information and starting to formulate your business goals. Here are some tips on how to start.

1. Collect and Analyse Information

Collecting and analysing relevant information will help you clarify your business objectives. Here are some things to consider:

Product/Service

- ✓ What goods/services do you want to offer?
- ✓ Are there similar/substitute goods or services available in the market?
- ✓ What are the various ways you can offer and deliver your product or service to different customers?

Market

- ✓ Is there a market for your product/service?
- ✓ Have you defined your market by size, geographic location, life cycle of the product or demographics?
- ✓ What will affect your market? Social trends, the economy, consumer confidence or industrial relations.
- ✓ What statistics and trends can you collect to help with market research?
- ✓ What are the characteristics of your customers - what, why, where and how often do they buy?
- ✓ What form of marketing activities will best suit your business?

Competitors

- ✓ Who are your competitors?
- ✓ What is the level of competition?
- ✓ How do your competitors compete on price, extra services, convenience and quality?

- ✓ What is unique about your product/service and what is your competitive advantage?

Operations and Finance

- ✓ What level of finance do you need to start or expand your business?
- ✓ Who are your suppliers and how will they supply goods/services to your business?
- ✓ What other resources and stock do you need?
- ✓ What type of skilled staff do you need?
- ✓ What reporting and operating systems will best suit your business?

2. Formulate Your Business Goals

Answering the above questions will help you formulate:

- ✓ What you are going to sell and in what quantities/level?
- ✓ Who you are selling to?
- ✓ How you are going to reach your customers?
- ✓ How you will sell and distribute/provide services?
- ✓ What resources, supplies, stock, and staff you will need?

3. Putting a Business Plan Together

A standard business plan includes an:

- ✓ Executive Summary;
- ✓ Product/Service and Market Analysis;
- ✓ Marketing Plan;
- ✓ Operating Plan;
- ✓ Management and Personnel Plan;
- ✓ Legal Matters;
- ✓ Finance Plan; and
- ✓ Action Plan.

Executive Summary: highlights the key points of your business plan and includes a business profile, goals and summaries of the other components of the plan. It is the most important part of the plan and is best prepared last.

Product/Service and Market Analysis: contains detailed analysis of the proposed products/services and plans for future product/service development. The market prospects, opportunities and characteristics critical to the survival and growth of your business should be analysed.

Marketing Plan: identifies your business position in the market, nominates marketing strategies and sets directions for future marketing.

Subheadings can include:

The Market: Define your market, how it works, current trends and opportunities. Analyse and select promotion and marketing strategies, identify future marketing activities, develop reporting systems for marketing activities and define training to develop marketing skills. Also look at market networking opportunities that will help you achieve better market reach.

Competition: Identify your competitors, how they compete and impact on your business and define your competitive advantage.

Operating Plan: nominates volume/performance levels and identifies suppliers, costs and quantities of materials, processes, equipment and methods of extending the services or products offered.

Management and Personnel Plan: Key management practices, staffing levels and skills, communicating with staff, monitoring and rewarding performance.

Legal Matters: identifies how you will deal with some of the legal matters of the business - structure, intellectual property rights, licensing and contractual relations with suppliers.

Financial Plan: includes a financial analysis and preparation of projected financial statements (2 years) for your business. This can cover analysis of financial position and performance, levels of finance required for start-up or growth, sources of finance, break-even analysis, and anticipated growth in sales and profits.

Action Plan: identifies how you will implement your business plan and prioritises strategies for the first year of the plan.

Business Plan Do's & Don'ts

Do's

- ✓ Remember to regularly up-date your business plan. Targets will change and strategies must be adapted as they do.
- ✓ Make it easy to read.
- ✓ Refer to it for action plans – a business plan should be a living document and not be archived.
- ✓ Use business planning templates and tools to be sure you cover everything.

Don'ts

- ✗ Don't make unrealistic assumptions.
- ✗ Don't underestimate the difficulties in growing a business.
- ✗ Don't underestimate competitors.
- ✗ Don't be afraid to ask for help.

For More Information:

Contact your local Business Advisory Service on 1300 650 058 to talk over business management issues.

You can also visit the Small Business Website of the Department of State and Regional Development at www.smallbiz.nsw.gov.au. This Website includes a Business Planning template accessible at business tools under Resources for Business.