



BUSINESS PLANNING

A basic outline for your business idea

INTRODUCTION

This guide has been compiled as a brief introduction on business planning and not a complete manual. Actions taken as a result of this document are at the discretion of the reader and not the Northland Chamber of Commerce. For a more comprehensive business plan guide contact the Northland Chamber of Commerce for a free copy of Planning for Success on 09 438 4771.

REASONS FOR WRITING A BUSINESS PLAN

Developing a business plan is like a roadmap for your business to achieve your objectives and vision and should include:

- A statement of where you are now (a situation analysis).
- Where you want to go (your goals and objectives).
- How you are going to get there (the strategies).
- When you intend to get there (the time frames).
- Key performance indicators (KPI's).

It is important to keep your goals and objectives:

- SPECIFIC
- MEASURABLE
- ATTAINABLE
- REALISTIC
- TIME FRAMED

There would be little point in having an objective in place stating:

'Sales must be increased'.

This is not specific enough. No time limit for achieving this goal was set, and there was no indication of the either the increase in sales or the type of sales expected. A better goal would be:

'Coffee sales must increase by \$8,000 by the end of July.'

A business plan is not concrete. Business performance may vary, so the plan must be constantly reviewed to compare the expectations with the realities. This will enable

you to ensure that your objectives are workable and up to date with the current market conditions.

BUSINESS PLAN CONTENTS

1. Executive summary

Contains the major objectives and how they will be achieved. It is a concise overview of the whole business plan including a description of your products and services, marketing strategy, management structure, and financial projections. This should be not more than one page.

2. The industry

A market overview - an analysis of the industry you are or wish to operate in as it presently stands and its future prospects.

3. The business

Define the purpose of the business. Give details of its main activities, relationships, owners, location, and facilities. Clearly state your vision, mission, goals and objectives. If you are taking over an existing business describe previous business history and details of how you intend to improve the business.

4. The product or service

Define precisely what you intend to make, develop, or sell. Emphasise what makes the product or service 'different' to what is already available on the market. Give details, including costs, of any work that needs to be carried out to enhance or continue the development (eg. Legal protection or design work), and details of production and delivery.

5. The market

- SWOT analysis - What are your strengths, weaknesses, opportunities, and threats?
- Identify your customer profile - Find out whether your products or services are purchased by people with common characteristics (eg. age, gender, income, occupation), from a particular geographical area, or certain types of stores.
- Find out their common motives - Is it price, quality, service, or location? Is it seasonal?
- Determine the market size - How many potential buyers in your trading area?
- Realistically assess the competition - Determine their share of the market and why. Compare your strengths and weaknesses against theirs – is it quality, service or performance.
- Estimate your sales - Use pessimistic, optimistic and realistic scenarios.
- Include your marketing plan - Emphasis the four main principles of marketing; product, price, place and promotion.
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6. Management

If one of the main aims of the business plan is for a financial proposal, include the work experience of your proposed management to illustrate their capabilities. State team duties, responsibilities and salary indications, along with the organisational structure and any other parties such as board members that are involved, and membership of any organisations such as Chamber of Commerce or industry association.

7. Other employees

Include the status of other employees such as full or part time, their roles, and what skills they possess or require.

8. Objectives and goals (implementation schedule)

Detail precisely what you intend to achieve, how, when and by whom. Include predictions of pricing and profits, marketing strategies and budgets, distribution and sales of your products or services. State what makes you different. Set KPI's to achieve both in the short term and longer term.

9. Financial information

You will need to make assumptions on sales and associated expenses incurred to create forecasts and projections. These can be presented in the form of realistic forecasted profit and loss statements and projected cash flow analyses, for monthly periods. Details of possible expansion plans, such as an increase in employees or equipment, should be included. Include your assets, stock, establishment costs, training needs, marketing and consultancy costs, along with your price schedule and margins.