



FACT SHEET

Preparing a Business Plan

Preparing an Effective Business Plan

A business plan formally documents the business concept, its viability and the roadmap for establishing and running the business. It has no fixed content, rather the content is tailored to suit each business proposal and audience. A typical business plan might include the following:

- **Executive Summary** – this is a concise summary of the plan, focussing particularly on the business concept itself and why the business will / should succeed
- **Business Description and Objectives** – this covers the business concept in greater detail, the legal structure you intend to use, the products and / or services you will market, your industry experience and the top business goals or priorities
- **Business Environment Analysis** – this covers the main external environments that impact businesses generally and businesses within the industry you will be operating in. E.g: the current economic climate
- **Industry Background** – this covers a description of the industry, industry background, assessment of where the industry sits in the life-cycle, perceived opportunities in and limitations to the industry, and where you see the industry is headed
- **Competitor Analysis** – this covers the like of competitor profiling and competitor ranking as well as an assessment of future competitive threats
- **Market Analysis** – this covers market information such as market size, growth, segments, profitability, sensitivity, saturation, barriers to entry, saturation as well as cost and pricing structures. It should also include an assessment of where the various products and / or services sit in the life-cycle and finally, any untapped market opportunities you have identified
- **Marketing Plan** – this reiterates the business goals that are relevant to marketing and details the marketing plan that will achieve these goals. Information regarding the marketing budget, strategies, milestones as well as the sales team and key personnel responsible for the marketing plan should be included here
- **Operations Plan** – this details the plans that are necessary to both establish and run the business. Information regarding required infrastructure, human resources, processes, quality control frameworks, suppliers, import / export functions and risk management frameworks should be included here. Diagrammatic representations such as organisational charts and process maps are very useful in this section, as are SWOT analyses. Finally, key operational personnel should be listed here
- **Financial Plan** – this details the plan for financially managing and monitoring the business. It should include an assessment of the amount of start-up capital required, budgets and projected cash flows for the first year of trading. If finance is required, detail your preference for debt or equity financing and your debt management philosophy. Finally, summarise the financial management framework you will put in place and list the key personnel responsible for that framework
- **Management Summary** – this is a concise summary of the business objectives, business implementation strategy and key business management personnel
- **Milestones and Key Performance Indicators** – this details the business implementation milestones and the measures of success once the business is established. Outline your framework for monitoring the business against these indicators, making reference to responsible personnel and frequency of business review

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- **Attachments** – any other information you deem beneficial as supporting material to the business plan. This could include the CVs of business principals, pre-prepared marketing materials, relevant asset valuations and any critical legal documents
- Detail important accounting policies used in preparation of the financial statements
- Consider having an adviser such as an accountant validate the financial integrity of financial information and projections

Tips for Preparing and Using a Business Plan

- Invest the right amount of time in preparing the business plan. A business plan forces you to do your due diligence homework in assessing both business viability and your compatibility to being a business owner / manager. It is also the document upon which many external stakeholder decisions will be based, such as the granting of finance, therefore it is important to get it right
- Prepare the plan as a “one-size-fits-all”, that is, it should satisfy the information requirements of all potential users
- Business ideas do not sell themselves. People sell ideas, therefore the executive presentation of a business plan to potential stakeholders is as equally important as the business plan itself
- The business plan facilitates selling a business idea to potential stakeholders. Ensure you emphasise strengths of the proposed business and any competitive advantage and / or untapped market opportunities you can exploit
- That being said, be realistic with your financial projections and industry / market predictions, and identify critical assumptions used in forecasting and planning. Ensure both the narrative and financial data reflect a consistent position in terms of your economic, industry and market outlook
- Anticipate and address possible challenges, and keep your plan flexible to allow for unexpected events. This will instil confidence with external stakeholders as it demonstrates a capable business mindset
- Your business plan is not a “set and forget” exercise. It is the document against which you should regularly benchmark both your business’ performance and direction to ensure you are on track with achieving the objectives initially set out. Update your business plan for any significant change in business objectives, business direction, forecasts and outlooks etc.

What Next?

Once you have prepared your Business Plan, you are ready to set up your business. Browse our range of fact sheets on setting up and running your business for guidance on this next phase, and contact your manager or partner at Enspira Financial for advice and guidance in these subsequent steps.

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