Text, logo

Description automatically generated**Business plan**

**Prepared by:**

**Date:**

**Executive Summary**

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| Your executive summary is intended to give the reader an overview of the document. By reading this they should be able to get a very quick understanding of: -   * What your business is and who it is for – keep it simple – for example, a world class track for mountain bike fanatics. * What is your short-, medium- and long-term vision for the business – keep it simple – for example to offer a range of experiences for both the beginner to the advanced riders; and/or host national competitions and/or to make the sport inclusive. * What makes your business different – keep it simple – you should be able to say this in 1-2 lines. * What is your strategy for success – keep it simple – what are our sales, marketing, and operational strategies. * How will the project be funded and what is the profit potential for the business? * Your summary should fit on one page maximum but will ideally comprise five paragraphs that keep to the point. |

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**1. Business Information**

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| Business Registered Name: |  |
| Business Registered Address: |  |
| Business Trading Name: |  |
| Business Trading Address: |  |
| Business Phone Number: |  |
| Business website URL: |  |
| Business Owner |  |
| Business owner home address if different to business address |  |
| Business owner email |  |
| Business owner mobile |  |
| Other Directors including shareholdings |  |
| Contact Name |  |
| Contact email |  |
| Contact phone |  |

**1.1 Business Owner**

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| Within this section, provide some background about yourself and the context behind the business. This section should include previous experience, qualifications and any connections that demonstrate confidence   between you and the business product/service and that you know what you're doing. |

* 1. **Vision**

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| Within this section, you should provide a big, bold, and compelling vision for the business over the short medium and long term. Your passion for the business should shine through here and your vision should be tangible. What will it look like, what products and services will you provide; who will you provide these for; how will your business contribute to wider society? |

**1.3.  Unique Selling Point**

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| You may need to complete this once you have undertaken your market research. This is the sentence that you will use repeatedly to sell your business (you’ll be able to say it in your sleep). When people ask what you do, you will be able to articulate it in a short sentence or phrase that they ‘get’ and, if they are your target market, want to hear more about. Imagine you have one shot to make an impression and that shot is in an elevator – which takes just 30 seconds to get from the ground floor to the penthouse. |

**1.4.  Products and Services**

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| Think about all the products and services you will be selling and describe each of these in turn. What problem do they solve / what value do they add / what is different about them – why are they needed. This latter part is very important otherwise you could spend a LOT of money developing and launching a product that just doesn’t add value and isn’t sufficiently different. Think Virgin Cola and its failed attempt to take on the two big cola brands. |

**2. Market Analysis**

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| Briefly describe the market / industry sector your business sits within. What is the structure of the industry…i.e are there lots of small businesses competing or are these just one or two predominant businesses; is there collaboration between businesses; what do the supply chains look like; are there big price differentials; what are the trends (past and future); what assumptions are made about this market/industry sector. Your analysis will need to be based on solid research and should include links to the studies from where you are making your conclusions. For instance, you might want to use the latest annual tourism data (known as STEAM) which is available at both county and district level. |

**2.1. External Influences – PESTLE**

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| Every industry and business are affected by external factors or global forces, some will be favourable and some less so. Whilst many of these are outside of your control, it is important to identify what these factors are and to assess which factors the business needs to prepare for and which the business can capitalise on. The traditional model used by businesses is called a PESTLE which is a synonym for: -  **P**olitical Factors (EU EXIT is an example of political factors that have affected businesses)  **E**nvironmental Factors (global sustainability goals are affecting businesses)  **S**ocial Factors (behavioural factors and trends such as growth in veganism, demand for experiences)  **T**echnological Factors (how people use technology and new technological developments)  **L**egal Factors (for example Allergen’s labelling legislation)  **E**conomic Factors (recessions; inflation; interest rates; exchange rates all affect customers)  Each of these factors should be researched and discussed in turn. Again this data should be supported by links and assessed against organisational strengths and weaknesses. |

**2.2. Market Forces including Competitor Analysis.**

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| Every industry has its own nuances and challenges and it's important to recognise the factors within the industry itself which could impact on your business. These typically fall into the following categories and again each should be assessed in turn.  **Suppliers:** Are there plentiful suppliers/is it easy for you to obtain the ingredients/products/materials needed to produce your product or service or are they limited? This could affect your suppliers’ power when negotiating prices, delivery, and distribution.  **Workforce:** How specialised is the field you are operating in? Do you need people with specific qualifications? Is your industry seen as a growth/desirable industry to work within? Are you located in an area that is densely or sparsely populated? All these elements will affect how easy it will be for you to deliver your product/service.  **Competitors:** Who are your competitors? What do they offer? What are their strengths and weaknesses? What do they charge? Who do they serve? How does your product / service differ? How does this affect supply and demand to the customer and hence the desirability of the product/service?  **New entrants:** How easy is it for newcomers to enter the market? Are qualifications needed or expensive Research & Development costs or is it relatively easy to set up and do what you do? |

**2.3. Business Strengths and Weaknesses**

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| An honest  appraisal of an organisations strengths and weaknesses is critical to the success of any business and ideally should be undertaken frequently. These sections can include anything from financial position (strong cash flow/no debt) to staff turnover; to complaints; to brand profile; to experience and more. By identifying these early, weaknesses can be addressed, and strengths capitalised on.  There will also be opportunities and threats identified as part of the environmental analysis. Perhaps a new trade deal has opened a new market or conversely it may have increased competition in your current market. Again, by identifying these early opportunities can be maximised and threats minimised.  What are your strengths, where could/would you like to improve and are there any areas you’ve spotted that you can really shine above your competitors? Perhaps you are light years ahead with your sustainability initiatives and you can use this as a selling point for example knowing that this is important to customers. |

**2.4. Customer Analysis including Market Research**

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| Who is your ideal customer? For example, if you run a glamping site, are you aiming for families (in which case the design of your pods/yurts will need to reflect this as will the activities on site, as will the marketing materials and speak in your website). If it's couples looking for a romantic getaway then the product and language needs to be completely different. And, no they don’t mix – couples looking for a retreat rarely want loud children running around! And when you know this, what is their disposable income and are you designing a high-end product or a budget product?  Once you’ve identified your ideal customer – test all your theories around their wants, demand, and price points by conducting market research. It is suggested that you used mixed methods to test the market including: -   * Desk top research – articles, reports, white papers * Field research – customer/potential customer questionnaires and surveys * Samples, trials, tests – offer free samples, courses, trials to obtain feedback. * Ratings – google, trust pilot. |

1. **Marketing Strategy**

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| Once you’ve identified your ideal customer you will be able to create an overall strategy to ensure that you are in the right places, at the right time and using the right language to attract their attention. For example, if you are geared towards serving retirees who like walking, your language may be more formal than if you are targeting millennials. You might decide that this audience is more likely to read magazines that participate in social media. You might find some research to suggest that they tend to book well in advance rather than push their luck that something will be available closer to the time. Whatever you find, build a general picture here as this will guide where you place your efforts and marketing spend. |

**3.1 Creating Brand Awareness**

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| Once you have identified the media types that your target market engages with, which specific products will you use to help create an awareness of your brand? For example, if you’ve decided your market is active on social media – which is most appropriate? If they are a business, it might be LinkedIn and Facebook; if they are younger, it might be Tik Tok; if they are creative, it might be Pinterest. If you think they are radio listeners, are they more likely to tune into Lincs FM or Virgin or Radio 2? List all channels you will look to use to get your brand out there. How often will you promote your brand and what type of content is likely to hit home? |

**3.2 Building & Fostering Customer Relationships**

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| Once you have got your brand noticed, how will you engage with your customers so that they get to know, like and trust you? It might be newsletters; comic stories / videos of a day in your life; events; regular photos of you/your product; polls; testimonials. Think about several ways to engage and create a content plan that will ensure you are regular with your content and offer sufficient variety to keep them interested. You might want to chart your content so that it’s easy to see/follow. |

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| --- | --- | --- | --- | --- |
| Day | Monday | Tuesday | Wednesday | Thursday |
| Platform |  |  |  |  |
| Type of Content |  |  |  |  |
| Subject |  |  |  |  |
|  | Friday | Saturday | Sunday |  |
| Platform |  |  |  |  |
| Type of Content |  |  |  |  |
| Subject |  |  |  |  |

**4. Pricing and Procurement Strategy**

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| This is one of the most critical elements for a successful business. After all, your profit depends on you being able to sell your product or service for more than the cost of delivery/production. And there is a big difference between profit and salary/earnings – even if your business is a lifestyle business. You should always determine the ‘going rate’ to employ someone to undertake the tasks you fulfil in your business, and these should be included in your costs. The amount of profit you make will determine the amount you can reinvest into your business; the level of your safety net for when times may not be so easy; the value of your business if you decide to sell.  For some products and services there are recognised or accepted prices and unless your product or service adds unique value that people will pay extra for (think I-Phone in the early days of smart phones) you will need to ensure you purchase well; minimise waste during production and limit stock in hand.  Most industry sectors also have recognised and accepted profit margins – this could be as low as 5% or as much as 30%.  Determining the factors upfront will help you create your strategy. |

**4.1 Pricing**

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| There are many ways to approach your pricing strategy and again it will depend upon your specific sector of the industry. Booking agents, whether travel agents, ticket agents, venue bookers etc tend to earn commission from their sales. Most often the commission is declared, but there may also be volume discounts negotiated with key suppliers that help them increase their earnings. Here profitability depends on doing the minimum hours for maximum return and channelling as much business as possible through key suppliers.  Where there is a lot of competition, for example hotels, bed and breakfasts, cafes, then unless a very distinct and superior product is being offered, ‘the going rate’ tends to be used as a benchmark for pricing and profitability comes from driving costs down as far as possible without compromising quality.  Where products or services are difficult to quantify in terms of price – for example, an experience is created that contains a number of elements and / or some ‘money can’t buy’ inclusions – perhaps maybe a personal backstage tour or introduction to a dignitary – then ‘bottom up’ pricing is often used to maximise profits. Literally add all the costs including salary and research and development time and add a percentage that you are comfortable with.  How you price your products/services will affect how you operate your business and so you need to understand this early on. But most importantly, your pricing strategy must be something your customers are willing to pay. |

**4.2.Procurement**

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| Gone are the days where procurement is all about just hammering the price down so that your costs are less than your sales. Now, all the factors that have been discovered during the environmental and market forces analysis will need to be part of your strategy. For example, are your buyers looking for sustainably produced products; are your products subject to exchange rate fluctuation; are there political factors that might impact supply and demand – for example trade deals. These will all need to be factored into your procurement strategy. |

1. **Operations, Logistics and Distribution Strategy**

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| Every business in existence takes something from its raw state and does something to transform it into a product for a customer.  The questions are – what must be done (operations); How is it done (logistics) and how is it delivered to the customer (distribution). And some products or services will have more elements than others.  This is the step that highlights the often-hidden costs and challenges of a business. For example, a homeowner looking to install a glamping pod at the end of the garden will need to consider the following cost and time implications of operation; logistics; distribution….  Marketing the property; answering questions about the property; making the booking; taking the money; issuing refunds for cancellations; cleaning the property in between guests; replacing inventory that gets broken or goes missing; ordering and arranging any guest welcome gifts and value adds; checking guests in and out; responding to any reviews; maintenance and repairs.  Where guests could be checking in and out every 2-3 nights, this suddenly becomes quite a lot of work and leaves only narrow margin for error if something goes wrong.  Considering each element and the time each take at this stage will ensure smooth and profitable operation and will enable you to demonstrate employment growth |

1. **Finance**

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| Arguably this is one of the most important sections of your business plan – especially if you are seeking funding or investment. Any investor or business partner will want to see that your business will grow and that there is an exit strategy for them on the horizon which will generate them a profit.  As well as demonstrating the numbers (which follow); you can be expected to disclose your financial strategy. For example, is your focus on aggressive growth or do you have a more gentle approach? What are your goals?  What are your intentions on funding the business and why have you selected these routes?  How will you fund your own living/operational costs during the start up phases of the business? |

**6.1 Investment costs**

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| Even service-based businesses are likely to have investment costs. Although these are likely to be vastly different to someone starting a physical business from scratch such as a Caravan Park or a Restaurant or Hotel.  Investors will expect to see every element of the cost to have the product or service ready to deliver (including launch costs) itemised and listed in phases of development.  They will also likely expect to see when the business expects to break even and start to achieve a return on that investment once all other day to day operational costs and costs of sales are removed.  To calculate your breakeven point, you will need to agree the time over which your investment costs will be aggregated and build these (plus any agreed rate of interest) into your fixed costs. Divide this figure between the difference between the unit price and the variable costs to get a breakeven unit point. Then calculate how long it will take to sell this number of units to find the elapsed time until the investment will be repaid in full. |

**6.2 Cash flow forecast / profit and Loss – 3/5-year forecast**

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| It’s important to remember that your P&L will be based on educated projections and whilst the figures need to be realistic you are not expected to be able to account to the penny for your costs of sales.  Perhaps the easiest way to prepare a 3- or 5-year forecast (yes you will need to plan that far ahead – especially where high investment costs are involved) is to break it down into sections.   1. What sales are you forecasting in years 1, 2?3?   Break these down by products and show price per product and volume per month.   1. What is the cost of these sales (variable costs)?   Break these down by product and show cost per product and volume per month.   1. What are the fixed operational costs (including any loans/aggregated investment costs)?   Break these down by item by month   1. Subtotal each section and at the bottom of the sheet you will have your monthly profit and loss projections.   Complete a sheet for each year of your forecast. |

1. **Future planned developments**

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| This section does not need to be detailed or costed or researched. It's more to show investors that you have lots of ideas for your business and that it has potential to continue to innovate and grow. |