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Starting a Business: Business Planning

Guide to Business Planning

Once you've conducted research into the feasibility of your new business you're ready to write your business plan. Your business plan is essential for your business - it's your blueprint for the future. It sets the direction for your business and keeps you on track once you're up and running. It's also a requirement when you're seeking finance.

Depending on what type of business you intend to start, your business plan could include these elements:

- Executive Summary - a one-page overview written after your business plan is finalised
- Introduction - explains the purpose and objectives of going into business
- Marketing Analysis - looks at the industry you are entering and how you fit in
- Marketing Plan - your marketing strategy
- Operations Plan - how you'll set up the business, i.e. structure, location, regulations
- Management Plan - how you'll manage your business
- Financial Plan - how you'll finance your business, costing and financial projections.

A good plan is like a map, helping you to find the best path to achieving your goals. Setting business goals helps you to use your time and resources more effectively. By planning ahead you are more likely to be able to take advantage of business opportunities and anticipate problems. You will also need a business plan to raise finance.

One of the best free Business Plan Templates that we have found was created by ANZ Bank. You can visit their website www.anz.com.au

Industry Info

Before you start writing your business plan it is useful to do some background preparation.

This includes:

- Getting advice on business planning and checking available templates and tools that can help you develop your plan;
- Collecting and analysing information. Sources include:
 - Small business service providers, eg NSW Business Advisory Services;
 - Market research providers, eg Australian Bureau of Statistics;
 - Accountants and banks;
 - Industry associations;
 - Business peers;
 - Competitors.

Goal Setting

Your business goals should provide a clear picture of the business you will be in over the coming years, covering:

- What products and services you are going to sell;
- The customer groups and their requirements you will be targeting;
- The basis of your future success. What will make customers buy from you rather than your competitors?
- What business returns you are aiming to achieve.

Management Plan

This covers how your business will be structured and run and what management capabilities will be developed. It could also cover any legal matters in relation to structure, intellectual property rights, licensing and contractual matters, eg with suppliers.

Based on your research, it is useful to undertake a SWOT assessment of the business that covers:

- Strengths you should build on
- Weaknesses you need to overcome
- Opportunities you should exploit
- Threats you need to manage

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Marketing Plan

Your marketing plan needs to identify:

- Your product/service offering What are you offering your customers? What is its likely life cycle? Are there substitutes available in the market? Will it meet your customers' needs?
- Your market Its size, geographic location, demographics and trends?
- Your customers Who are they? What, why, where and how often do (will) they buy?
- Your competitors Who are they? How do they compete on price, services, quality?

Your marketing plan needs to cover the strategies you will put in place to capture and keep customers. This includes how you will make your product/service available; how you will promote them and build your business image (including networking); and your pricing policies.

Operational Plan

You will need to make decisions on a range of operational issues, including:

- People - Will you employ or use contract staff? If so, how will you manage them? What other expertise will you need?
- Processes - What systems and procedures should you put in place? What production output and methods will you use? R&D initiatives.
- Suppliers - Who should they be? Cost and quantity of supplies?
- Equipment/Technology - What equipment and IT requirements do you have? What skills will you need to maintain or upgrade these?
- Premises - Will you purchase or lease property or work from home?
- Reporting - What is the most suitable reporting system to put in place to allow you to monitor your performance?

Financial Plan

Your financial plan needs to cover:

- Start Up Float - How much money you need to start the business;
- Financial Analysis - projected profit and loss over the next one to two years;
- Cash Flow Analysis - projected cash in and out on a monthly basis so that you can check whether you will be able to pay your bills;
- Balance Sheet - to forecast the businesses assets and liabilities at certain times in the future;
- Sources of Finance - who will lend you money and how much will you need?
- Break Even Calculation - what your business break-even point is, ie what level of production is needed to cover all your costs?

Action Plan

This should set out specific tasks that need to be undertaken to implement your business plan, with clear priorities, time frames and who will be responsible.

Don't spend too long creating the "perfect" marketing or business plan. Many businesses get bogged down writing huge documents that never get implemented. Remember a short plan that gets carried out completely is going to do your business a lot more good than a long plan that doesn't even make a practical start.

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