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Building the Better Business Plans Materials & Guide



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About Business Plans

Read about [Building Better Business Plans](#)

Elements of the Business Plan include:

Business Plan Elements	
1. Executive Summary	6. Management Structure & Organisation
2. Company Description	7. Personal Financial Statements
3. Product / Service Description	8. Start-up Expenses, Assets, Capital
4. Marketing Summary	9. Financial Plan
5. Operations	10. Appendix

Consider Your Audience

Your business plan should always be built around the type of business you will run, but you should also consider your audience. Whether you are applying for a bank loan, asking for a government grant, looking for investors, trying to get discounted office space in an up and coming business neighborhood, your business plan must be written to address the questions that your audience(s) will ask.

For Raising Capital

What do Bankers Want?

Bankers want to be sure you are taking a serious approach to using their money, That you can think clearly and are organized enough to be able to meet the monthly payments on any loan they give you. Remember to include information that the banker wants to see.

- Amount and length of loan
- Why you need the loan and what you will do with it. (How money from the loan will be used to create a specific outcome.)
- What this will accomplish—how will it make the business stronger?
- Requested repayment terms (number of years to repay). You will probably not have much negotiating room on interest rate but may be able to negotiate a longer repayment term, which will help cash flow.
- Collateral offered, and a list of all existing liens against collateral

For Investors

Investors have a different perspective. They are looking for dramatic growth, and they expect to share in the rewards:

- Funds needed short-term
- Funds needed in two to five years
- How the company will use the funds, and what this will accomplish for growth.
- Estimated return on investment
- Exit strategy for investors (buyback, sale, or IPO)
- Percent of ownership that you will give up to investors
- Milestones or conditions that you will accept
- Financial reporting to be provided
- Involvement of investors on the board or in management

For Type of Business

Manufacturing	<p>Planned production levels</p> <p>Anticipated levels of direct production costs and indirect (overhead) costs—how do these compare to industry averages (if available)?</p> <p>Prices per product line</p> <p>Gross profit margin, overall and for each product line</p> <p>Production/capacity limits of planned physical plant</p> <p>Production/capacity limits of equipment</p> <p>Purchasing and inventory management procedures</p> <p>New products under development or anticipated to come online after startup</p>
Service Businesses	<p>Service businesses sell intangible products. They are usually more flexible than other types of businesses, but they also have higher labor costs and generally very little in fixed assets.</p> <p>What are the key competitive factors in this industry?</p> <p>Your prices</p> <p>Methods used to set prices</p> <p>System of production management</p> <p>Quality control procedures. Standard or accepted industry quality standards.</p> <p>How will you measure labor productivity?</p> <p>Percent of work subcontracted to other firms. Will you make a profit on subcontracting?</p> <p>Credit, payment, and collections policies and procedures</p> <p>Strategy for keeping client base</p>
High Technology Companies	<p>Economic outlook for the industry</p> <p>Will the company have information systems in place to manage rapidly changing prices, costs, and markets?</p> <p>Will you be on the cutting edge with your products and services?</p> <p>What is the status of research and development? And what is required to:</p> <p>Bring product/service to market?</p> <p>Keep the company competitive?</p> <p>How does the company:</p> <p>Protect intellectual property?</p> <p>Avoid technological obsolescence?</p> <p>Supply necessary capital?</p> <p>Retain key personnel?</p> <p>High-tech companies sometimes have to operate for a long time without profits and sometimes even without sales. If this fits your situation, a banker probably will not want to lend to you. Venture capitalists may invest, but your story must be very good. You must do longer-term financial forecasts to show when profit take-off is expected to occur. And your assumptions must be well documented and well argued.</p>

Section 1. Executive Summary

Always write your executive summary last. Basically, it should be a very professional, 5-minute snapshot of all the important points covered in your business plan. Try to write clearly and succinctly. Use 1- or 2- pages at the most. If you can't put your executive summary into 2 pages, you need to rethink it.

This section of your business plan should include:

Section Elements	
Service / Product	What is your product or service?
	What are the features & benefits that set it apart?
Operations & Structure	What is the ownership structure? (who is accountable)
Market Description	Who are your customers?
	What is the projected future for your business and the industry generally?
Money	If you are asking for money from the bank, this is where you tell them how much you need, how it will be used, repayment terms, collateral, existing liens against the collateral, and liabilities.
	If you are looking for investors, consider showing the potential for dramatic growth

The executive summary entices people to read on. Just like a good book, the executive summary is the first paragraph of the first chapter. Start with a strong, enthusiastic opening to engage the reader. Make sure you cover the basics listed above.

Section 2. Company Description

This section describes the important elements of your business.

Section Elements	
Mission Statement	The mission statement tells people your business focus and the principles that guide you. It is usually 2 or 3 sentences and can be used to recruit, align, and motivate your team as you grow.
Goals and Objectives	Goals are the end-result you wish to achieve. Objectives are the steps you take to achieve the goals. They show how you are progressing and allow you to course correct as required.
Business Philosophy	What are the underlying or foundational principles you will to build your business and to keep it on track? Your business philosophy will inform your decision-making processes and how you market your product / service so consider how you want to be perceived by others in the industry and your clients?
Describe your industry	You will never operate in a vacuum. What is going on in your industry and region will impact your profits. Ensure that you explain why you have chosen this industry and the current landscape. Is the industry growing? What changes (short- and long-term) might take place? Why is your company uniquely positioned to take advantage of this industry or these changes? Describe your company's core competencies and strengths, your weakness and how you will mitigate them.
Ownership	This is where you describe how the legal form of the business. Will it be Sole proprietor, Partnership, Corporation, sarl, SA, 1-1-1? Include why you choose this format for your company?

Examples:

For example, a goal might be to have a healthy, successful company that is a leader in customer service and that has a loyal customer following. Objectives might be annual sales targets and some specific measures of customer satisfaction.

Section 3. Product / Service Description

This section provides a detailed describes the features & benefits of your product / service. It can include a competitive analysis chart that describes your edge. If you have any technical descriptions, illustrations, marketing & sales collateral and or photos in the Appendix, this is where you will insert a link to the different elements.

Section Elements	
Detailed Service / Product Description	Describe what you are going to sell in detail Technical specifications, drawings, photos, sales brochures, should go in appendix
List of Features	Factual statements about what is being sold
Benefits	Connects the feature to an underlying customer desire

Section 4. Marketing Summary

Marketing, and a good marketing plan are critical to the success of your business. A good marketer knows not to make assumptions but to base marketing strategies on solid research. Use the research process to uncover important data and to question your marketing assumptions. This section of your business plan should include:

Market Research	The first thing to decision to make is if you can get by with secondary research (what other people say) or if you need to create your own to test your concepts, services, or products.
Economics	This section provides a view of your business’ potential. Include projections on market size, share, level of demand, trends that could help you sell your product / service, projected size of your business. Don’t forget to mention any potential issues or barriers – with mitigating actions. This is where you can make a brilliant impression on the bankers and accountants!!
Product / Service Customer Experience	More than just a buzz-phrase, the customer experience has become the defining call to action for the 21 st century. It is critical that you can map out the experience you wish your customer to have from the time they find you, to the time they sing your praises to their friends and colleagues!! Consider how you will offer. Do you need a store or office? Will you have a website, brochure, etc.) every detail, every decision, will influence your customer’s experience.
Customers	Who are your customers and what do they want? Answer this question and you are close to ensuring that your product or service meets their needs. You are also more likely to understand how and where to find your target market and how to sell to them.
Competition	Knowing about your competition is as important as knowing about your product or service. Be objective when you compare your offering to that of your competitor’s. Understanding your weaknesses compared to the competition can give you great insight into what you need to do to differentiate and sell your uniqueness.
Fit	Understanding your industry, your offering your customer and your competition will allow you to determine how you fit in the larger landscape. This is where you go from the detail to taking a strategic view of your business. Think about how, and why, you fit and what you need to do to keep or get an edge.
Marketing Strategy	Whether you will promote your business on the internet, through word of mouth or through advertising, it all starts with a marketing strategy. Remember to include your 1) budget, 2) pricing, and how it fits with the market, 3) customers, and your 4) distribution channels.
Sales Forecast	The sales forecast can be daunting for new business owners or start-ups but you research will tell you what other similar businesses are offering and gaining. Your forecast will become more accurate as your business grows.

Remember that your business plan is meant to demonstrate that you can crunch numbers and are not afraid to dig into the nitty gritty – include statistics, and results of any tests or research you did. Remember to source your statistics.

Section 5. Competitive Advantage

Describing your competitive advantage allows your backers, people who wish to work with you and your customers to understand your product and how you think about it. It allows you to describe your major competitive strengths, your background experience, and the skills, and strengths you personally bring to the table. (see spreadsheet examples)

Section 6. Operations

This section describes how and where you will produce your offering. It will indicate what quality controls you need to have in place and which structure you will use to manage the business and the day-to-day work. This is your time to think strategically. This section of your business plan should include:

Production	Describe how you will develop and deliver products or services. This is where you provide information about quality and inventory control, and customer service guidelines and structure.
Location	A location description is especially important if you have special needs (zoning, type of building or power, access, etc.) Consider if you need access to walk-in traffic, transportation hubs, parking, etc. Remember to include drawing or schematics of the layout and work flow as appropriate. If people will visit your location, they will make assumptions about your offering based upon what they see. Make sure your location reflects your image and reputation.
Legal considerations	Some businesses require permits, licenses or have zoning requirements. Some use trademarks, copyrights, or patents. Make sure you consider all aspects of your operations in terms of how you will develop & deliver your offering.
Organisation & Personnel	Few business stay small forever. If you want to grow your business, you must consider how you will engage and employ your team and what type of personnel you need (eg, contract staff, full-time employees, a virtual team, etc.). It is important to consider the skills and experience you need now, and what you need to grow your business.
Inventory & Suppliers	If you are creating or selling a product, how you handle your inventory will pay an important role in the health of your business. Remember to do your research on industry practices, prices, and fluctuations. Consider what lead time you will need to order your supplies or the number of finished goods (inventory) you will keep in stock. List you expected suppliers with contact details and their payment policies. If you have items that are critical to your product, make sure you have contingency or back-up plans in case your primary supplier doesn't come through.
Guarantees, Return & Credit Policies	If you are selling goods, you may need to create a return policy and consider if you will take credit. If you allow purchases on credit, consider how you will manage customers who pay late. Stating your credit terms and accounts receivable policy will save you time and effort later.
Accounts Payable	Many suppliers will give favorable terms to customer who pay within a certain time period. Decide how you will deal with payables and try to optimize vendor discounts.

Section 7. Management & Organisation

This section provides a view of who will run your business and how they will do it. Many entrepreneurs think that just because they have a great idea, they can manage their own business. Many also find that it takes a special set of skills to manage an organisation. This section of your business plan should include:

Current Business Model	What business model are you using to design your business.	
Management Structure	<p>1-1-1 (TBD)</p> <p>Limited liability (up to 40 shareholders)(sarl)</p> <p>société anonyme (SA);</p> <p>the limited liability company (GmbH);</p> <p>the company en nom collectif (SNC);</p> <p>the limited partnership (SCS);</p> <p>the company limited by shares (SCA);</p> <p>CompanyTypesLux</p> <p>CompanyTypes</p>	<p>Societe D'investissement A Capital Fixe(SICAF) it's a type of closed investment scheme that also operates as a company limited by shares but it's mostly used for invest in private placements.</p> <p>Société d'investissement en capital à risqué(SICAR) is established with the objective of facilitating the raising of funds and investing it in risk-bearing capital. It can be established in any form of legal entity.</p> <p>Specialized Investment Fund ("SIF") is a type of fund based on a share capital which amount to at least 1,250,000 EUR payable within the year (12 months) and may be established as a company or a partnership.</p> <p>Société de Gestion de Patrimoine Familial (SPF) is specially designed for private wealth management and unlike the rest of the funds it allows the individuals to manage their financial assets. It can be set up in any other form of legal entity and cannot have a social object covering business activities. It is exempt from paying income tax, net wealth tax and municipal business tax.</p>
Management Competencies	Consider what skills and experience you need to manage your business. Are you well-placed to grow the company? Explain why. If you are not, who do you need? What competencies are required to manage your type of business.	
Organisational Competencies	Consider creating position descriptions and a roles and responsibilities chart to define who does what and to ensure segregation of duties for key positions. If you already have a team, include CVs of key staff.	
Mentors, Advisors, Consultants	As your business grows you will need several service providers and advisors. Be sure to list current and projected needs including: the Board of Directors or management advisory board (and projections for when this will be formed), attorneys, accountants, insurance agents, bankers, main consultants, mentors and key advisors. Remember to include the specific skill sets and why you are using that particular set of consultants and/or advisor.	
Organisational Structure	<p>Functional: Grouped according to purpose</p> <p>Divisional: Regionally organized functions</p> <p>Matrix: cross reporting lines and teams</p> <p>Holocratic: Self organizing teams, decentralized decision-making</p>	

Section 8. Personal Financial Statements

If you ask someone for money, the first thing they will want to know is that you are solvent. The second is that you are good at managing money. This section of your business plan should include:

Personal Financial Statements	Include a simple statement of assets, liabilities, and personal net worth separate from your business for owners, private investors, and each person who will be involved in the management of your business.
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(See Spreadsheet examples)

Section 9. Start-up Expenses, Assets & Capital

The general rule is that it takes most businesses 2 years to turn a profit. The first years can also be quite expensive so it is important to itemize all possible expenses so that you know what to expect. Don't leave anything out – and believe me, the better your estimate, the more accurately you will be able to forecast your growth. This section of your business plan should include:

Expenses	You've created the description of your business. You know how big you want to grow and why you are unique. It's time to go through your plan with a fine-toothed comb and consider all the expenses associated with your dream. This is definitely where the rubber hits the road!! Make sure you check your numbers with people in the field and/or experts. I've never met anyone who didn't leave something out of the first draft!!
Contingency	If you know about murphy's law, you know that things go wrong. Couple that with the project managers 1 st principle (however long you think it will take, double it and you will be close!!!) and you have the basis for your contingency. A contingency fund is like a dare to yourself. Keep your expenses as close to the reality you think you know. Estimate the contingency (usually 20% to 40%) and then see how close you fall to your forecast.
Capital	Once you have itemized your expenses, and your contingency, you will know how much money you need for your business. Consider how you will obtain that capital and what terms you can afford to offer for it. For example, if you are looking for investor, what percentage of ownership will you offer?
Explanation	It's great to put a bunch of numbers on the page, but make sure you have the research to back it up. Your investors and bankers will want to know you have a solid foundation for any of the costs they see on the page.

Section 10. Financial Plan

The financial plan gives a projection for cash-flow, balance sheet and break-even calculations, including short- (12-months), and long-term (4-years) profit and loss.

This section of your business plan should include:

12-month P&L	This brings all the pieces together. Your expenses, sales projects / forecasts, cost of goods sold and month-by-month profit projections. This is the exciting part!! It shows you when you can expect to break even <i>and</i> when you can expect to start making a profit!!
4-year Profit Projections	This shows your confidence in your business idea and in your ability to see it through. The 4-year projection also allows a bit of creativity as nothing is ever written in stone.
Projected Cash Flow	If you can't pay your bills, you can't keep your doors open. Cash flow projections prove that you are aware of your business cycle and requirements for key areas. This will give a clear indication of how much cash you need to fuel your start-up. It includes preliminary expenses, operating expenses, and reserves. Review this spreadsheet frequently to so you can foresee pending cash shortages and cover unexpected expenses.
Opening Balance Sheet	Not only will this show what is owned by the company, its liabilities, and equity. 5 or 10 years from now, when you are telling the story of how you started your business, this opening balance sheet will be part of your lore.
Break-even analysis	This tells you how much you must sell at what price to recover your costs. It shows you when you will operate at a loss and when you will make a profit.
Narrative / Explanation	It's great to put a bunch of numbers on the page, but make sure you have the research to back it up. Your investors and bankers will want to know you have a solid foundation for any of the numbers they see on the page. These notes will also remind you why you used specific numbers and the assumptions you made while doing the financials.

Section 11. Appendix

The appendix is for all the documents that you need to tell your story but, placed anywhere else in the document will distract from the key messages. This section of your business plan can include:

Marketing collateral	Website captures, brochures, coupons, promotional campaign descriptions. Magazine articles, white papers, confirmation notes from potential customers
Studies & Corroborating Research	These can be primary or secondary market research studies / output, especially if related to assumptions or claims you are making about your industry, market, customers, or product.
Lists	Design documents, blueprints, office plans, equipment, and other asset lists