

# THE BUSINESS PLAN SURVIVAL GUIDE

a step by step guide to  
business planning



## **Table of contents:**

## **Page:**

1. How to use this eBook:	3
2. Why have a business plan?	4
3. Your business plan	5
4. Executive summary	6
5. Vision and mission statements	7
6. Business concept	8
7. Aims and objectives	9
8. Marketing plan	10
9. Image and reputation	28
10. Business location	29
11. Regulatory requirements	30
12. Sales tax and business number registration	31
13. Business insurance	32
14. Legal considerations	33
15. Operational plan	40
16. Financial plan	49
17. Financial templates and business tools	56
18. Financial templates (downloads)	57
19. Business tools templates (downloads)	58
20. Business metrics and KPI's	60

## 1. How to use this eBook:

Thank you for purchasing the Business Plan Survival Guide. This book is designed to simplify the process of developing a business plan for your business and in the process provide you with a ton of resources to help you do this!

Please read through each of the sections in this book to understand the areas that are required to be covered, understood and then developed in whatever document format you decide to base your business plan on (MS Word etc).

As you work through this book you will see references to both financial templates and digital (business tools). These are included for you (with example data) to guide you and help you develop the numbers and information required for your business plan now, and in the future.

Also with the digital tools (which are included in this guide for FREE) you can develop financial scenarios and what if's with your data to help you further with your final numbers. These then can be used as the basis for your budgets in each of your financial spreadsheets included with this plan.

Finally, I hope you will find the process of developing your business plan both challenging and rewarding.

John Duffield - [UMACS Business World](#)

*We do not receive any compensation (commission) for any of the external websites we have links to in this document.*

## 2. Why have a business plan?

Throughout the process of business planning you will gain valuable insights into the marketplace where you plan to operate. Along with this, you will find out about your competitor's strengths and weaknesses, also what areas of these weaknesses you can you capitalise on.

Business planning is an essential part of any business start-up. Throughout this document you will need to establish if you have a place in the market, if your products will be in demand, and how you will create and maintain this demand through effective marketing strategies.

Other important reasons to have a business plan is to attract potential investors. Also if you are applying for start-up funding from a bank (for example), they will insist on viewing your business plan. The bank will be also be particularly interested in your financials, especially your cash-flow forecast, to check if you have the capacity to re-pay any loans that you may require.

It typically may take some time to complete a good plan, mostly this time is taken up by research and rethinking your ideas, but that's the value of the process.

*Please Note: Refer to the business plan shell where you can complete each section in this document. You can download the business page shell on page 57.*

### 3. Your business plan

#### **Things to consider before you start:**

If you need to acquire start-up funding or investment from people outside the business, then you will normally need to include personal financial statements for each owner of the business. This financial statement should indicate assets and liabilities for each person outside of the business, and this should also include their personal net worth. Owners will often have to use their personal assets as collateral to finance the start-up business, and a personal financial statement should indicate what is available to them.

Most people have many expenses before they even start the business. It is therefore very important that these expenses are accurately estimated and also where all the capital requirements for the business will come from. Even with the best intentions in the world a new business may cost much more than you anticipate. It is always best therefore to go 'over budget' sometimes to make allowances for these unforeseen increases. Another alternative would be to have a contingency that allows for these increased expenses. You should explain in detail where the start-up expenses are coming from and how you intend to fund these.

#### **Getting Started:**

Having considered these areas above it is now time to start down the road of developing your business plan. Think carefully about the pages that follow and the required information, so you can put together a meaningful business plan. We have provided many examples and some sample information to help you complete your business plan. We begin with the executive summary on the next page.

## 4. Executive summary

In this section you should summarize the full content of your business plan into a one-half or full page. Write this section last as you will need to go back over your plan to capture the key points to summarize here.

Explain the fundamentals of the proposed business: What will your product or service be? Who will your customers be? Who are the owners of this business and what do they bring to the business?

What do you think the future holds for your business and your industry?

Make it enthusiastic, professional, complete, and concise.

You should specifically describe (in short detail) the business concept, your target market, a summary of your market research results, the reasons why you think your business will be successful, your financial projections including; sales turnover, major capital purchases and projected profits for 2-years out.

*Refer to the financial templates that are downloadable on page 57 to help you with this.*

## 5. Vision and mission statements

Businesses summarize their goals and objectives in mission and vision statements. Both of these serve different purposes but are often confused with each other. While a mission statement describes what you want to do now, a vision statement outlines what you want to be in the future.

The **Mission Statement** concentrates on the present; it defines the customer(s), critical processes and it informs you about the desired level of performance.

The **Vision Statement** focuses on the future; it is a source of inspiration and motivation. Often it describes not just the future of the business, but the future of the industry or society in which the business hopes to effect change

### **Vision Statements:**

A Vision statement outlines **WHERE** you want to be. It communicates both the purpose and values of your business.

### **Mission Statements:**

A Mission statement talks about **HOW** you will get to where you want to be. It defines the purpose and primary objectives related to your customer needs and team values.

## 6. Business concept

Here you need to define what the business is all about. What is it that you are actually selling? What is it that you are offering to your customers? Products and services have tangible (visible) features as well as intangible (invisible) features, you will need to list both. Intangible features are associated with feelings (peace of mind, reliability, etc.), this is when the customer feels the benefit from buying your products. A service usually provides intangible features.

Describe your industry. Is it a growth industry? What changes do you foresee in the industry, short term and long term? How will your company be poised to take advantage of them?

Describe your most important company strengths and core competencies. *See also SWOT Analysis on pages 19-20.* What factors will make the company succeed? What do you think your major competitive strengths will be? What background experience, skills, and strengths do you personally bring to this new business venture? What is the legal form of ownership: Sole proprietor, Partnership, Company?



## 7. Aims and objectives

In most businesses, the owners decide on the aims and objectives for the business. When a business first starts trading it has few loyal customers and no reputation. The most likely objective for a start up business is simply survival. As the business grows and begins to win market share, the aim may shift towards expansion and/or increasing profits.

**Some owners have a vague idea about their objectives.**

The best types of objective are **SMART**. Smart stands for:

- **Specific:** clearly state what is to be achieved, e.g. increased profits.
- **Measurable:** the desired outcome is a number value that can be measured, e.g. increase profits by 10%.
- **Agreed:** all staff are involved in discussing and agreeing an aim, and it is achievable.  
Realistic: the target is possible given the market conditions and the staff and financial resources available.
- **Timed:** the target will be met within a given period of time, e.g., 12 months.

An example of a **SMART** objective is 'to increase profits from 5% to 10% within the next 12 months'.

**SMART** objectives allow the performance of a business to be assessed.

## 8. Marketing plan

Regardless of how big or small your business is, it very helpful as the business owner to have some clear objectives as to what you want to achieve in the business. This gives you clarity and something to aim at and to measure your business against.

Objectives should be of a measurable nature; for example to make \$30,000 profit within 12-months with a net profit return of 12%. Or maybe a philosophical one such as I want to achieve financial independence and put all of my business ideas into practice and make money from them (again this should be measurable).

Remember that aims and objectives are very personal to your business. Make sure that your objectives cover the first two years, beyond that it can get a bit hazy.

A business aim or objective is a statement of what a business is trying to achieve usually over a stated period of time. For example, a business can set itself any of these targets: a net profit return of 10% in the first 12-months, a 20% growth in customer numbers in 6-months, 5 new products within 2-years.

Having an objective is useful because it helps staff to focus on shared aims. A business could instruct its staff to work towards increasing sales by 10% by the end of the year.

*To help you come up with some sales and profit objectives we have two business tools that can help with these numbers. These are the Business Growth Plan Matrix and the Break/Even - Force Profit Calculator, you can download these on pages 57 and 58.*

## (a) Market research

Prior to beginning any business venture, you will need to undertake detailed research into all aspects of your business to ensure that any decision-making regarding your business start-up is based on factual and not anecdotal information.

No matter how good your product and your service may be, the venture cannot succeed without effective marketing. And this begins with careful, systematic research. It is very dangerous to assume that you already know about your intended market.

You will need to do market research to make sure you're on track. Use the business planning process as your opportunity to uncover data and to question your marketing efforts. Your time will be well spent. You will need to undertake market research into the following areas;

- The market (pages 12, 13, 14, 15)
- Customers (page 14)
- Competition (pages 21, 22)
- Location (page 29)
- Legal structure (pages 33 - 39)
- Regulatory issues (pages 30 - 33)
- Taxation, and other key areas (pages 31 ...)

## (b) Market analysis

The market analysis is one of the most important parts of any startup strategy. Do it right, and you will have a clear idea of the path down which you are headed. A good market analysis will enable you to lure investors, sidestep pitfalls, and most importantly, attract customers.

It's smart to write a business plan, especially if you are beginning a new business venture. Even if you're a sole proprietor/trader or don't intend to borrow any money to get your business off the ground, it is important to have a clear plan in place. The market analysis isn't just one part of a successful business plan—it's one of the best reasons to write one.

The time you spend doing the research and putting it all together will come back to you many times over in dollars earned and heartbreaks avoided. You'll look like a professional, and you'll outshine the competitors that didn't write one.

A market analysis can be a measuring stick you use over time to see how far you've come, and it allows you to make projections based on data rather than guesswork. Because you'll know the size of the mountain you're about to climb, you'll be able to pace yourself and prevent problems in the future.

Your market analysis should include an overview of your industry, a look at your target market, an analysis of your competition, your own projections for your business, and any regulations you'll need to comply with.

### (c) Customer profile

From your demographic analysis, what are the typical characteristics of the largest segment (in terms of people) of your target market? Prioritize your target market in the order that you wish to target them (which one's-first, which one's-second and third, etc). This might be obvious once you assess the potential profitability of each of your target markets.

### (d) Trends and seasonal factors

Your sales may be affected by seasonal factors that are outside of your control (Christmas, Easter, Public Holidays) You will need to identify when this may happen and design some strategies to allow for these factors, or take advantage of them.

*Also make sure that your Sales Plan (Year 1 & 2) see page 57, reflects any seasonality of sales in your business.*

## (e) Target market

You need to list who your overall customers are going to be and the geographical areas that they will come from. Put simply you will need to describe and clearly profile the people who are most likely to buy your products and services. This is usually done by studying the demographics of your target market, this may be by; age, gender, location, marital status, number of children, education, income, buying preferences, and other information, if these are important for you to know.

This may sound like a lot of work but you really need to know this in order to develop some meaningful marketing campaigns in the future amongst other things. The detail you know about your potential target market the better. Surveys are great for this, checkout [Survey Monkey](#) its free up to a number of surveys per month.

## (f) Market segmentation

In reality you are not going to be able to service all of the people in your target market. As such you will need to break up your target market into specific segments that your business will be able to realistically service and manage well. This is similar to what you are doing in establishing your target market, except now you are putting them into groups, or segments to be more precise. Remember this is about who buys and ultimately uses your product or service, not who you are competing with. This will become invaluable once you start email marketing. Once you are established check out [Mail Chimp](#) to help in setting up this process.

### *(g) Market size (optional as you may not be able to establish this for some time)*

Once you have completed your market segmentation you will need to quantify the size of your market. How many people exist in each of the market segments that you have identified? These statistics can usually be found from your country's bureau of statistics on the Internet, look under the most recent census information by geographical area. Also your local or state library may also have some demographic data that you could access.

Also you should try to estimate the size of the market in its monetary value which is the true measure of a market's size. Whilst this may be difficult to do there may be some information available to help you at least understand what is the total sales available in a given market. Again look at the bureau of statistics for your country, this may give you some information to help you in this process.

The market size is simply the amount of money that is spent collectively by all the purchasers of the products (and their accessories - the add-ons) over a period of time (usually one-year). A good example of this is the mobile phone market which includes, the main product (mobile phone), and all the accessories that go along with that (chargers, cables, SIM cards, and telco provider plans).

You'll find in this process that some companies dominate in terms of market share don't let this deter you as big is not always beautiful, and you have one crucial element on your side - flexibility.

## (h) Pricing strategies

There are a number of pricing strategies that you may want to adopt throughout the course of your business depending on the situation. Here you should describe the pricing policy that you wish to adopt as a start-up business.

One important thing to remember here, is that it is very easy to lower your price, but much more difficult to raise your price back up again. Your pricing over time should be stable (once the introduction period has ended, for example), and you should avoid confusing the market by frequently raising and lowering your prices.

Also don't be afraid to increase your prices once a year, 5%-10% is usually an acceptable increase, higher than 10% might require some explanation. Your suppliers will be increasing their prices on you so if you don't at least pass this on it will eat away at your profits. A 5% increase is not really that much and some customers may not even notice this marginal increase. However over time this will impact your profit considerably.

For some products and services you may be guided by the price that the market demands (what the competition price is), however if your product or service is clearly differentiated then your price should be considerably more than the competition.



Product or Service	New/Existing Product	Market (sold into)	Market Growth	Competition Level	Sell Price	Last Modified/Updated
A	New	Existing	Moderate	Medium	High	N/A Yet
B	New	New	High	Low	High	N/A Yet
D	Existing	Existing	Moderate	Medium	Market	2-years ago
E	Existing	Existing	Slow	High	Market	3-years ago
F	Existing	Existing	Slow	High	Low	5-years ago

This gives you a quick snapshot of where your products sit in each of the markets you are in and how you might structure your pricing. The model serves as a justification for your pricing strategy based on a number of factors. You may decide to change Moderate, Medium, High's and Low's with percentages if you wish.

Keep an eye also on the last time the product or service was updated or modified. Your customers will not be too keen on buying an outdated product or service particularly if the competition has new and regularly updated products that compete with yours on every level.

A simple change in packaging or a slight modification can maintain (or even increase) your price and a promotional campaign around all this can relaunch this product to even greater levels than before. Think what Apple do with the iPhone, how they reinvent the product and make even more sales with every new version that is released.

I know now you are thinking well that's all well and good but I'm not Apple, I know you are not! All I am saying is you think about some of their marketing methodologies, and how you could apply some of these into your own business. When I train businesses in marketing strategies I always use Apple as a good example.

**And to quote 'Ansoff's Matrix', there are 4-ways that you can enter a market:**

1. By Selling **Existing** Products into **Existing** Markets.
2. By Selling **Existing** Products into **New** Markets.
3. By Selling **New** Products into **Existing** Markets.
- By Selling **New** Products into **New** Markets.

Each of these should command a different pricing strategy.

## (i) SWOT analysis

What are your strengths and weaknesses in comparison to the competition and what opportunities and threats have you identified in the marketplace? List the strengths, weaknesses, opportunities and threats that relate to your business. Then come up with strategies to build on the strengths and opportunities, and strategies to minimise, and counteract the weaknesses and threats. There is an SWOT Analysis Template prepared for you in Excel format complete with some example SWOT's. You can download this Template from page 57. (see snapshot on the next page).

<p><b><u>Strengths</u></b> (Internal to the business) Areas that you do well or advantages that your business has over other businesses. <i>Internal to the business means you can control these.</i></p>	<p><b><u>Weaknesses</u></b> (Internal to the business) Areas of your business that need improvement. <i>Internal to the business means you can control these.</i></p>
<p><b><u>Opportunities</u></b> (External to the business) External factors that may contribute to your business and build up your strengths. <i>External to the business means you cannot control these.</i></p>	<p><b><u>Threats</u></b> (External to the business) Potential problems or risks caused by external factors that your business may face. <i>External to the business means you cannot control these.</i></p>

**SWOT Analysis (EXAMPLE ONLY)**

**My Business**

<b>(S) Strengths</b>		<i>These are internal to your business and you can control these.</i>
<b>My Business Strengths</b>		<b>Strategies to Build on my Business Strengths</b>
1	Personal skills and knowledge of market	Engage in continuous personal development
2	Supply of differentiated products or services	Make sure your advertising and promotion reflects this unique position
3		
4		
5		

<b>(W) Weaknesses</b>		<i>These are internal to your business and you can control these.</i>
<b>My Business Weaknesses</b>		<b>Strategies to Minimise my Business Weaknesses</b>
1	Lack of business experience	Take e-learning courses from Small Business World to develop my business skills
2	Limited product range	Review what is required to increase your product or service offering
3		
4		
5		

<b>(O) Opportunities</b>		<i>These are external to your business and you have no control over these.</i>
<b>My Business Opportunities</b>		<b>Strategies to Capitalize on my Business Opportunities</b>
1	Competition	Look for gaps in their product & service offerings to capitalize on
2	Government policy and laws	Review policy & laws to see if you can gain an edge over the competition
3		
4		
5		

<b>(T) Threats</b>		<i>These are external to your business and you have no control over these.</i>
<b>My Business Threats</b>		<b>Strategies to Counteract my Business Threats</b>
1	Unfavorable economic conditions, affecting buying power and spending patterns	Diversify product offering, run promotional offers, sell more 'essential' products & services
2	Natural forces (climate seasonality)	Understand the seasonality of my business and prepare for the 'peaks & troughs'
3	Too much competition	Specialize in something, be extremely good and providing a particular (unique) product or service
4		
5		

Complete each area of the SWOT Analysis completely and honestly. When you have finished, sit back and review your business and the strategies required for each area. As a rule of thumb if you have considerably more weaknesses than strengths you should re-consider your business idea.