

Business Support Guides

Your Business supported in a few Simple Steps

Guide 1: Steps to writing a business plan



Hull
City Council

Managed Workspace Centres

Starting a business

By failing to prepare, you are preparing to fail – a quote from Benjamin Franklin that rings too true in business. If there is little to no planning, can you really expect your business to succeed? What do you need to consider before starting a business and what could help guide you, lay thoughts in your mind out in an organised fashion? Well, this could be done by writing a Business Plan. By writing a Business Plan, it provides the following

- you an opportunity to review all aspects of the business
- sets out the direction and goals set by the business
- allows you to identify potential problems,
- allows you to resolve and qualify assumptions

Building a successful business with a clear mission is vital. The best way to do this is to write all ideas and thoughts on a plan that is set out to help you achieve those goals.

Below is some helpful tips on what should go into the plan helping you put together a robust business plan and set you up for success or expansion.

Steps to writing a business plan

Introduction to your business and your business idea.

A business plan should be a written description of your company will look like, what your aspirations and ambitions for it are, and the methods by which you will follow in order of it to achieve your goals.

The more you begin to write and list, the clearer the business structure becomes. By producing a detailed business plan containing facts, figures, statistics and a summary of your skills, you will outline the criteria of what is needed to run and why you will run a successful business. By completing a business plan containing the above information, it will give potential investors all the information they need to buy in to your proposal, should you require funding.

Getting started

When writing a business plan, the hardest part is actually getting started. For me, it is always best to refer back to the original reason why you're starting your business. Or if you are already in business, what is the executive summary of this? One key factor that should never be overlooked is flexibility. Just look at companies like Amazon and Samsung and how they have changed in an ever growing market over the years.

To summarize , think about the following

- Describe your business - how you want it to grow, the niche you fill, why you think it can succeed
- Describe & explain what you're going to do – how will it run, what time will be put into the business and so on
- Describe what you will be offering to your customers/clients – what is your pitch? Do you have an elevator pitch, is one needed?
- Describe the sector it sits in - if the sector is strong, where will you fit? If it's performing poorly how will you buck the trend?

Aims, objectives and audience

To help with getting a better understanding of your business, its structure, its aim, objectives and audience a SWOT analysis should be considered. Highlighting these strengths, weaknesses, opportunities and threats it will help you see the bigger picture.

- Where do you want your idea to go and how are you going to get there?
- In a year's time what shape will your business look like – will it have evolved?
- Will it look to take on investment, or hired additional members of staff?
- What are the target and implications – are there repercussions from failure to hit projected financial targets?
- Have you completed in-depth market research? Can you move with your competition and the market you're in?

It's vital that all of these factors are assessed prior to launching or expanding a business. Research carried out by the Chartered Management Institute (CMI) has discovered that over half (54%) of all UK businesses that fail within the first three years of operation do so because of poor management.

Operations and organisation

It's good to have a solid concept, strong product and ambitious goals, but to grow a successful company, you will also need a detailed understanding of job roles, company structure and the day-to-day running of your operation.

This section of the plan is often the most detailed. Overlooking just one of the below areas could be extremely harmful when it comes to launching a company or seeking investment.

Areas to cover

- Location - where will you be based and why?
- Suppliers - who are they and what are the contract terms?
- Production - will anything be outsourced?
- Distribution - how will you deliver your product?
- Employees - how many do you need and what will they do?



Financial risks and start-up considerations

How will this section of your Business Plan tie into your Cash Flow Forecast? Have you thought about a cash flow forecast and more importantly – do you have the knowledge and knowhow to plan to forecast and if so how long can you forecast for?

Business, earning and profits are of fine margins to begin with, with many businesses believe they can reinvest business profits into the business allowing for growth. However this rarely works, suppliers need to be paid prior to the customer getting their hands on the goods, meaning you will need some initial funds or loan to cover supply costs.

Consider:

- What kind of financing you require
- How much money is needed to pay suppliers, the business, taxman, your staff and you, the business owner
- Whether you are willing to give away equity in the business in return for funding –if so, at what percentage works for you
- When you will be able to pay back any loan should you take one out

Measuring success and risk

What are the risk factors? Again, from your market research what has this told you about the market and the sector that you're heading into? Think about the time of year you're measuring – if you were selling pumpkins and your business started in November, just how easy is that to get an investment as opposed to October?

Types of business risk

- Compliance – Complying with laws and regulations, if your business doesn't, it could fail before it has started.
- Operational - Operational risk can come in many forms. It could relate to employee error, supplier fault or a damages equipment from structural damages.
- Financial - Nearly all businesses will get into debt in their opening years – the saying goes “you don't make any profit in your first year” meaning you only make a loss – it's how that debt is managed.
- Reputational - Building customer confidence in your brand and rewarding them with a quality service is an essential ingredient for businesses.

Market research

When it comes to business plans and learning about your competition, there is not enough Market Research you can do. The more the better – the more you understand who is out there, what services they're offering, what their pricing is the better it will put you in stead to be successful.

- Primary Research – Who are your customer, how old are they?
- How much would they spend on your offer?
- How often and when do they buy?
- Where do they buy their current or similar product or service?
- How satisfied are they with their current supplier – what (if anything) is lacking to allow you a chance at leaving your mark.
- Where would they look to find your products – how did you search to find your competition? Was it online, word of mouth etc...
- Secondary Research – can you list your competition and perform a SWOT analysis on them? What will you learn from them?

Louis Pearlman Centre Telephone 01482 612 478
Bespoke Resource Centre Telephone 07702 922771
Craven Park Training and Enterprise Centre Telephone 01482 379 514
www.hccmwc.co.uk

www.hullcc.gov.uk Telephone 01482 300 300

