

INTRO

Developing a Business Plan

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Lesson Objectives

The Developing a Business Plan module serves to answer and provide insight on the following:

- What is a Business Plan?
- The Importance of a Business Plan
- Who Needs a Business Plan?
- Elements of a Business Plan

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What is a Business Plan?

A Business Plan is typically drafted in order to highlight the **plan and future of a business**



Within a Business Plan, it will entail what the founder plans on doing and the various **methods of accomplishing each step** – providing an **extensive instruction manual** for the business owner and interested parties

The Importance of a Business Plan

1

A Business Plan is highly important to business owners and entrepreneurs as it is one of the tools that allow the business owner to develop a strong strategy for his/her company.

2

With the Business Plan, the business owner will be able to visualize and specify all the necessary steps to help their business succeed while also stating how to achieve objectives in the short and long run.

3

A Business Plan can also provide a risk management assessment – whereby the business owner would be able to identify various external risks and threats that may affect the business in the future. By highlighting such possible threats, the business owner would then be able to expect certain situations and already have a list of solutions to tackle the problem.

Who Needs a Business Plan?

Business Plans are used for various purposes by different profiles within the professional world. Some professional profiles that typically use business plans consist of:

- ① Entrepreneurs/Business Owners seeking investment – whereby the business plan will be able to share the founder's true vision behind his/her company
 - ② Attempting to attract potential employees
 - ③ Business outreach and new prospects
 - ④ Helping suppliers understand their work with the business
 - ⑤ Understanding how to manage the company better

Elements of a Business Plan

Luckily, various Business Plan templates exist within various online browsers which can help guide new business owners better – especially as beginners.

A Business Plan can be split into three main sections consisting of:

Business Concept

Discussing the general elements of your business, such as the industry, product/service, your target audience, the market, etc.

Marketplace and Business Model

Providing a deeper analysis of how the business plans to sell and to whom. This section will also deep dive into existing competition and how the business plans to position itself

Financial Projections and Investment

Providing income statements, cash flow statements, balance sheets, and other financial sheets that will be able to provide a better picture of the business' growth over the next 3-5 years

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Elements of a Business Plan: Executive Summary

- The Executive Summary element of the Business Plan is similar to a summary of all important details of the document.
- A great Executive Summary will help provide an overview of the whole business and each of the sub-points of the company's products/services.
- When developing an Executive Summary, it is also highly important to clearly mention the 5 W's (Who, What, Why, When and Where) of the business alongside a clear mission statement of the business.

Elements of a Business Plan: Business Description

- Detailed Description of the Business is also one of the most important aspects of a Business Plan.
- Within this section, the business owner will be able to highlight the products/services the company will be offering to a specified target audience.
- The Business Description section will also be able to provide proof of the actual need for the company's products and services – which provides more advantages compared to the market's competitors.

Elements of a Business Plan: Market(s)

- Even after creating the perfect product/service for a specific target audience, finding the right market can be the most difficult aspect of starting a new business.
- It is important to remember that in some cases, a great business idea may work better in a new market outside of the one that the business owner lives in.
- During the research phase of creating the new business, it is important to pay attention to the most relevant market for the product/service by using online resources, hosting focus groups and interviews with members of the target audience, and even trying to learn from the mistakes of the competitor.

Elements of a Business Plan: SWOT Analysis

- A SWOT Analysis should consist of an extensive list of Strengths, Weaknesses, Opportunities, and Threats.
- It is also important to provide objectivity when creating the SWOT Analysis in order to remain logical and realistic.
- To visualize a SWOT Analysis better, Strengths and Opportunities can be grouped as “Positive” factors while Weaknesses and Threats are potentially “Negative” factors.
- It’s important to really dive into potential current/future weaknesses and threats in order to pivot quickly should an issue arise.



Elements of a Business Plan: Team and Management

- Having a high-quality, professional team is essential when starting a new business. Despite starting alone, the business owner will be able to foresee the future team that he/she would need in order to expand operations.
- Even if the business owner is starting he/her business alone, it is important to mention the future employee structure within the Business Plan since it will show a potential for growth and seriousness when looking to expand with investors.
- It will also be important to mention the positions of each employee in order to show that the future work will have experts handling each task based on their profile and strengths.

Elements of a Business Plan: Product/Service Offerings

- Within the Product/Service Offerings section, is the section of the Business Plan where the business owner is able to share details on the product/service that he/she is offering.
- Also, the business owner will have to mention how the products/services will be produced and also the methods of how they will be sold.
- With the previous sections, it is important to tie the product/service with the clear need within the market by the target audience – in order to show proof and a need for such a solution proposed by the company.
- In addition, the business owner will also need to mention how their product/service can be purchased repeatedly in order to have repeat customers that value the brand and keep coming back.

Elements of a Business Plan: Marketing Activities

- Marketing is a highly important factor when starting a new business – which goes more than presence on Social Media.
- Through the vast Marketing activities, the business owner will need to focus on the company's branding and key messages that they would like to use to know about the brand.
- Also, launching Marketing activities at the start of a new business are typically higher – since the business owner will need to attract new customers to his/her brand.
- Some forms of Marketing could be done in terms of:

Print

(brochures,
posters)

Events

**Social
Media**

(Campaigns,
sponsorships)

**Public
Relations**

(Media, press
releases)

Elements of a Business Plan: Financial Planning

- Financial Planning is a highly important element within a business owner's business plan – as it captures future growth and the necessary financial needs to reach certain milestones.
- Also, financial planning is helpful to business owners since it allows them to project if and when their new business will be financially profitable.
- The financial planning section of the Business Plan will be valuable during funding opportunities and when approached by investors.
- Even as a new business owner, he/she is not expected to be an expert in Finance – whereby seeking the help of friends and relatives (who are experts in the field) could be a low-cost solution to get started.
- Some of the most commonly requested financial sheets requested by investors are:

Cash Flow Statement

Balance Sheet

Break-even Analysis

Income Statement

Use of Funds