

Business profile

This section is where you introduce yourself, your business and your support team. It follows the standard order of cover sheet contact details first, followed by the Executive Summary, before touching on the background of the business and your support team.

Business structure

A business in New Zealand typically uses four basic business structures: sole trader, partnership, company or trust. The choice has an impact on ownership liabilities, tax implications and a variety of other important areas, such as how you keep your records.

Business structures also encompass how the business operates, like whether it runs as a co-operative (with the customers taking equal ownership) or uses a franchise model.

Business owners

List all the owners, plus their investments, liabilities and share of profits. If there is more than one owner and you have a Deed of Partnership, add this in too.

Executive summary

An executive summary gives an overview of your plan while promoting the important points you need to focus on. It's normally only a few short paragraphs, aimed at and written for those without technical or specialist knowledge, and is presented at the beginning. However, as a summary, it's best to leave writing it till the very end.

Tip

The executive summary is used as much to sell an idea as summarise it.

Background

The background section gives a brief history and context to your business, and is also where you set out your objectives and expand on your own business track record if you have one.

History

For an existing business: Give a brief timeline containing major turning points and events that have shaped or influenced the business. List successes, milestones and any challenges you have overcome.

For a business idea: Simply detail how the idea came about and expand on your own business background, listing all the relevant skills and experiences you bring to your business.

Objectives

List your short-term (12 months) and long-term (up to 5 years) objectives, with a timeline for expected milestones.

Products and services

Clearly explain in plain language what you will be offering your customers. If possible, ask a friend with no technical knowledge of your industry to read this section to make sure it can be understood by anyone. It is critical "what you do" is easily understood at this stage - otherwise the rest of the plan might not make sense.

Patents and trademarks

Detail any copyright protection you hold on an original product or service concept. If you're not sure if you should have one, seek out advice from a patent attorney. Also detail here any existing contracts for work or additional legal protection you may have.

Location

This sounds like an invitation to give directions or draw a map but this section is actually for explaining the competitive advantages of your location. Retailers need locations with great foot traffic or convenience for customers, for example, manufacturers are better located near freight transport links.

Talk to a Business Manager on 0800 269 763 and ask how Marketview can help your business.



Goal setting

Goals are the real purpose behind your business and this plan, so give them plenty of thought. They will form the road map for your business success. Think about your long, medium and short-term goals.

Even if your long-term goals are general in nature, having some future objectives helps you to think clearly about your medium and short-term goals, keeping you focussed on future success.

Some goals may be dependent on a previous goal being completed first, so list them in order, indicate a realistic target date for when you expect to be able to achieve each one and make sure they're clearly defined.

Tip

It's useful to include in your summary, where you see your business in around 1, 5 and 10 years time.

Management, team and support

Provide an overview of the management structure of your business, including who's involved in overall governance.

Describe your management skills and also the skills and experience of your management team if you have one and any advisers supporting you. The latter can include anyone from a business guru, accountant or lawyer, to a family member with a prominent reputation in your industry.

Vacant positions

Detail any important roles that, once occupied, will have a significant positive impact on the running of your business. For example: "Recruiting two specialist machinists can double our output and significantly increase our rate of growth".

Business support networks

These can include regular BNZ Connect events, your Chamber of Commerce, any specific industry or trade associations, advisory bodies or any business support group you can rely on. Don't forget to include any specific services or roles they can play in assisting your business viability.

Organisational structure

If you have staff, clearly defining roles is an essential part of inspiring confidence in a business. Be as detailed as you can in describing the responsibilities of each member of your management team and who each of them reports to beyond yourself.

Recruitment policies

If your plan involves recruiting staff, you need to detail your recruitment methods and policies here. If you are filling specialist trade roles, for example, make sure you clearly state the minimum qualifications required.

Taking on employees is a big responsibility and can lead to potentially expensive mistakes if you end up with unsuitable people, so make sure you have a robust policy. With a good recruitment process it's likely you'll be able to attract a higher quality of candidate.

Market research

It's vital you know your market so some market research is an important part of your plan. With an understanding of your **target** (who your potential customers are, their number, needs, location and buying preferences), you can tailor your style, products and services, pricing and location, etc to suit. In essence, your market research ties in with your marketing programme and sows the seed for your entire marketing mix (Product or Service, Place, Price, Promotion - See Marketing section).

Find out your market size, customer motivations and expectations, information about your competitors, and industry structure, statistics, seasonal fluctuations in product demand and trends.

Primary research

You should conduct at least some research yourself (primary research) as every business is different and you may find out things about your product or service that are crucial to how you design or promote it. Primary research can be expensive, especially if engaging a third party to help but a lot can be learned with a little effort. For example, try testing your product or service out with friends and family (and for more neutral feedback find some people you don't know), try surveys, interviews and focus groups (a group of people representing your target audience you use for brainstorming, product ideas, figuring out buying preferences, and purchasing decisions).

Secondary research

This is research that is readily available from other sources (and therefore also available to all your competitors). You will probably be able to source a fair amount of information about your market, and your industry, online so the internet is likely to be your first port of call for secondary research although libraries and industry bodies are also good places to look.

The government supplies a range of business and economic statistical information free of charge (for example see stats.govt.nz for census, export and industry data).



Future research

Your research efforts should be ongoing to keep pace with new ideas and market fluctuations. Once you are in business, having detailed sales data for example can help you to identify trends, most popular products, who is buying, etc.

Competitor research

As part of your research, competitor research is a vital task to carry out, but it's not always easy. Gain an objective view of a competitor's strengths and weaknesses by being a mystery shopper. If you will be recognised by a competitor, do this on the phone or send a friend as a walk-in customer in your place.

However you carry out your competitor research, you need to identify their points of difference, what they're doing well and what they're failing on in their service processes. It's tempting just to browse a competitor's website and focus on price differences to your product or service, but competitor research needs to be much more in-depth and first-hand to be of significant use.

Important details – possibly game-changing factors – can often only be picked up by experiencing what your competitor is offering for yourself. A chef, for example, could only judge the astuteness of a rivals pricing by tasting the quality of the food themselves.

Identifying and defining your competitive advantage is important. It's what you do better than anyone else. Make sure you're clear on what it is, and your plans to sustain it.

It's also important to consider what growth potential your competitors might have. Will they grow significantly enough to pose a threat to your competitive advantage and how will they react when you enter their market? If so you need to consider ways to reduce that risk. Planning ahead is essential.

SWOT analysis

SWOT stands for STRENGTHS, WEAKNESSES, OPPORTUNITIES and THREATS. A SWOT analysis is a method of assessing your business's health or viability – whether existing business or a start-up – by looking at its internal and external influences.

List your business strengths, weaknesses, opportunities and threats below, before outlining how you will approach them to the benefit of the business.

Strengths

Strengths can include any internal positive influence on your business: design advantages, manufacturing efficiencies, brand strength, superior product quality, or even specialist knowledge in the form of personnel. List any point of difference that sets you apart from the competition.

Weaknesses

Weaknesses can include any internal negative influence: disadvantages in human resources, finance, intellectual property or any other part of the business. It's important you remain objective in listing your weaknesses, because if you do omit anything, you could be exposing your business to a potential attack from competitors or an opportunity to improve your business. However, don't list the competition, because they are an external threat.

Opportunities

List any external change affecting your business in a positive way: a growing market for your product (use demographic information to back your argument if need be), increased demand, a new bulk purchase contract, or even a less-crowded market.

Threats

External threats can come from competitors either in the marketplace, or the growing strength of one in particular or economic factors such as a recession or a sign-posted change in the tax regime that could negatively impact your business.

Market overview

This is where you place your findings from your market research. Detail the size and potential of your target group of customers. BNZ Marketview can help you with this section.

Market description

Include any demographic and geographical information if relevant. For example, 30- to 40-year-old singles with high disposable income, living within the central city area. If your market is other businesses, describe the size and activity of the industry you're targeting, or even specific companies if the number of significant players is limited to a few big operators.

Market size

Include information on the number of potential customers in your marketplace and some approximations on how much money they spend on products or services like yours, or any other relevant figures important to your business's success. For example, if you worked in a specialist field of HR, you'd include the number of people the market employs locally or nationally.

Market structure

Describe the supply chain of the market if relevant, including the relationship between producers, suppliers, distributors and the end consumer. Say where you fit in or the potential your business has to usurp this structure by doing things differently (by, for example, cutting out the middleman with direct imports).

Market opportunities

Detail any gap in the market you hope to fill. Is it completely unidentified in the market or are there other competitors positioned to compete with or follow you? What is the revenue potential of this opportunity?

Detail your estimate of market growth based on your research. Don't forget to justify your findings by naming the influencing factors and quoting statistics where available. If you were planning to open a rest home, for example, you would detail here the rise in the number of people over 60-years-old in New Zealand's demographics.

Future markets

Future markets sound straightforward but if you intend to add larger markets, or wish to begin exporting overseas within a timeline, state it here.



Target market

Target market description

Describe the target customer types you have identified, including demographic statistics and your estimate of their average spend. Detail any market research you may have done that supports your plan.

Many start-ups are founded on the assumption that “everyone” is their target market. These businesses typically find

it harder to succeed because their lack of market research means they haven’t identified their most valuable (highest spending and most frequent spending) customers. Even businesses that look like general service industry operations from the outside usually have a more specific target market in mind. A shoe shop, for example, could target trades people, school children or parents on limited budgets, teenagers looking for the latest trainers or even wealthy socialites.

It’s an important point because the choice of target market defines a business, influencing many decisions such as its choice of product, staff, branding, and rate of growth.

Meeting its needs

Describe how you will provide your product or service, including the processes involved and the advantages of those processes. For example, “By offering an online quote service where customers can send me their measurements, my curtain-making business incurs fewer overheads than my competitor’s.” Consider your market demand – you need to justify that demand and take into consideration other factors. For example, seasonal changes would affect demand in a fruit business.

Factors influencing purchasing habits

What does your target market care about most when buying your product? Convenience, quality, price, environmental impact, the availability of a related product – list any influences you’ve discovered through market research.

Marketing

Marketing is often confused for sales or advertising, but it is actually a term encompassing the entire process of matching product to consumer. The typical marketing strategy could be segmented into the “4 Ps”: PRODUCT, PRICE, PLACE and PROMOTION.

Usually potential customers need to be exposed to your marketing many times before they really become aware so marketing takes time and should be an ongoing, multi-faceted approach. Include a budget to work to, then allocate funds to cover ongoing brand awareness, strategies for each of your target markets as well as promotional events such as sales or special offers.

Internet-based marketing strategies have become increasingly sophisticated, subtle and, in many cases, highly cost effective so the internet will probably feature highly in your plan. Marketing methods can be as varied as your imagination but don’t forget the power of providing the best product or service experience to your customers as word-of-mouth and the ‘word-of-mouse’ can be your most effective tools (for example, hospitality businesses that provide great customer experiences feature highly in sites such as Trip Advisor).

Finally, remember that it is much more cost-effective to keep existing customers happy than to constantly find new ones, so strategies to ensure your existing customers keep on coming back should be included in your plan.

Financial plan

This is where all the financial nitty-gritty can be found for analysis. Financial records are typically presented in two parts: Cash Flow Forecasts and financial accounts (containing the Trading, Profit and Loss accounts, and a Balance Sheet).

Existing businesses can use their cash flow records to forecast cash flow and performance, but those planning starting a new business have to rely on market research – including any publicly available financial records for other businesses of a similar kind – to make their predictions.

Start-up costs summary

(Only complete this section if you’re just starting out)

Start-up costs can be wide and varied, so the two most important factors here are presenting the costs objectively (**don’t downplay these – you need to be realistic**) and being as thorough as possible. You have to think beyond premises, staff, machinery and vehicles and consider compliance and tax, professional services like accountants and solicitors, and more – right down to the cash for incidentals. Any gaps in the costs will be highlighted by a smart investor, so if you can, have an experienced business peer, a mentor or your accountant go through your projected costs with a fine-tooth comb.

For most new businesses, it can take six months or more before there is enough money coming in to break-even (your sales are sufficient to pay all your bills) so as a general rule, your start-up costs will include the initial set-up costs as well as six months’ operational costs to get your business up and running.

Sources of funding

Provide an overview of how you intend to raise capital – borrowing from the bank, family or friends, savings, using equity on property, investors etc. Also list what capital you already have available and what assets you can sell to raise more.

Profit and loss forecast summary

Predicting financial performance is a harder task without some records or comparisons to go on. However, any grey areas can be mitigated by presenting three sets of predictions: pessimistic, realistic and best-case scenario. This way, you can’t be accused of lacking objectivity.

Pick forecast timeframes relevant to your business; the periods below are only an example. Include as much detail as appropriate. You will want to show your income and sales figures, pricing, cost of sales, operating expenses, gross profit or loss, tax and other expenses as well as your net profit/loss forecasts.

If you prefer, you can summarise the information here and provide a detailed forecast as an appendix.

Cash flow forecast summary

As with the profit and loss forecast, making a cash flow prediction is harder without having cash flow records on hand.

To firm up your predictions, you should make sure you detail any predicted peaks or troughs in cash flow over the next calendar year. Few businesses enjoy a consistent cash flow year-round, and unless you have good reason to support a constant income, seeing it in a business plan can raise questions. Include detailed monthly forecasts for at least the next 12 months, and less detailed information for up to three to five years ahead.

Balance sheet forecast summary

A balance sheet is essential for both on-going businesses and start-ups, because either way you will have assets of some kind or be looking to purchase them. Balance sheets calculate the net worth of your assets (assets minus liabilities), showing how these assets are financed and the owners’ equity. In the case of a start-up business, an estimate of future balance sheets – say a year or two years down the track – could be useful to show how the business’s forecast cash flow will start to balance out the financial debts incurred when getting the business off the ground.

Useful BNZ calculators and templates

- › [Small Business Loans calculator](#)
- › [Break-even template](#) (pdf)
Work out how much you need to sell in order to achieve your desired financial return.
- › [Cashflow forecast template](#) (pdf)
Forecast cash flow on a month-to-month basis, or for the whole year.
- › [Revenue calculator](#) (pdf)
Quickly work out a ball park estimate of the revenue potential of your business or idea.
- › [Employee cost calculator](#) (pdf)
Use this calculator to get a quick estimate of the true cost of a new or existing employee.

Compliance

Compliance is the term used to describe all the standards and processes businesses have to meet and follow to operate legally in New Zealand. There are many boxes that need to be ticked before a business can begin trading, depending on the type of operation it is, so check with Inland Revenue to see if any of the below apply to you.

Visit these sites for more detail on compliance:

- › [Business.govt.nz](#)
- › [Consumer Protection](#)

Insurance

Detail the cover you have secured. The type and number of policies can vary dramatically between business categories. Consider if you need any of the following.

- › Premises insurance
- › Contents insurance
- › Asset / Vehicle insurance
- › Employer's liability insurance (in case of workplace accidents)
- › Public liabilities cover (third party injury or death)
- › Professional indemnity insurance (cover against claims arising from your professional advice)
- › Business interruption insurance
- › Front of business insurance (covering repairs to front of premises)
- › Legal expenses insurance
- › Stock insurance
- › 'Key person' insurance

This is not a comprehensive list - there are many types of industry-specific specialist insurance offered to small businesses in New Zealand.

Operational factors

Business premises

State whether you have bought or leased property, and why. If you have leased - record how long you have had the lease for and also any particular conditions such as your right of renewal.

There are short and long-term financial advantages to buying and leasing property that can affect your business' viability. Leasing premises doesn't require the capital of buying a commercial property - freeing you up financially to invest more in the development of your business. However, owning property opens up a wide range of lending opportunities and gives you freedom to tailor the property to your business. In addition, property you own has a good chance of accruing value over time.

Equipment requirements and solutions

List the equipment you need and why.

Depending on your business type, the advantages of buying can outweigh leasing and vice versa. Buying gives you ownership - so the equipment becomes an asset - and it is normally less costly than leasing over the lifespan of the item. You may not necessarily need to pay the full amount up-front as asset finance may be an option for larger items.

Leasing doesn't actually mean you have an asset and you have to make payments for a set term, regardless of whether you need the equipment for that long. However, leasing requires less capital up front, is easier to source finance for, and is a great option.

IT requirements

Information technology equipment, such as computers and servers, depreciates quickly, can require significant man-aging to keep updated and secure - as well as expertise to run - and becomes superseded by new industry developments faster than most other types of equipment. With this in mind, explain your IT requirements and how you plan to meet them, justifying any purchases as you do so.

IT solutions

If you are beyond the start-up phase, detail the IT set-up you use, explaining its reliability, compliance standards and ability to be expanded.

If you are seeking finance for new IT or an upgrade, explain here exactly what you need and the impact such an investment would have on your business's capabilities.

Orders

Explain the processes you have in place for fulfilling orders, including packaging, shipping and returned goods. An ordering process should also include data gathering (that feeds back to your ongoing market research), as well as an overview of your intended suppliers and what terms they have offered you.

Exit planning

Even before you start in business, it can be useful to think about how you will exit. This helps provide focus for your systems and long-term planning and ensures that you always have choices (such as being able to leave if you decide it's not the right business for you).

Record what systems your business will need and any documentation that will make a transition smooth and easy for all (this may also raise the value of your business if you decide to sell or franchise it).

When you're planning to exit the business, you may have a purchaser, person or people in mind to succeed you. Provide an overview on who your successors are and why you've chosen them, as well as what you'll be doing to groom them to take over. Provide a timeline for this transition, and list any professional advisors who'll be assisting with the process.