

# A guide to using the business plan template



Small Business  
Development Corporation

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*The small business specialists*



# Writing your business plan

This guide is to assist you in writing your business plan using our standard [template](#).

Before starting your business plan, consider the following.

- **Determine the purpose of the business plan.** Is it going to be used internally or will third parties read it? Is it going to be used to secure finance? Knowing your intended audience will help you focus your plan.
- **Undertake research.** Key decisions need to be made before you can complete your plan, such as determining your business structure and demand for your products and/or services.
- **Use the *italicised text*.** The italicised text is there to provide guidance on how you might respond to the question. Sections or questions that do not apply to your business can be removed or ignored.
- **Seek advice and assistance.** If you need help to complete your business plan contact the Small Business Development Corporation on 13 12 49 or contact a Business Local service provider in your area (details are on our website). You might also consider seeking help from an accountant or trusted business adviser.
- **Don't rush to complete your business plan.** Taking the time to complete and check the plan for any errors is critical. Your plan will form the roadmap for your business and it needs to make a good impression on the reader. The business plan does not need to be completed in a single session. Start with the sections that are most important and then revisit any incomplete sections.

## Summary

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Even though the summary will be read first, it is easiest to write it last – providing an overview of the complete business plan. The aim is to draw the reader in, so what you include will depend on your audience. If you are seeking funding you need to really sell your business idea in the summary.

Make it clear and concise; include only the most important elements, keeping it at a maximum of half a page. To create the summary go back over your plan, pick three or four key messages and write a brief overview, then conclude with details of the action you want the reader to take.

Your summary may contain a brief overview of:

- the business and its owner(s)
- the products and/or services
- your competitive advantage
- operational performance
- financial position

## Business profile

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The purpose of this section is to provide the reader with detailed information about you and your business in a concise and simple way.

### Business details

Clearly outline basic information about your business.

### Owner profile

Provide a brief overview of your career achievements and suitability to operate a business. It is your chance to promote yourself to potential investors in a succinct way. This section

should only be a few paragraphs; you could also add your complete CV as an appendix.

### Business performance at a glance

This is a brief overview of your current business performance; a more detailed explanation will be given in the financial section of your plan.

If your business is just starting, you do not need to include this section.

### Licences, registrations and insurance

List any licences and registrations your business will require to operate and also what insurance cover you will need to have in place.

Common licences, registrations and insurance include:

- registering a business name
- obtaining an Australian Business Number (ABN)
- various trade and occupational licences
- registering for GST
- public liability insurance
- workers' compensation insurance (mandatory if you employ staff)

For more information visit the business licence finder at [smallbusiness.wa.gov.au](http://smallbusiness.wa.gov.au)



## Business support team

A good business is only as good as the people who work in it and for it. It is a good idea to include a table of your support team, including their contact details (phone, contact person, email, website, address) so potential investors can see the range and calibre of the businesses and people you have chosen to align with. This table will also help to organise your list of contacts.

Your support team should include:

- accountant
- lawyer
- banker or finance broker
- insurance agent or broker
- business advisers
- industry associations

## SWOT analysis

A SWOT analysis considers the realistic strengths, weaknesses, opportunities and threats affecting your business, in comparison with your competitors. It is a great tool to use internally to work out where your business needs help and provides a good snapshot of your businesses potential for investors.

If you don't have all the necessary information to develop the SWOT, revisit it after completing your industry analysis.

## Risk assessment

Identify potential risks and determine what can be done to minimise them. A risk assessment can also help you identify what type of insurance cover or other forms of protection you will need.

## Vision, mission and goals

### Vision statement

A vision statement is future-based and should briefly outline where you want your business to go. It is meant to inspire and give direction to employees rather than customers.

### Mission statement

A mission statement is based on the present and describes the fundamental purpose of the business. It must capture the essence of your business in one or two sentences and should include the purpose of your business and target market. It should convey, to employees and the external community, a sense of why the business exists.

### Business goals

Business goals are what the business is aiming to achieve, and is a more detailed description of your vision statement. Make your goals SMART.

SMART goal	Description
<b>S</b> pecific	Goals need to be well-defined and focussed, not broad.
<b>M</b> easurable	Goals need to be measurable.
<b>A</b> ttainable	Don't aim too high too fast.
<b>R</b> elevant	Consider the current economic conditions and realities of your business climate.
<b>T</b> ime-based	Set a time frame to achieve the goal so that it doesn't get pushed aside.

## Market research

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### Industry analysis

It is extremely important to have a solid understanding and practical experience of the industry your business will operate in.

You can find industry information from the following sources.

- Government statistics
- IBISWorld – this resource provides information on the present performance of industries and projections of up to five years. We can provide you with a full report for your industry free of charge.
- industry associations
- publications
- internet search

### Competitor analysis

It is important to understand your competitors and how your business compares with them.

### Operating strategy

This section of your plan describes the internal operations and processes that enable the business to achieve its short and long term goals. It describes how the business works and the premises, plant, equipment and people required to produce your products and/or services.

### Location and premises

Provide details of your business premises.

Visit our website for more information about premises and location.

### Plant and equipment

If you are starting a business you will need to identify the plant and equipment you require or already have. List items individually or group by type.

If your business has been operating for at least one financial year include a list of plant and equipment with the original purchase price.

### Inventory

List the current inventory required to produce your product or service.

### Major suppliers

Finding reliable suppliers and building good working relationships can be challenging and time consuming. Identifying your major supplies will provide a sense of security for potential investors.

### Environmental strategy

Document what you do or plan to do to minimise the impact of your business on the environment, whether required by legislation or regulations, or through necessity or choice. Environmental friendly strategies can save you money, win customer approval and be a point of difference between you and your competitors.

### Human resources

In this section outline your key staff including any family members who may not be paid a salary for their contribution. Also include details of required staff and your strategies to recruit, train and retain them in your business.

Visit our website for more information on employing staff.



## Products and/or services

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In this section provide:

- An overview of the products or services your business will be offering.
- An outline of how these products or services will be priced.
- Details of how you are going to distribute your product or service, including any strategic alliances.
- Future products or services you are planning to introduce.

If appropriate, add pictures of your products or services in the appendix of your plan. If you have website, include a link to it.

### Overview of products and/or services

Provide a brief description of your product or service including the price range, market position and customer benefits. Consider bundling your products or services into groups to avoid pages of individual listings.

### Pricing strategy

Factor in the following when calculating your pricing structure.

- What is your cost of goods sold? (How much it actually costs to produce your product or service.)
- What are your operating expenses?
- What profit do you want to make from your business?
- What are your competitors charging?

If your business is more complex, consider attending our workshop Understanding your Business Financials or contact your Business Local service provider.

### Distribution system

There are many ways to distribute your products/ services. In this section you need to convey how your product or service will actually get to your customers.

You should include:

- How you intend to sell to customers; this may include having an online store, retail outlet, using wholesaler or agents etc.
- How long will it take to get your product or service to customers.
- If you are supplying goods what packaging you will be using.
- If you are posting items which freight methods will you be using and how you will you price it.
- The system will you be using for processing orders, returns, shipping and billing.
- How you will handle large shipments or orders.

### Future plans

Outline any future plans you have for the business.

## Marketing plan

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### Market research and industry analysis

Your previous market research and industry analysis will assist you to complete this section. You may also want to consider:

- Surveying a range of people about your business idea – include potential customers, suppliers, industry members etc.
- Clearly outlining the need for your product in the market place, use quotes from customers to support your claims.

Visit our website for more information on market research.

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### Unique selling proposition

For your business to stand out and succeed you will need to determine your unique point of difference.

### Overview of target markets

When you look closely at your market you'll find that your customers fall into different groups or segments, each valuing different aspects of your products or services, such as price, design, or ease of access. These groups or segments are known as your target markets

### Marketing goals

Generally your marketing goals will relate to:

- increasing the level of sales
- building the demand for specific products and/or services
- increasing awareness among specific target markets
- maintaining customer loyalty

### Marketing budget

A general rule of thumb is to spend between three to five per cent of your actual or expected annual turnover on marketing. If your business is new you will need to inject more funds to build your business profile. Your budget may include advertising, design of branding, printing promotional material, website development etc.

### Promotional strategies

Customers will only find out about your product or service if it is promoted appropriately. Strategies may include:

- advertising – magazines, newspapers, business directories, radio
- sales – discounts, customer loyalty programs, competitions
- public relations – media releases, events

- personal selling – trade shows, expos, salespeople
- direct marketing – email, bulk mail, telemarketing, point of sale displays
- digital promotion – website, social media, e-commerce, blog

For more information on marketing your business attend our Spreading the Word – marketing your business workshop.

### Customer service strategy

Maintaining good customer relationships and ensuring repeat business is important for success. In this section outline how you intend to develop relationships with your customers. Include information about systems or procedures you have, or intend to put in place. Also include information on how you will measure levels of customer satisfaction

## Financial strategy

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### Financial goals

Typical small business financial goals focus on:

- growth in income
- larger profit margins
- improved cash flow
- a more diversified income stream
- reduction in the cost of goods sold.

### Financial forecasts

Predicting the financial future of your business is not easy, especially when starting a business.

Financial forecasts:

- are critical to your business plan, especially if you aim to secure funding
- can help to check if your business will generate a profit and when this is likely to occur
- demonstrate the financial viability of a new business venture
- allow you to guide your business in the right direction and take control of your cash flow

Consider attending our Understanding your Business Financials workshop or contact your Business Local service provider for more information.

### Start-up costs

In determining your start-up costs factor in all the expenses to start or buy the business, plus an extra 20 per cent contingency in case you have missed any. It is also important to include working capital; the amount it is going to cost to operate your business for the first two months assuming no income is generated.

### Operating expenses forecast

The expenses forecast answers the question of how much it will cost to run your business annually. It is an estimate of your ongoing annual operating expenses (overheads, outgoings, fixed costs). The selling price of your products or services must include an amount to recover these expenses.

### Cost of goods sold (COGS)

If you are selling a physical product, the cost of goods sold (COGS) forecast covers how much it will cost to produce or stock your product. To calculate the COGS forecast, include all the direct costs of getting your products ready for sale:

- the wholesale cost of buying goods or parts
- freight and freight insurance

- direct labour costs used to manufacture the product
- any other components specific to your products or business.

### Sales forecast

In this section determine how many units of each product or service you realistically expect to sell. In the sales forecast, input your retail selling price for each unit to automatically calculate your sales forecast.

### Cash flow forecast

This is the inflows and outflows of money through the business and how much cash is needed to operate the business. It is the main forecast a financier will look at to judge whether your business is viable.

### Profit and loss statement

A profit and loss statement (P&L) provides a snapshot of your business income, expenses and profit for a specific period in time, such as a financial quarter, six months or a year. The P&L demonstrates the profitability of your business by showing the income minus expenses, which equals your profit or loss.

Profit/loss = income – expenses

### Breakeven analysis

The breakeven point is one of the most useful figures you need. It is the point at which income and expenses are exactly equal. The business has not made a profit or a loss but you have recovered all your expenses. Knowing this figure will help monitor business performance on a regular basis.





## Credit management

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Outline how you plan to manage this element of your business. Use the following ideas to help you draft your own credit management strategy.

- Conduct a credit check on all new clients.
- Provide quotes or letters of engagement to customers clearly stating what will be supplied.
- Ensure quotes are signed by both parties.
- Have clear terms and conditions of trade.
- Consider if you require a deposit or part payment from customers.
- Set up systems to ensure you invoice promptly on supply.
- Consider how you will manage your debtors (people who owe you money).
- Consider providing rewards for early payment or fees for late payment.
- Develop a strategy for clients or customers who don't pay.

## Supporting documentation

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At the end of your business plan include supporting documentation that may be useful to your reader such as detailed financial statements, copies of contracts, owner profiles or staff resumes, insurance certificates, survey results, etc.



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