**Business Plan Notes and Questions**

**The relevance of a Business Plan**

For many people, setting up a business is a life-changing decision and will have far-reaching consequences. It is important, therefore, to carefully plan the whole process.

Research has shown that start-up businesses that have prepared a **business plan**are more likely to success than those that have not. The business plan shows how the business will develop over a period of time.

**Why is it needed and the benefits:**

**For Finance -**A business plan is needed to support applications for finance, both at the start-up stage ad in the future. Lenders and other investors are not likely to put money into a business unless the owners can provide a clear, concise vision of future progress and profitability.

**Investors**:

* Why it’s likely to succeed - investors want to know how their money is going to be spent and when and how they are going to benefit from their investment.
* Helps them to decide whether to invest - contains important elements of the business plan and other information for the investors, helping provide the confidence that the company is going to be successful before they commit to buying shares.

**Helps the owner:**

* Clarify their objectives
* Know what needs to be done - It helps identify any issues and how they plan on overcoming them. (setting targets)
* Think things through- it carefully sets out what they are planning to do and shows how they plan to achieve it.
* Monitor progress against objective (take action)
* Monitor cash flow

**Problems**

* Must be accurate and realistic (can be difficult)
* Costs are often under-estimated
* Plans are often overly optimistic
* Must show weaknesses as well as strengths

**What Does a Business Plan Include? -** **(IMPORTANT)**

* **An executive summary –**An overview of the business start-up. It describes briefly the business opportunity to be exploited, the marketing and sales strategy, operations and then finance.
* **Details about the Business**
* **Personal information**
* **Objectives**
* **The HR Plan -** who will run the business, how many employees, if any, there will be, the skills, qualifications and experience of those in the business.
* **Fixed Assets**
* **Financial Forecast**– a variety of financial forecasts need to be included, such as sales forecast, a cash flow forecast, a profit and loss forecast and a break-even analysis.
* **Collateral offered**
* **Long- term plans**
* **SWOT analysis**

**How to write a Business Plan to start your own Business**

Watch the video on Godalming Online called ‘How to write a Business Plan to start your own Business’ (9 minutes long) and answer the following questions:

<https://www.youtube.com/watch?v=Fqch5OrUPvA>

1. Within the first 5 years of operation how many businesses fail?

1. How many businesses last past the first 5 years?

1. Why do some businesses fail?

1. What do business plans help businesses to do?

1. What areas need to be considered when writing a business plan?

**Juice Bar Business Plan**

*You are required to prepare a small business plan for a juice bar. Your business plan should include the following components:*

* **An overview/executive summary** – an overview of the business you want to start. Many lenders and investors will only read this section so it must make a good impact. what you plan to offer/sell in your juice bar, why you want to do it and who you will aim at selling to. This overview is very important in setting out the overall aims and objectives of the business. There is no set pattern for a business plan but there are key elements that need to be included – the plan needs to be flexible and able to adapt to changing market circumstances.
* **Marketing plan -** Based on both field and desk research. The market **research** carried out needs to establish if possible the size of the market, the needs of the customers and the level of competition.
* **Your HR plan**– what makes you a good entrepreneur and what people you plan to recruit to work for you (job titles/roles rather than specific people)
* **Your operations plan** – your premises, how you will produce your drinks, where your suppliers will be. You could add pictures of what you would expect your juice bar to look like.
* **Financial forecasts** – this section should put everything you’ve said in the previous sections into numbers. E.g. how many drinks do you think you will sell per week? How much will it cost you to make one glass of juice? How much will your wages be? What profit will you make?

**50/50 ACTIVITY**

**Sources of information for entrepreneurs:**

An entrepreneur will rarely have all the skills required to plan, start and run a business.

* Prince’s Trust
* Gov.uk
* Startups.co.uk

**Activity:**

1. Review and summarise the information on the above sites – explain how these sources will be helpful to entrepreneurs.

2. Evaluate the importance of a business plan.

1. Write a paragraph that weighs up the advantages / disadvantages of writing a business plan.
2. Make a judgement as to whether it is important or not (explain why / why not),