

# BUSINESS PLAN TEMPLATE

**Note:** *This template is intended to provide guidelines for information that the business plan should contain. The primary value of your business plan will be to create a written outline that evaluates all aspects of the economic viability of your business venture including a description and analysis of your business prospects. Your business plan will become your roadmap to chart the course of your business.*

The key to creating an effective business plan is to ensure that the information provided builds into a convincing viable business case. Essential information should include:

- ◆ Description of the business;
- ◆ Executive Summary
- ◆ Product or Service
- ◆ Marketing
- ◆ Competitor analysis
- ◆ The human factor
- ◆ Risk analysis
- ◆ SWOT analysis
- ◆ Strategy and Implementation
- ◆ Financial Plan

## **COVER PAGE**

Your cover page should include the following:

- ◆ The full name of your business;
- ◆ Business address;
- ◆ Registration number;
- ◆ Contact details (Phone number, fax and or e-mail);
- ◆ Date the Business plan was completed.

## **CONTENTS PAGE**

*(Include a table of contents for readers to find specific information)*

### **1. INTRODUCTION & BACKGROUND**

Provide a brief overview of the nature business, situation analysis and list any key assumptions made.

- ◆ What major events/milestones have occurred to date, what results have achieved so far, what has the management team achieved?
- ◆ Why are you undertaking this particular business/activity?
- ◆ How was the business established?
- ◆ How was the business financed?
- ◆ Have you experienced any problems in the past and how have you resolved them?
- ◆ Is there a likelihood of similar problems occurring again? What preventative measures are there in place?

For a new business provide a situation analysis. Introduce you, the business idea proposal, structure and ownership. What is the purpose of the company? What is your motivation for starting this business? Explain where you currently are and your timeframe for success. What is your strategic vision for this business?

## **2. EXECUTIVE SUMMARY**

The executive summary is a very important part of your business plan, as the reader will consult it first to get a 'feel' for the document. It should be brief, but should provide the reader with complete overview of the entire business plan. Do not merely list the topics contained in the business plan. Emphasize the key issues presented and focus on the factors that will make the business successful in a competitive market. The executive summary should be the last section of the business plan that you write.

## **3. MARKETING PLAN**

### **3.1 Marketing Objectives**

Keeping the following points in mind:

- ◆ Ensure that your marketing objectives fall within the context of your mission statement and are consistent with your vision statement;
- ◆ Be realistic, you must be able to deliver;
- ◆ Give time frames for your objectives and sales forecast;
- ◆ State the assumption about your customer and competitors who form the basis of your objectives and strategies;
- ◆ Quantify your objectives.

### **3.2 Products and Services Offered**

List the products / services offered using the following as guidelines:

- ◆ A brief description of your product/service in terms of its function and its unique application;

- ◆ What is the status of the product/service e.g. does it still need to be developed or is it at a commercialisation stage?
- ◆ A description of how the intellectual property is protected, who owns it and what consideration was paid for it;
- ◆ What benefits are there to the consumer and what are the principal markets?
- ◆ What is the unique selling proposition for your product?
- ◆ Who has tried or assessed the product/service and what was their feedback? Has it been tested?
- ◆ Are there any substitutes for the product/service?
- ◆ How do the main features of the product/service compare with those of your competitors?
- ◆ A brief history of what you have achieved in enhancing the product/service to make it more suitable for the chosen market.

### 3.3 Pricing Strategy

Provide clarity on your pricing strategy taking into account:

- ◆ How are you going to price your service, product or merchandise to make a fair profit and, at the same time, be competitive?
- ◆ How will you attract and keep these customers?
- ◆ How can you expand your market?
- ◆ What price do you intend getting for your product/ service? Is this price competitive?
- ◆ Why will someone pay your price?
- ◆ How did you arrive at that price? Is it profitable?
- ◆ What price is the competitor charging? Why is it more expensive or cheaper than your service / product?

### 3.4 Promotional Strategy

State your promotional strategy using the guidelines below:

- ◆ Do you think it is necessary to advertise your business, if yes explain why?
- ◆ What type of advertising will you make use of?
- ◆ Why would you say this type of advertising will be efficient?
- ◆ As a % of turnover, how much will you spend on advertising?
- ◆ If this is a franchise operation, what is the advertising fee payable to the franchisor?
- ◆ How are these funds administered?
- ◆ Will you as a franchisee be able to have input in spending these funds?

### 3.5 Promotional Budget

- ◆ How much will it cost to promote your business in terms of brochures/leaflets/business cards, etc?
- ◆ How much did we or will spend on research?
- ◆ How much will packaging & distribution cost us?

### 3.6 Distribution

In what manner and via what distribution channel will you distribute your product?

### 3.7 Place

Provide information regarding the business location making use of the following questions:

- ◆ What is the business physical address?
- ◆ Is the building leased or owned?
- ◆ What kind of businesses are in the area?
- ◆ Have you considered other areas? Why is the one most desirable site for your business?
- ◆ How does the location affect your operating costs?

### 3.8 Marketing Action Controls

Provide details for the implementation of the marketing plan in respect of:

- ◆ State in priority order the tasks required, who is responsible for executing the tasks, the relevant costs to complete the tasks, and due dates for completion;
- ◆ Control factors to monitor the components and activities of the marketing plan should also be detailed i.e. customer satisfaction levels, competitor activity, customer buying trends.

### 3.9 Sales and Marketing Activities

Write a short paragraph making use of the following information / questions.

- ◆ Who are the existing, proposed and potential customers?
- ◆ Who are the business's main clients and are is the market spread?
- ◆ Is the business dependent on one or several big clients?
- ◆ Are there is still market opportunities or is the market overtraded/saturated?
- ◆ Are there any contracts?
- ◆ Are there visible notice or advertisement boards?
- ◆ Is government subsidy or protection an important factor/
- ◆ How stable is the market?
- ◆ What percentage market share are you aiming to capture and how will you achieve this?

- ◆ Why is the market for the products/services of the business growing or declining?

## **4. COMPETITOR ANALYSIS**

### **4.1 Competitors strengths and weaknesses**

- ◆ State the main competitors of your business - name of each business, location and how these businesses will react to your business;
- ◆ Why would you consider these operations to be competitors?
- ◆ How is their business: Steady? Increasing? Decreasing? Why?
- ◆ How are their operations similar and dissimilar to yours?
- ◆ What are their strengths and / or weaknesses?
- ◆ What have you learned from watching their operations?
- ◆ What is their market share?
- ◆ How will you succeed?
- ◆ Proximity of competitors from your business;
- ◆ How do you compare relative to your competitors? (Strong/fair/poor).

### **4.2 Competitive Advantage**

It is important for you to identify your competitive advantage in order to plan how you will compete in your market. This should be done in conjunction with your SWOT analysis:

- ◆ Do your products/services have a sustainable competitive advantage?
- ◆ What is the source of your sustainable competitive advantage?
- ◆ What are your strengths?
- ◆ What is your business not good at?
- ◆ What areas require development/improvement?
- ◆ How will your operation be better than theirs?
- ◆ How will you beat them?

## **5. SWOT**

### **5.1 Strengths**

- ◆ What are your strengths?
- ◆ Do your products/services have a sustainable competitive advantage?
- ◆ What is the source of your sustainable competitive advantage?

### **5.2 Weakness**

- ◆ What are your weaknesses?
- ◆ What is your business not good at?
- ◆ What areas require development/improvement?

### **5.3 Opportunities**

- ◆ Is there really an opportunity for your business in the industry?
- ◆ In what shape is the market you will be operating in?

### **5.4 Threats**

- ◆ What are the external factors affecting your business?
- ◆ What are the industry characteristics?
- ◆ Will customers want to buy what you have to sell?

### **5.5 SWOT - Actions to address weaknesses and threats**

What strategy can be formulated that will either negate this weakness or develop this weakness into a strength?

## **6. HUMAN RESOURCE ANALYSIS (HR PLAN)**

### **6.1 Management experience and expertise**

List the technical expertise, competence and experience of staff.

## **7. KEY MANAGEMENT CONTROLS**

### **7.1 Internal Controls**

This is your system of checks and balances to ensure that all actions in your business are in accordance with your business objectives, e.g. ensuring production line efficiency by monitoring quality and consistency. A typical control would be to monitor the number of defective products produced.

### **7.2 Administrative and Accounting Controls**

What methods and procedures are in place to facilitate management, planning and the control of your operations and ensure the accuracy of financial records?

## **8. TECHNICAL REVIEW**

### **8.1 Infrastructure**

- ◆ List machinery/equipment that you will be using in your production process also state relevant information as to maintenance issues and availability of parts.

- ◆ Provide a list of items that business must still purchase listing type, cost excluding VAT, new or second hand and supplier(s);
- ◆ At what stage will additional items be required?
- ◆ How will assets be depreciated (vehicles, machinery, furniture, fixed property, other) straight line, reducing line or per annum?
- ◆ Are assets of the business insured?

### **8.3 Legal Issues**

- ◆ Are there any industry regulations that have to be adhered too?
- ◆ Is the company currently registered for TAX and or VAT?
- ◆ Are all the employees registered for UIF and Workman's Compensation?
- ◆ Does your company comply with the regulations as set out by the employment act?

### **8.4 Environmental and Safety Issues**

- ◆ How safe is the equipment that will be used?
- ◆ Is there a need to wear protective clothing?
- ◆ How will management ensure that the environment is safe at all times?
- ◆ How will management deal with dangerous items within the premises?
- ◆ Is there an organisational safety culture?

### **8.5 Management Information Systems**

- ◆ How is information processed in the organization (manual system or computerized) and by whom?
- ◆ If the system is manual please give a brief description of how it works and who will be responsible for it.
- ◆ What Computer Programs are used or do you intend to purchase?
- ◆ Do your staff members have the relevant technical skill to operate the programs? If not will they be undergoing any training and when?
- ◆ How often is the information backed-up and by whom?
- ◆ How will sensitive information be protected?

## **9. PRODUCTION PLAN**

### **9.1 Production process and plan**

It all begins with the customer placing an order. For the production process and plan, you need to plan the production process systematically. The easiest way to do this is by means of a flow chart and from there you can determine the timing and costing for each process or part thereof.

### **9.2 Production layout**

In the case of service business or manufacturing business, location will be influenced by access to raw materials used in producing the product as well as the ability to deliver the end product to your customer. You have to assess what will be best for your product/service and what is important to get the right product /service to the right customer at the right time.

The plan and layout of the plant or service facility can be in the format of a drawing. It should show an arrangement of plant and equipment for production or delivery to occur with maximum ease. It should indicate the flow of activities from input, production and storing to delivery of the end product/service.

### **9.3 Production capacity**

Capacity planning begins with the demand for the various products and services your business intends to produce. You will need to consider production capacity in conjunction with the products and services to be offered to your market as well as the production processes.

### **9.4 Production scheduling**

Scheduling is influenced by the customer's need for delivery and the delivery of raw materials/services from your suppliers. You need to equate these two factors and ensure there is sufficient lead time to allow for delivery in good time. This need to be assessed in conjunction with the planning process and in particular with your staffing requirements so that your customer's waiting period is kept to a minimum, if any.

### **9.5 Competitive advantage in production**

Earlier in your business plan you identified your sustainable competitive advantage and what sets you apart from the competitors in the industry. This needs to be carried forward in all aspects of the production plan. A manufacturing business has to consider quality in an efficient manner throughout the production process, from the receiving of material to the final delivery of the product/service to the customer. This applies similarly to a service industry. People, procedures and policies all form the basis of a service business and quality must be reflected in all aspects of your production plan. Not only do you need to start with a competitive advantage



but it needs to be maintained and constantly improved. Examples of the areas you could focus on to develop a competitive advantage include:

- ◆ Distribution network
- ◆ Brand name
- ◆ Service network
- ◆ Reliability
- ◆ Product development
- ◆ Price competitiveness
- ◆ Staff training

### **9.6 Supplies and Inventory**

This will give you a clear indication of the required lead time for the delivery of raw materials and what stock to keep on hand. This will affect your cash flow and financing requirements and is a very important part of the control mechanisms in your business. Without tight controls over raw materials and finished products, you could face the threat of uncontrolled wastage, theft and an unnecessary amount of cash being tied up in finished products in storage waiting to be sold.

## **10. SUPPLIERS ANALYSIS**

- ◆ Who are the main supplier's? Does the business depend on one supplier?
- ◆ Who are the alternative suppliers? Who are they?
- ◆ How do their prices compare, terms, quality, etc.?
- ◆ Potential economical threats of supplier.
- ◆ Is the source guaranteed or reliable?
- ◆ Each supplier offers what credit terms?
- ◆ Is raw material available locally or imported?
- ◆ If imported what effect do they have on pricing?
- ◆ Are there any contracts with the suppliers?

## **11. RISK ANALYSIS**

### **11.1 Property/Asset Risk**

Explain what reasonable measures are in place to protect your assets?

### **11.2 Personnel Risk**

How are you going to protect your customers and companies confidential information to ensure that your employees do not distribute confidential information? How do you intend to cultivate a culture of loyalty with your employees?

### **11.3 Customer Risk**

What precautionary measures taken to deal with situations where customers are injured on your premises?

### **11.4 Competitors Risk**

The need to monitor competitor activity is paramount. Competitors may be enhancing a product and the manufacturing, marketing or delivery thereof, which could result in your business losing market share. A further advantage of competitor analysis is the knowledge gained. You may well identify an opportunity in your competitor's business that may be exploited or enhanced, which could result in an increased market share for you.

### **11.5 Pricing Risk**

A regular review of your pricing strategy will enable your business to remain competitive in the market place. Some review questions are as follows:

- ◆ Is my product competitive priced?
- ◆ Do I need to make product, process or marketing adjustments to ensure competitive pricing?
- ◆ Is my product priced too competitively, i.e. too low?
- ◆ What effect will inflation have on your business?

## **12. FINANCIAL PLAN**

### **12.1 Operating and / or Start-up costs**

- ◆ How much money do you have, and what is the actual amount of money you need to open your business (realistic start-up budget)?
- ◆ How much money is needed to keep the business open (realistic operating budget)?
- ◆ What sources of funding do you anticipate, explain where you are going to get funding from and how you are going to apply these funds.

### **12.2 Financial Analysis**

- ◆ Prepare a breakeven analysis. How many units of your products or service will have to be sold to cover your costs?

- ◆ Reinforce your final projections by comparing them with industry averages for your chosen industry.

### **12.3 Financial History** *(For an existing business)*

- ◆ Explain the past financial performance of your business.
- ◆ Has the business been profitable?
- ◆ State any problems that you encountered and how you resolved them.
- ◆ What measures are in place to ensure that the above mentioned problems will not arise again?
- ◆ Prepare an income and cash flow statement by month for the first year of operation and by quarter for the second year.
- ◆ Prepare balance sheets for each of the first two years of operation.

### **13. EXIT STRATEGY**

- ◆ To what degree do you want to grow the business?
- ◆ Do you intend selling the business when your objectives have been achieved?
- ◆ How do you plan to get yourself (and your money) out of the business?
- ◆ How will investors get their money back?

### **14. CONCLUSION AND RECOMMENDATIONS**

### **15. ANNEXURES**

Attach any supporting document such as:

- ◆ Financial projections and statements;
- ◆ Company registration documents;
- ◆ Letters of intent from customers and any supplier agreements