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**Do you have a  
business plan?**

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## What is a business plan?

A business plan is a written document and you will come across many different views on exactly what details it should contain. However, the essential purpose of the plan is to focus your mind on the business, its marketplace, what you expect the business to achieve (objectives) and how it is going to do it (strategies).

Part of the business plan will involve financial forecasts, based on the business's stated objectives and strategies. It is not unknown for entrepreneurs to reject business ideas, or adapt them radically, after the initial business plan because they come to realise that the business is not financially viable. It is better to find this out in the concept stage than after the business is committed to financial debts and tied into business leases etc.

## What is in it?

As mentioned above, there are many different ideas of what details should be included in the plan. Overall it should be logically structured so that it makes sense not only to you but to anyone else who may need to read it. For instance anyone you approach for financial assistance, be they lender, business angel or grant provider, will want to see your business plan so they can assess their risk.

Business plans generally include the following elements:

- An executive summary

This is typically the first part of the plan, although, by its very nature, it will be written last. This is because it is a summary of the key points of the entire plan. It should include the main points of interest from each section in broad overview so that the reader can decide which parts of the plan are most important to them if they wish to look at the detail.

The executive summary should be concise, no more than a couple of pages, and interesting. Remember your audience will probably be busy people with a number of similar plans to look at, so don't bore them: entice them into the detail.

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- Your business

Use this part of the plan to describe your business (including management and staffing structures), what it does and why it does it better than your competitors.

You may wish to describe your products or services in terms of what benefits they have to the customer, why they are different to those of your competitors', what you are doing to plan and develop new products and services and why the customer will buy them.

- Your market

It is vital that you understand your marketplace. Key factors are:

- how big is the market?
- will the market grow or is it mature or declining?
- who and where are your customers?
- who are your competitors? What share of the market do they have? What are their products or services attributes? Why do customers buy from them?
- what is anticipated to happen in the marketplace in the future? How do you expect your competitors and customers to react to any changes?

- SWOT

Summarise the key Strengths and Weaknesses of your business together with the main Opportunities and Threats posed by your market.

- Your objectives

This is your opportunity to set down exactly what you expect the business to achieve within a defined timescale. You should set some measurable outcomes that you can assess progress against as the implementation of the plan continues.

- Your strategies

This is probably the 'plan' you had in your head before you came to approach it formally. This is how you are going to use your strengths (and bolster your weaknesses) to exploit the opportunities (and avoid the threats) in your market in order to achieve your objectives.

There are many ways of approaching this but try to be clear and logical. One straightforward way of dealing with strategies is to break them into business functions, e.g.:

- **marketing** – this can be a plan in itself! But basically: how you are going to get the business's products and services to market and how you are going to convince people to buy them.

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- **operations** – how you are going to produce your products and services and what you are planning in order to accommodate future growth and to drive down costs per unit output.
- **personnel** – how your personnel and management structure will adapt over the period of the plan including recruitment and training plans.
- **finances** – sales forecasts, costs projections, profit and loss forecast and projected cashflow statements for the next three to five years (more detailed in first twelve to eighteen months). You should include any forecasted borrowing and repayments.

## Key Tips

- Keep the plan as short and clear as possible. It needs to be readable, even if it only for in-house use. Add a contents page and bind or cover the document. A dog eared pile of papers with a staple through the corners is not impressive.
- Pay particular attention to detail, especially if trying to attract finance with the plan: small errors can create a bad first impression and it's often the only one you'll have a chance to make.
- Keep detailed data out of the body of the report and in an appendix where the reader can refer to it if necessary.
- Avoid jargon.
- Make sure it is realistic. A certain popular television programme shows only too clearly how financiers are likely to sneer at unrealistic ideas and financial forecasts.

## Use it!

Once you have your plan – follow it! Don't just stick it on the shelf to gather dust. It is a valuable tool.

But don't follow it blindly either. Continue to monitor the business's performance and the marketplace so that you can amend and adapt the plan accordingly. It should be a living, breathing document, constantly evolving to adapt to its ever changing environment.

If you regularly review the planning process you will always have a roadmap for the business's short to mid-term future. And a much better informed view of the long term.

If you would like further information or advice please contact Steven, Tom or Philip who will be happy to assist you or visit [www.gardandco.com](http://www.gardandco.com).

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