

BUSINESS GUIDE



WRITING A BUSINESS PLAN



WHEN YOU ARE ABOUT TO START A BUSINESS IN JERSEY THERE ARE SEVERAL THINGS YOU MUST DO:

Producing a business plan will enable you to focus your thinking and allow you to communicate your vision to others. Whether you use it in-house or for sourcing external finance, it should take an objective and honest look at your business because it can:

- focus your efforts on the best ways to develop business
- provide a route map of what you need to do to reach your business goals
- help you identify realistic ways to measure your success
- structure the financial side of your business efficiently
- help you spot potential pitfalls before they happen

A business plan is a living document that will help you monitor your performance so it will need updating and changing as your business grows. Your business plan will allow you to explain your business opportunity, what products or services you will sell, how they'll be marketed and sold, which customers you'll target and what competition you face. You should also be able to provide evidence that your business idea is financially viable

The information you include should be factual, honest and realistic. Any assumptions you make should be explained and backed up with evidence or research wherever possible. Potential investors, including banks, may invest in your idea, work with you or lend you money as a result of the strength of your plan. Grant providers, potential partners and anyone interested in buying your business will also want to see your business plan.

The following guide will explain what you need to include in your business plan.

The Executive Summary

The executive summary is often the most important part of your business plan. It should highlight the key points of your entire business plan and will typically include relevant information from each of

the other sections. Whilst it should appear at the beginning of the document, it is usually written last and it should be concise, no more than two pages long.

It is important that your executive summary is a fair reflection of your overall business plan as this is the section that most investors will read first before they decide if they want to find out more about your business. Remember, if you are using your plan externally, it is the first - and might be the only - part to be read but if, after reading the executive summary, an investor or manager understands what the business is about and is keen to know more, it has done its job.

Company Description

This section allows you to explain what your business will do and sets out its vision. When writing this section, try and ensure that it is as jargon-free as possible and that any industry specific language or technical terms are explained.

Start with an overview of your business:

- When did you, or do you, intend to start trading and what have you done so far?
- The legal structure or intended legal structure of the business
- Any relevant history of the business (e.g. if it is a business acquisition)
- Your long term aim for the business in the future
- A SWOT analysis to summaries the strengths and weaknesses of the business

Then you should describe your products and/or services as concisely as possible:

- What makes them different from other products/services in the market?
- What advantages and benefits does it offer your customers?
- What disadvantages or weak points does it have?
- Why would customers buy it (as opposed to those offered by your competitors)?

- Do you hold any relevant patents, trade marks, design rights, qualifications?
- Are there any special regulations that you must adhere to within your chosen industry or sector?

Market Analysis

This section should explain to the reader the size and characteristics of your market and therefore the opportunity for your business. You should start by describing the market you will be operating within and any specific trends or drivers that are relevant to that market. You should also identify who your customers are going to be and explain who your competitors are and how your products and/or services differ from theirs. If you have done any market research then you should include it in this section. Specific areas to cover include:

- What is the market in which you will sell?
- Approximately how big is the market?
- Is the market growing or declining?
- Are there any important trends relevant to this market?
- Are there any key characteristics specific to your target customer base, for example age, sex, nationality etc?
- How do you know that your target customers will be interested in your products and/or services?

You should then demonstrate to the reader that you have a clear awareness of your competition. You may find it easier to write this section as a table listing your competitors and analysing their products and/or services (compared to your own). Download the Guide to Competitor Analysis

Marketing and Sales Plan

This section should explain how you intend to promote and sell your products and/or services to your customers. A strong Marketing and Sales plan means you have a clear idea of how to reach your target market so it's worth spending time thinking this through. Download the Guide to Writing a Marketing Plan.

Management and Staffing

It is here that you explain who is involved in the business now and in the future. Start with a summary of your management team including their previous experience and expertise and then explain what roles these key people play in your business now.

You will also need to include a summary of who else is involved in the business and how you see this changing over the timeframe of your business plan.

This is also the place to identify any specific skills or qualification requirements that you have for particular roles. Using an organisation chart is a useful way to explain this. Finally you will need to explain any training and development or recruitment activity that you will undertake to ensure you have enough people to deliver your plan.

Operational Requirements

Within this section you should give details about the operational requirements you will immediately have and those you anticipate to have within the period of your business plan. Key considerations are:

- Premises – you should provide details of the type of premises you require, the layout and the associated costs. If you are leasing a premise, you should also discuss what your liabilities are relating to that lease, including the amount of years the lease is for (giving details of any break clauses) and what type of lease it is
- Equipment – you should list what equipment you will need (both short-term and long-term) and the cost of the equipment
- Suppliers – give details of who your suppliers will be and the credit terms they will offer you
- Compliance – are there any compliance issues or regulatory/legislative requirements that you will have to meet?
- Licensing – provide details of any licenses that you need to obtain in order to trade
- Insurance – explain what insurance policies you will obtain, the level of cover and costs of the policies
- Producing your goods or services – explain how you intend to produce and fulfill orders for your goods or services using resources both in-house and outsourced. You should also explain how you will manage your stock control and ensure quality control of your products or services

Financial Projections and Key Assumptions

You need to set out your key financial projections and outline any assumptions you have used in the reaching them. Your projections should include a cash flow and profit and loss statement. Download the Guide to Preparing Financial Forecasts.

Funding Requirements

Include this section if you are looking for external funding. State here your total funding requirement and how those funds will be used within the business.



Risks Analysis

It is good practice to show that you have reviewed the risks that could affect your business and its likelihood of success. You should also indicate how you will review and mitigate these risks should they actually occur. Risks can include such things as:

- The impact of competitor action on your business
- Commercial issues such as an increase or decrease in sales, raw material prices or deliveries
- Operational issues relating to IT or production failure
- Staff including skills, availability and cost
- External issues such as changes in regulation, environmental or political changes
- Acts of God such as fire or flood

You may find it beneficial to use a business assessment tools such as a PEST analysis looking at the political, economic, social and technological external factors which may affect your business.

Appendices

This should include any additional documents that support, or you make reference to, in your business plan. This may include:

- Your CV and (if relevant) those of your business partners and/or key employees
- Certificates for relevant training courses
- Copies of a lease for any business premises you will be renting
- Any data of market research that you have done
- Financial forecast documents – cash flow forecast, profit & loss account (and balance sheet if relevant)
- If you are purchasing a business that is already trading, include financial statements for that business

Further Information or Advice please contact us on 01534 610 300 or Email: info@jerseybusiness.je

WHETHER YOU ARE THINKING OF STARTING A COMPANY, WANT TO IMPROVE OR GROW YOUR EXISTING BUSINESS OR NEED TO MANAGE YOUR EXIT PLAN, JERSEY BUSINESS IS HERE TO HELP YOU ACHIEVE YOUR GOALS.

