

BUSINESS ADVICE

Why do you need a business plan?

If you've decided you want to start up your own business – perhaps even in partnership with other people - you will need to write a business plan.

Who is it for

First, the business plan is for you. It is designed to answer one of three questions;

1. Is this a mad idea or could it work?
2. Now I've started, how do I prove to everyone else that I am in control?
- 3 Am I in control and is it all going to plan?

However impressive your document, if it does not help you to answer these questions it is not doing its job. If well thought out, your plan will give you credibility and an air of professionalism by providing hard evidence that your business will be viable.

What it is not

Your business plan is not a funding application even if you are asked (or told) by a funder to do a plan. It must be for you. Your business plan is a map not a straight jacket. Things will change and you will need to respond. You will need to be flexible and adjust your plans regularly to keep them up to date. Often new funding or commission opportunities come out of the blue, but your plan should help you to stop being totally opportunistic.

What's in a business plan?

Writing a business plan is not rocket science but like all planning it does require careful thought and the ability to do sums – spreadsheet skills are a godsend. A simple start-up business plan will usually cover the first 3 years and is divided into two sections.

The first will describe the aims and objectives of your business and will cover: • its services or products • target market • competition • how you plan to manage the business.

The second part covers finance and should contain:

- details of any existing finance and assets
- funding needed
- sources of funding
- equipment
- costs of premises
- other running costs
- income projections,
- cashflow forecasts
- breakeven point (ie how much you will need to stay afloat) etc.

Writing the business plan

When you start mapping out your plan out bear in mind these issues.

Length of plan

No one wants to read war and peace. It is far better to keep it short and coherent and place more detailed materials in a set of appendices. You should be able to set out your ideas simply in about 10 pages of A4. If well researched and written, a potential funder (the bank manager, a trust or foundation, a local authority arts officer, your mum) will be able to get a good idea of the validity and potential of your business from reading a few pages.

The main points to cover

To help you get started write down brief answers to the questions listed below.

- **What is the main aim of my business?** Hint: If you can't write it down in one or two short sentences it may indicate that you are not clear in your own mind yet.
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- **What's the competition like?** List all potential competitors and note the pros and cons of their businesses, in relation to yours. What do they do well? How can you differentiate your business from theirs?
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- **Is there a market for my business?** What gaps might you be filling? If people's needs are not being met, can you provide a solution at a price affordable to both you and them?
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- **What specialist and other equipment do I need?**
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- **Do I need to rent premises?**
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- **How much money do I need to get started?**
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- **What will I need to charge for my product/service?** Once you have paid running costs make sure that there is enough of a margin to pay yourself a reasonable wage.
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- **Will I need to employ anyone else?**
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- **What other running costs may there be (e.g. business stationery, travel costs, bank charges, VAT, insurances, etc)?**
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- **How will I measure the success of my business?** Write down a list of "critical success factors" that you can measure