



Guidelines for Preparing a Business Plan

PURPOSE

THE BUSINESS PLAN IS VITAL TO:-

- (i) Clarify the promoter's original plans for the business, which can act as a logical but flexible framework over 3 – 5 years.
 - (ii) raise finance for the business / project / proposal.
 - (iii) Act as a budget/benchmark against which future performance can be assessed and evaluated.
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CHARACTERISTICS OF A GOOD PLAN

- (i) It is written by the promoter - the entrepreneur should write as much of the plan as possible; the adviser should advise.
 - (ii) Be realistic – do not be over-optimistic in your projections.
 - (iii) Identification of critical success factors – those factors the entrepreneur reckons will make his/her business a success, and the areas where other businesses have failed, should be highlighted in the business plan.
 - (iv) Multi-disciplinary approach – the best business plan is one that deals with all aspects of the business, including technical, production, management, marketing and finance – maintaining a balance between these areas.
 - (v) Timing – the timing horizons set out in the business plan must be realistic. It is important to set key dates and be able to measure progress against objectives.
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BASIC GUIDELINES AND SUGGESTED LAYOUT OF A BUSINESS PLAN – START-UP

(SECTION 1) COVER PAGE

- Business plan prepared for.....
- Dated

(SECTION 2) EXECUTIVE SUMMARY (1 PAGE MAXIMUM)

- Should summarise on one page the key highlights of your business plan.
- Key reasons why you think the business will be successful.
- Should convince the reader to read on.
- Should be done last
- Should be snappy and interesting

(SECTION 3) INTRODUCTION AND BACKGROUND (1-2 PAGES)

- History of company to date; when established; company structure; why established; who was involved; developments to date; management structure.
- Growth of business to date, sales growth, profitability growth, increase in employment, new products or services etc.
- Management experience and qualifications to date, shareholders.
- Current position of business – mission and objectives should lead into the project outline.

(SECTION 4) PROJECT OUTLINE: -

This section should start off by giving a clear description of what the business intends to do for the next 3 years and it should include the following details:

- Product/Service – description of current & proposed products or services, exactly what is involved in manufacturing the product or providing the service.
- Capacity required – space, personnel etc.
- Capital expenditure – Details of investment planned for which finance is sought.
- Details regarding premises from which the business will operate. A description of any building(s) to be constructed/altered/extended to include:-size/area of such works, total cost involved (exclusive of VAT) and a break down of such costs. Two or more quotations from reputable suppliers/registered contractors/sub-contractors should be requested.
- A full detailed list of all equipment and machinery to be purchased including prices of each item exclusive of VAT, quoted by at least two suppliers/sub-contractors. (Documentary evidence should be annexed to the business plan).
- An outline/listing of all other items for which investment is planned, and the cost (exclusive of VAT) for each of these.
- Markets – who are your potential customers?
- Sales for the end of the period – anticipated sales and profit levels Eg. 50 customers year¹ @ €1000 per customer = €50,000 sales.
- Future training, personnel requirements, duties and responsibilities.
- Legal, environmental, certification (safety/fire/hygiene) licences.
- Any additional information in relation to qualities/qualifications or experience which may be relevant should be included in this section also.

(SECTION 5) MARKETING AND MARKETING STRATEGY

- Overview – size of market, market growth potential, where you got your information from, eg. Central Statistics Office, Golden Pages etc.
- Target markets – who are your potential customers going to be? Where are they located?
- Competition – Identify your competitors, including their location and market share. Differentiate yourself, giving your advantages in relation to them.
- Marketing plan/strategy – include how the business is going to promote itself to achieve the sales figure forecast, eg. Advertising, mail shots, telesales, calling in person, internet, pricing policy, trade shows etc. The sales force should also be discussed in this section. Distribution – Location of business – delivering your promise to your customers.

(SECTION 6) FINANCIAL PROJECTIONS: -

Any prospective investors, Enterprise Boards or lenders will normally require financial projections for 3/5-year period. These are Profit and Loss Accounts and Cash Flow Statements – blank samples of Income and Expenditure Accounts, Profit and Loss Account and Cash Flow Statements are attached to assist you complete this section.

THE EXPENSES OUTLINED ON THE SHEETS ARE NOT EXHAUSTIVE; YOU SHOULD TRY TO LIST EXPENSES WHICH WILL BE RELEVANT TO YOUR PARTICULAR BUSINESS

Profit & Loss Account for ABC Co. for year ended

	31/12/X1	31/12/X2	31/12/X3
Sales:			
Cash Sales	100,000	120,000	140,000
Less Cost of Sales:			
Direct Materials	25,000	27,000	30,000
Direct Labour(wages)	20,000	22,000	32,000
	45,000	49,000	62,000
Gross Profit:	55,000	71,000	78,000
Overheads:			
Phone	1,500	1,700	1,900
ESB	1,700	1,900	2,100
Heating	1,100	1,300	1,400
Stationery/Advertising	2,000	2,200	2,300
Loan	5,000	5,000	5,000
Computer	800	800	800
Motor Expenses	4,200	4,500	4,700
Petty cash	600	800	950
Staff Costs	4,000	4,500	4,700
Depreciation	2,000	2,000	2,000
Rent	500	500	500
Insurance	500	500	500
Rates	500	500	500
Administration	500	500	500
Total Overheads	24,900	26,700	27,850
Gross Profit/Loss for Year	30,100	44,300	50,150

