Business Level 2 – Business Plan

1 of 18 – Welcome

Welcome to this session on the business plan.

In this session we will be covering:

* The importance of creating a business plan
* Uses and users of the business plan
* Structure of the business plan

2 of 18 – Introduction

There are many different types of company, different sizes, those that are new and those that are existing.

When a business idea is first thought of, the initiator does not often think about the process of making that idea become a reality.

They often think in terms of success and profit but for new business ideas, it is essential that there is a business plan in place to assist with start-up.

A sound business plan can assist with many aspects of new business introduction, providing a written strategy to take the business idea forward.

3 of 18 – Business plan

Download the accompanying **Business Plan PDF** and complete **Activity 1**.

The activity is as follows:

What comes to your mind when you think about a business plan? Research on the internet for definitions of a business plan and write down some of your thoughts.

Remember to complete and save your work on the PDF document.

4 of 18 – What is a business plan?

A business plan is a guide, a roadmap for a business that outlines goals and details how the organisation plans to achieve those goals.

The thought of preparing a business plan can be terrifying and this often discourages the initiator from making one.

However, with a sound business plan in place, detailing all the necessary steps to get the business off the ground, often helps take a new business idea forward.

It provides information for potential stakeholders in the potential business, often helping them to decide whether to get involved with the business or not.

5 of 18 – Uses and users of a business plan

So why go to the bother of writing a business plan?

A business plan has many uses and users.

**Uses of a business plan**

* To detail the vision of the organisation
* To detail the goals of the business venture
* To detail the product or service being offered
* To work out how much finance will be required for a start up
* To detail the staffing plan
* To work out the optimum location for the business
* To compare the business against competitors

**Users of a business plan**

Inside the business:

* Entrepreneur and management team
* Employees

Outside the business:

* Potential customers
* Lenders
* Suppliers
* Investors

6 of 18 – Uses and users of a business plan – continued

Revisit the **Business Plan PDF** and complete **Activity 2**.

The activity is as follows:

Go to the website of John Lewis Partnership for an example of a company vision. Research another company and add their vision statement.

Remember to save your work.

7 of 18 – Uses and users of a business plan – continued

Business plans are used by:

* Banks to decide if they should provide finance
* Investors to help decide if they should invest
* The owner or writer of the business plan to check if their idea is a good one
* The owner or writer of the business plan to check progress

8 of 18 – Uses and users of a business plan – continued

Revisit the **Business Plan PDF** and complete **Activity 3**.

The activity is as follows:

If a bank manager is looking at a business plan as a tool to decide whether to provide the start-up with a loan, what kind of information should the business plan contain?

Remember to save your work.

9 of 18 – Uses and users of a business plan – continued

Some thoughts you may have noted down for **Activity 3**:

* How much money will be required to start the business?
* How much money for rent?
* How much money to pay wages?
* How much money will be spent on special licenses (e.g. to sell alcohol)?
* How much profit the business forecasts it will make?

10 of 18 – Contents of a business plan

You have some thoughts on what should go into a business plan, but what is actually required?

* Executive summary
* Details of the product or service
* Market analysis
* Competitor analysis
* Sales and marketing plan
* Ownership and owners
* Financial information

There are many websites showing examples of business plan content.

11 of 18 – Question 1

So, which of the following should be included in your business plan? Read the following statements and decide whether they are true or false.

You should include what it is that you are offering (product or service) in your business plan.

True

False

The correct answer is: True

You should include how you will market your business in your business plan.

True

False

The correct answer is: True

You should state that you have no competition in your business plan.

True

False

The correct answer is: False

12 of 18 – Contents of a business plan – continued

**Executive summary**

This should be a concise statement, detailing what the business is, where it is to be located and when it plans to start trading. A brief summary of how the business is to be financed including personal capital, loans or grants.

You can detail the Unique Selling Point (USP) of the product or service. It should include information relating to current market dynamics including the current and forecasted levels of growth of the chosen business sector.

**Details of the product or service**

This should include a detailed description of the product/service being sold including the benefits that will be offered to customers. The description should also detail how the product/service will be regarded in the market by potential customers, e.g. ‘value for money’.

An explanation outlining why customers would purchase the product/service as opposed to other competitors, e.g. better quality product, excellent after-sales service, convenient location.

**Market analysis**

Should include information on the market that the business will exist in. Information on potential customers, volume of customers and why they would choose the product/service.

The owner/writer could carry out market research and include the findings here. This section should detail the segment of the market that the product/service will appeal to.

**Competitor analysis**

This section should detail:

* The competitors to the new business
* Their location
* Product or service they provide

All of these factors should be compared to the start-up and how they differ or are similar.

**Sales and marketing plan**

Should include the price that you will sell the product for, any discounts or special pricing for bulk buying.

Detail how the product/service will be marketed, including advertising and promotion. Give details of where the item will be promoted/advertised.

**Ownership and owners**

State the type of business that is being opened, franchise etc. Include who is involved in the product.

You could include the qualifications of the owner and the staffing plan in this section.

**Financial information**

* Start-up costs
* Structural, building, leasing and redecoration costs
* Equipment, materials, uniforms, stationery
* Profit and loss statement
* Cash flow forecast
* Travel and transport
* Rates
* Insurance premiums
* Bank or other financial loans
* Depreciation
* Marketing expenditure
* Professional fees
* Heat and light / other utility costs
* Other costs

13 of 18 – Question 2

Using the following choice of words; **restaurant**, **size**, **licenses**, **business**, **areas**, **plan** and **qualifications**, fill in the blanks for the paragraph below (you do not need to use all of the words):

There are other **blank** that can be included in the business plan, these are dependent on the **blank** and type of business. If you are opening a **blank** you may want to include a section on the **blank** required to run the business. If you are opening a beauty salon you may want to include the **blank** of staff and the licenses you require.

The correct paragraph should read:

There are other **areas** that can be included in the business plan, these are dependent on the **size** and type of business. If you are opening a **restaurant** you may want to include a section on the **licenses** required to run the business. If you are opening a beauty salon you may want to include the **qualifications** of staff and the licenses you require.

14 of 18 – Contents of a business plan – continued

Revisit the **Business Plan PDF** and complete **Activity 4**.

The activity is as follows:

Check out the licences required to open a restaurant and note some thoughts.

Remember to save your work.

15 of 18 – Contents of a business plan – continued

Some thoughts you may have noted down for **Activity 4**:

* **Food Premises Approval** – if your business involves handling meat, fish, egg or dairy products, you must be inspected and approved by your local council
* **Alcohol** – licence to sell alcohol from the premises
* **Music** – a licence to play copyrighted music. The licence is necessary whether you play music from CDs, have a karaoke night or contract the services of a DJ

16 of 18 – Contents of a business plan – continued

Once the business plan is complete, it is important to keep it up to date and ensure that it is being followed.

Visit the following website for example business plans:

[Example of a business plan](https://www.accaglobal.com/uk/en/business-finance/business-plans/example-plan.html)

17 of 18 – End

Well done. You have completed this session on the business plan.

In this session we have covered:

* The importance of creating a business plan
* Uses and users of the business plan
* Structure of the business plan

If you are unsure or have any questions about any of these topics, make a note and speak to your tutor for more help.