

### What is a Business Plan ?

A business plan is simply a document that sets out what business you intend to operate and how you believe the business will operate. The document itself need not be large or complex, rather it is the process of forcing you to think about your business venture that is important.

Our experience has shown all successful organisations prepare some form of business plan. The document is a 'living' document, that is, it can be updated on a regular basis to reflect changes to markets, regulation, services offered and the complexity of the business.

### What's in a Business Plan ?

A business plan is just that – a plan. It's a plan about how you are going to grow and create a successful business. In order to do this you will need to conduct research and gather information from a variety of sources. At a minimum, a business plan should include:

- **An introduction** – set the context and purpose of the business
- **The business structure**- do you intend to operate as a sole trader, partnership, through a trust or as a company?
- **A description of the business** – what products or services do you intend to sell and to whom ?
- **The market** – you should identify your potential customers, where they are and how you intend to communicate with them
- **Product & services** – here you need to be specific about the product or services to be offered, where you'll get raw materials, what technology is required and how they will be packaged.
- **Production** – if you're a manufacturer, you need to determine how you will produce your product and be able to cost each product accurately. If you're a retailer you also need to cost your products, taking into account overheads, shrinkage and profit margin. If you provide professional services, then you need to calculate an hourly rate to cover your profit and costs.
- **Sales & Marketing** – here you need to detail everything from design of logos, letterheads to business cards and sales and marketing campaigns. Marketing and sales are different concepts and you need to think carefully about each.
- **Administration** – who is going to manage staff, maintain the books and records and answer phones. Your plan should provide details of the key staff and their relative roles within the business.
- **Financing** – this section of your plan needs to address not only the ongoing funding of your business but also the start-up phase where cash inflows may be minor compared to your outflows. Where are you going to get your money and how will be secure it and pay it back.

There are many free or inexpensive publications that can assist you prepare a business plan so there is little excuse for not preparing one.

## **How can we help**

We can work with you to prepare and document your business plan and can:

- help clarify your vision for your business;
- conduct research and perform analysis;
- advise on the various registrations, obligations and reporting requirements;
- help develop strategies to mitigate risks and overcome weaknesses;
- identify the action plans required to put the business plan into action;
- help you implement the plan.

Additionally, the plan can be professionally written up and used to approach financiers, suppliers or potential partners.

## **Why bother ?**

Research shows about 1 in 2 businesses fail within 3 years of start-up and that almost 80% fail within 10 years! Very few of us would set off on an extended overseas holiday without planning, so why don't we do it for something that is so important to our financial well-being ?

## **The benefits to your business**

The benefits of preparing a business plan include:

- you are less likely to run into cash-flow problems because you have thought through your cash-flow requirements;
- risks to you and your business can be more effectively managed;
- you have a document that can be used to help secure funding, supplies and additional partners;
- your spending will be more effective as you understand your market, competitors and competitive advantage more.

## **Contact**

If you would like help to develop a business plan, or would even just like to discuss your business issues more fully, please contact Gerald Smith, Director of **Phase III Business Consulting Pty Ltd**. Ph: (03) 9841-0504 Fax: (03) 9841-0721 or E-mail [gsmith@phaseiii.com.au](mailto:gsmith@phaseiii.com.au) – or visit our website at [www.phaseiii.com.au](http://www.phaseiii.com.au)

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