

**Client\_Name**

**BUSINESS PLAN**

**Date**

**Client\_Name**

**BUSINESS PLAN**

**CONTENTS**

1. Executive Summary ..... 1

2. Introduction .....

3. The Vision of the business.....

4. Background to the Business Opportunity .....

5. The Service Being Offered .....

6. Marketing .....

7. Operations.....

8. Management and Ownership.....

9. Finance .....

10. Action Plan Suggestions.....

**Appendices**

- 1 Curriculum Vitae
- 2 Analyse Your Market

## 1. EXECUTIVE SUMMARY

- The purpose of this Business Plan is to document how \* from \* intends to establish a business centered around \*
- \* comes from a background \* and \* initial research has encouraged \* to prepare this Business Plan and work towards establishing a successful business in \*.
- Marketing of the business will need to be well researched and any marketing activities need to be focussed towards \* target market of \*
- \* will operate from \* premises in \* as a \*.
- Some additional equipment is needed and \* Forecasted Cash Flow Statement shows a modest return in \* first 12 months of business.
- Each business needs a vision and the following was developed:

\*

## 2. INTRODUCTION

The group are very keen to establish a in business and recognised the importance of a business plan as a planning tool. Part of the business plan needs to address some strategies or “big picture” issues, and the following were considered:

### 1.1 Strategic Issues

There are a number of strategic issues that need to be considered:

- Having three year business objectives
- Having a clear vision for the business
- Recognising the value of a SWOT and PEST analysis

Following this, some more detailed Business Plan issues were considered.

1.2 There are three business planning principles which will form the basis of success for the group

- a. Start with an end in mind – having a clear goal which must be identifiable and specific;
- b. Plan the work, work the plan – having action plans to implement decisions;
- c. Measure and manage – establishing mechanisms to determine the success of any given activity, eg:
  - Financial analysis re costings
  - Building up a relationship with merchants

### 3. THE VISION

We want to build a business that:

- Has at its core a long standing, open and trustworthy relationship with my partners
- Provides a valuable, meaningful and visually appealing product
- Communicates a positive message through its products and way of doing business
- Generates a healthy and ample return on investment
- Works as a team and makes decisions as a team
- Is aggressive, yet realistic in its goals and expectations
- Knows that its special

As the leaders of this business we want to:

- Earn the trust, respect and confidence of our employees, merchants and customers
- Build a team that shares responsibility for key decisions
- Set the tone for open and effective communication at all levels
- Act, think and make decisions creatively
- Recognise our own limitations and provide for a team that is successful and well rounded
- Grow personally with the business
- Operate the business in a healthy environment (physical and mental)
- Develop good ideas into viable products
- Be able to succeed
- Be able to make mistakes

As individuals we want to:

- Maintain a healthy and stable balance between our work and our families
- Live in the best environment for our families
- Continue to contribute to our communities
- Make enough money to live comfortably and provide secure futures for our families
- Take on new challenges
- Build long term equity in an idea that we believe in

#### Summary

- To grow a client base through strong marketing
- To have a large client base in the corporate sector
- To have a vision for increased growth, excellence in service and product.

## 4. BACKGROUND TO THE BUSINESS OPPORTUNITY

Following a brief review only of the “big picture” or strategic issues, the business plan will now look at the opportunity of further developing the business currently undertaken by \*

### 4.1 Background to Management

\* has been in the \* for the past \* and is in the process of completing a \*

### 4.2 Business Profile and Overview

The business is

- \*
- \*

### 4.3 Unique Features of the Business

Although there are competitors in the \*

- \*
- \*

### 4.4 Initial Investment

The initial outlay will be minimal as \* already has a \*

\* needs to complete training in \*

### 4.5 The Industry Outlook ([www.kiwicareers.co.nz](http://www.kiwicareers.co.nz))

- \*

### 4.6 Regional Outlook ([www.kiwicareers.co.nz](http://www.kiwicareers.co.nz))

- \*

#### 4.7 Brief SWOT Analysis

STRENGTHS OF THE BUSINESS	WHICH MEANS WHAT
<ul style="list-style-type: none"><li>• *</li><li>•</li></ul>	<ul style="list-style-type: none"><li>• *</li><li>•</li></ul>
OPPORTUNITIES IN THE MARKETPLACE	
<ul style="list-style-type: none"><li>•</li><li>•</li></ul>	<ul style="list-style-type: none"><li>•</li><li>•</li></ul>
THREATS IN THE MARKETPLACE	
<ul style="list-style-type: none"><li>•</li><li>•</li></ul>	<ul style="list-style-type: none"><li>•</li><li>•</li></ul>
WEAKNESSES IN THE BUSINESS	
<ul style="list-style-type: none"><li>•</li><li>•</li><li>•</li></ul>	<ul style="list-style-type: none"><li>•</li><li>•</li><li>•</li></ul>

#### 4.8 The Business Environment (PEST Analysis)

No business operates in a vacuum. Changes in political, economic, social and technological trends affect the business environment and the ability to adapt to these changes is a major contributor to a business' success.

**Subject of PEST analysis: (define the standpoint and market here)**

### **Political**

- ecological/environmental issues
- current legislation home market
- future legislation
- European/international legislation
- regulatory bodies and processes
- government policies
- government term and change
- trading policies
- funding, grants and initiatives
- home market lobbying/pressure groups
- international pressure groups
- I
- 
- 

### **Economic**

- home economy situation
- home economy trends
- overseas economies and trends
- general taxation issues
- taxation specific to product/services
- seasonality/weather issues
- market and trade cycles
- specific industry factors
- market routes and distribution trends
- customer/end-user drivers
- interest and exchange rates
- 
- 
- 
- 
-

## **Social**

- lifestyle trends
- demographics
- consumer attitudes and opinions
- media views
- law changes affecting social factors
- brand, company, technology image
- consumer buying patterns
- fashion and role models
- major events and influences
- buying access and trends
- ethnic/religious factors
- advertising and publicity
- 
- 
- 
- 

## **Technological**

- competing technology development
- research funding
- associated/dependent technologies
- replacement technology/solutions
- maturity of technology
- manufacturing maturity and capacity
- information and communications
- consumer buying mechanisms/technology
- technology legislation
- innovation potential
- technology access, licencing, patents
- intellectual property issues
- 
- 
-

## **Environmental**

- 
- 
- 
- 
- 

## **Legal**

- 
- 
- 
- 
-

## **5. THE SERVICE BEING OFFERED**

### **5.1 Tangible Offerings**

The service being offered is

- \*
- \*
- \*

### **5.2 Intangible Offerings**

- \*
- 
- \*

### 5.3 Product /Service Development

Growth for a business can be defined in a number of ways:

- an increase in sales and revenue
- an increase in profitability
- a change in products or services offered
- a change in markets or customers

There are four alternate strategies for growth, each with varying degrees of risk. This model can be useful in gaining an understanding of the level of risk involved with a growth decision. It also provides an indicator of the elements of the business that require attention to effectively manage or minimise the risk.

#### *Growth Model*

		MARKETS/ CUSTOMERS	
		OLD	NEW
PRODUCTS/ SERVICES	OLD	Market penetration <b>Lowest risk</b>	Market extension <b>OK risk</b>
	NEW	Product development <b>OK risk</b>	Diversification <b>Very high risk</b>

**Market penetration** is the lowest risk growth strategy. It involves increasing sales of existing products and services to existing clients. It is low risk because \* already has experience and knowledge about both the market and the product or service. An example of market penetration would be for \* to use loyalty programs to encourage customers to use her services 3 times every 6 months rather than the average of twice every six months.

**Market extension** is a moderate risk strategy involving the sales of existing products and services to new markets and customers. The risk in this strategy is the lack of experience and knowledge of the new market and customers.

An example of market extension is when ....

**Product development** is another moderate risk strategy for growth involving the sale of new products to existing customers. The risk of this growth strategy is the inexperience with the new product or service, whereas the strength of this strategy is the knowledge of the market and customers. An example may be for \* to offer ....

**Diversification** is a high risk strategy that involves selling new products and services to new markets. In fact, it is comparable to starting a new business venture.

It is a high risk option because the business has limited experience or knowledge with both the customers and market nor the product or service itself.

## Customer Loyalty Programmes

Key tips for setting up a loyalty programme:

1. **Choose the right rewards** – in-kind rewards are less costly and more in keeping with your business
2. **Entice your customers** – tell them what to expect, which entices them to make purchases towards their goal. You can get them to try your other products and services through the loyalty programme.
3. **Reward your best customers** – offering graduated rewards with increasing cash value to motivate good customers. It turns low value customers into high value ones.
4. **Reward at enrolment** – programmes that offer an upfront reward encourage customers to get involved. Offer a bonus at the checkout or have a special offer printed on the receipt.
5. **Measure performance** – set goals for the programme and monitor the results. Measure the increase in use of your product or service, the number of transactions involving loyalty programme members and the growth of the database. The fine-tune it.

#### **5.4 Other Competitive Products / Services Available In The Market**

There are some competitors providing \*

## 6. MARKETING

Marketing is concerned with identifying customers, assessing their needs and then managing resources to satisfy those customers.

The marketing process includes establishing a general strategy to meet organisational objectives, followed by developing sub-strategies (tactics), which include promotion, pricing, distribution, product/service delivery. This general approach forms the basis of the discussion below.

### 6.1 Introduction

\*

### 6.2 Summary of Competitors

\*

### 6.3 Market Analysis

#### (a) *Market Size (Statistics New Zealand)*

\*

#### (b) *Market Segments*

There are two major segments that \* is catering towards

1. \*

2. \*

#### (c) *Target Market*

• \*

• \*

### 6.4 Market Positioning

\*

### 6.5 Marketing Activity Highlights

\*

## **7 OPERATIONS**

### **7.1 Contact Details**

*Address*

*Postal Address*

*Telephone*

*Facsimile*

*Email*

### **7.2 Plant and Equipment Needs**

\*

### **7.3 Location and Operation of Premises**

\*

### **7.4 Business Name**

\*

### **7.5 Professional Support**

\* will need to have a Chartered Accountant to help prepare annual financial statements and associated taxation return, in addition to other advisory services that \* may wish to investigate. \* will be entering a different taxation regime with provisional and terminal taxation payments due at interim periods during the year.

As such \* will need to plan for these.

### **7.6 Insurances**

Different types of insurances will need to be investigated – from ACC Levies to Fire and General, through to public liability etc. One option is to contact a local insurance broker for advice.

### **7.7 Risk Management**

Some potential risks need to be identified and then plans developed to manage those risk, eg:

- Finance risk
  - not enough capital funding
  - poor working capital management
- Operating Risk
  - merchant relationships
  - transport to the market
  - communication
- Customer Risk
  - marketing activity not effective
  - perceived poor quality
  - too many customers

## 7.8 Key Management Issues for Growth

For a growing business, there are a number of critical management issues that need to be considered:

- ***Cash flow***

Cash flow is often the first casualty of growth. Growing a business requires additional working capital (stock or cash or both) and this is why a growth can often be the undoing of a successful business venture. Careful cash flow management and diligent financial forecasting are required to manage business growth.

- ***Increasing Capacity***

A growing business must deliver the promised product or service to customers. Today, there are few markets willing to wait for this delivery - we are "immediate" customers. This, increasing capacity of a business output to meet the increasing demand is critical. Businesses must plan how to increase resources and capability before growth commences.

- ***Servicing Existing Markets***

Whilst working to win new customers, a business may often forget to maintain relationships with existing clients. Time constraints should not interfere with the important work of ensuring current clients are cared for to ensure stability of existing cash flow.

- ***Resource Allocation / Investment Decision***

The decision to grow requires an investment - working capital. This investment decision should be made with the same rationale as an investment. Clients can become emotional about their business and its potential and business facilitators can assist by guiding the decision rationale.

- ***Risk Management***

The risks identified in 7.7 should be carefully managed. This involves the development of a risk management plan to identify key risk elements and ensure they are monitored and managed to reduce risk as much as possible.

- ***Task Management, Delegation and Quality Control***

Business owners of growth business must learn to delegate and manage their own time more effectively. Time pressures become more prevalent with growth and the management and sharing of tasks a key to more successful (and more enjoyable) business.

- ***Distractions / Firefighting***

Urgent issues become more in number and frequency in a growing business. Owner/Managers must ensure these urgent issues do not totally distract them from the core task of management. A good tip is to document the business plan for growth and ensure this document is a frequent point to refocus on the longer term issues and goals.

## 8 MANAGEMENT AND OWNERSHIP

### 8.1 Introduction

By way of introduction, before reviewing the operating structure, the following key attributes relating to management were identified:

- \*

### 8.2 Legal Structure

- A partnership status is recommended i.e.

#### Advantages

- Ease of formation
- Low start up costs
- More sources of capital
- Broad management base
- Privacy of affairs
- Limited regulation
- Easy to change legal structure
- No limit on number of owners
- Not a taxpaying entity
- Entity, not the owners, registers for GST
- All profits/losses go to owners

#### Disadvantages

- All owners have joint and several liability
- No legal existence separate from owners
- Lack of continuity – entity dissolved by death or bankruptcy of any owner
- Retirement or admission of new owner means formation of new entity
- Divided authority
- Potential for friction between owners

- A sole trader status is recommended i.e.

#### Advantages

- Ease of formation
- Low start-up costs
- Limited regulation
- Owner is in direct control
- All profits / losses go to owner
- Maximum privacy of affairs
- Easy to change legal structure
- Tax losses may be carried forward indefinitely
- No double taxation of income

#### Disadvantages

- Unlimited liability
- Narrow management base

- Lack of continuity
- Difficulty in raising capital
- A company status is recommended i.e.

**Advantages**

- Distinct legal entity
- Potential for perpetual succession
- Individual ownership maybe transferred without permission of all owners
- Owners' liability limited to contributed amount
- More sources of capital
- Broad management base
- No limit on number of owners

**Disadvantages**

- Personal guarantees negate the limitation of liability
- Tax losses locked in entity unless part of a tax group
- Administration requirements can be complex
- Stringent responsibilities for those in charge
- Increased level of tax compliance requirements
- Subject to statute
- Distributions are generally taxable to owners
- Difficult to distribute capital gains tax free to owners
- privacy of affairs
- Easy to change legal structure

### 8.3 Operating Structure

Below is a brief summary of the management team, together with key staff who assist with the operations of the business.

<b>Name</b>	<b>Experience/Skills</b>	<b>Role</b>	<b>Payment</b>

Please refer Appendix 1 for CV templates.

## **9 FINANCE**

### **9.1 Capital Budget**

*Assets Needed*

*Funded By*

### **9.2 Breakeven Analysis**

\*

### **9.3 Operating Budget**

\*



## 10 ACTION PLAN SUGGESTIONS

TOPIC	ACTION REQUIRED	RESPONSIBILITY
MARKETING	•	
	•	
	•	
OPERATIONAL	•	
	•	
	•	
FINANCIAL	•	
	•	
	•	
LEARNING	•	
	•	
	•	

## **APPENDIX 1 – CURRICULUM VITAE**

\*

## APPENDIX 2 – ANALYSE YOUR MARKET

Use this matrix to help you select target market segments.

Segmentation Parameters	Example of Possible Segments	Selected Target
<b>Age</b>	<input type="checkbox"/> Toddler <input type="checkbox"/> Child <input type="checkbox"/> Teenager <input type="checkbox"/> Adult <input type="checkbox"/> Under 25 <input type="checkbox"/> 25-35 <input type="checkbox"/> 35-65 <input type="checkbox"/> 65+	
<b>Sex</b>	<input type="checkbox"/> Male <input type="checkbox"/> Female	
<b>Occupation</b>	<input type="checkbox"/> Professional <input type="checkbox"/> Craftsman <input type="checkbox"/> Farmer <input type="checkbox"/> Tradesman <input type="checkbox"/> Receptionist <input type="checkbox"/> Student <input type="checkbox"/> Accountant <input type="checkbox"/> Housewife <input type="checkbox"/> Doctor <input type="checkbox"/> Senior Manager <input type="checkbox"/> Other	
<b>Family Life Cycle</b>	<input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Divorced <input type="checkbox"/> Elderly <input type="checkbox"/> Married children under 6 <input type="checkbox"/> Married children over 6 <input type="checkbox"/> Married children left home <input type="checkbox"/> Other	
<b>Income</b>	<input type="checkbox"/> Under \$25,000 <input type="checkbox"/> \$25,000 - \$35,000 <input type="checkbox"/> \$35,000 - \$50,000 <input type="checkbox"/> Over \$50,000	

Segmentation Parameters	Example of Possible Segments	Selected Target
<b>General Industry Type</b>	<input type="checkbox"/> Small, medium, large business <input type="checkbox"/> Government, public and private sectors <input type="checkbox"/> Industrial, consumer and other markets	
<b>Specific Industry</b>	<input type="checkbox"/> Financial, Professional Services, Trades, (Plumbing, Mechanical, etc), Computer, <input type="checkbox"/> Marine, Electrical/Engineering, Railway, Rubber, Chemical, Food & Agricultural, Liquor, Other.	
<b>Geographic</b>	<input type="checkbox"/> Europe, Asia, Africa, North America, South America, Australasia and Pacific Regions, Middle East, other <input type="checkbox"/> NSW, VIC, QLD, TAS, SA, WA, NT <input type="checkbox"/> Northern Suburbs, Eastern Suburbs, Western Suburbs, Southern Suburbs	
<b>Attitude</b>	Any attitude toward life: Environmentally or politically disposed, concerned about the future, concerned about today, short term price conscious, looks at long term advantages, concerned with image, prestige, other.	
<b>Lifestyle</b>	Health conscious, active, adventurous, other	
<b>Usage Rates</b>	High, medium, low users. First time, existing users, other	
<b>Benefits</b>	Buys in terms of the	

<b>Segmentation Parameters</b>	<b>Example of Possible Segments</b>	<b>Selected Target</b>
<b>Desired</b>	benefits the product offers: technical performance, low price, quality, prestige, user friendliness, labour saving, durability, dependability, other	
<b>WHICH SEGMENTS DID YOU SELECT?</b>		
<b>WHAT OPPORTUNITIES EXIST IN THE SELECTED SEGMENT?</b>		
<b>HOW DO YOU REACH THIS SEGMENT?</b>		
<b>WHAT WILL BE YOUR SALES APPROACH?</b>		