



# **BOV SME** Business Banking

Your Business Plan

## Your business plan

A business plan is a written document that describes your business and your plan for your business's future. A business plan summarizes the operational and financial objectives of a business and contains the detailed plans and budgets showing how the objectives are to be realized. It is a formal statement of a set of business goals, the reasons why they are believed attainable, and the plan for reaching those goals.

### 1. Executive Summary

The executive summary should be the last section of the plan to be written. The Executive Summary contains the key elements of the business plan and should include:

- Business concept, including industry sector, market, and product/service
- Industry Analysis and trends
- Marketing Plan
- Financial features, sales highlights, profits, cash flow, return on investment
- Financial requirements, capital needed for start up or expanding and how capital will be used
- Strategic position

### 2. Industry Analysis

This section should give the reader a clear understanding of your industry, your company's position within it and how you will position your product or service within that industry. It should include details of your industry analysis, which may include strengths, weaknesses, opportunities and threats analysis (SWOT). The industry analysis indicates where your products or services fit in the competitive environment.

Discuss both the present situation in the industry, as well as future possibilities keeping in mind national and economic trends and factors. You should also provide information about the various market segments within the industry, with a particular focus on their potential impact on your business.

### 3. Company Description

This section should include a brief overview of the business and the industry you will be competing in. It should also explain your vision, mission, values, business goals and objectives and corporate strategies. Your business description explains who you are, what you will offer, what market needs you will address, and why your business idea is viable. Show why your business will be profitable and how you will give your business a competitive edge through a unique value proposition.

### 4. Organisation & Management

Management team can be the difference between a business that fails and a successful one. This section should detail how the company will be organised and managed. This should include:

- Organisation structure
- Ownership information
- Management team profiles, including name, position, responsibilities, education, skills, prior employment, and compensation package.
- Advisors/Professional Services
- Human Resource Requirements

## 5. Marketing and Sales Strategies

This section gives details of target markets and the potential demand of your product or service. It should include details of any market research undertaken to support your business idea.

A market analysis is needed, which includes:

- Identifying your target market - This section defines the total market size as well as the slice of the market your business will target. Create a description of your target market by using geography, company size, business organization, lifestyle, sex, age, occupation, and other characteristics to describe the companies or consumers likely to buy your product or service.
- Positioning your product or service - Position is your identity in the marketplace: how you want the market and your competitors to perceive your product or service. While your unique sales proposition is based on features of your product or service, your positioning is based on your customers and competition.
- Conducting a competitor analysis - Present a short discussion of each of your primary competitors. If possible, include their annual sales and their market share. Each assessment should include why these companies do or do not meet their customers' needs. You should then explain why you think you can capture a share of their business.

This section should also describe your sales and marketing strategy.

- Strategy - The action plan for how you will get customers to buy your products.
- Method of Sales - Describe available distribution channels and how you plan to use them in order to get your products into the hands of your target customers.
- Advertising and Promotion - Your advertising and promotion campaign is how you communicate information about your product or service. This section should include a description of all advertising vehicles you plan to use, as well as your public relations program, sales/promotional materials, package design, trade show efforts, etc.
- Pricing - Discuss what you will charge for your product or service and how you derived the price. Discuss where this pricing strategy places you in the spectrum of the other providers of this product or service. Next, explain you aim to increase your market share in the face of competition, and produce profits.

## 6. Service or Product Line

In this section, you should describe your business's products or services in detail, focusing on why you have a competitive advantage. You must describe whether the product or service is already on the market or is in development stage and if so when will it be launched. If you are entering a new market you should describe why there is a need for your product or service. Explain the applications and the end uses of your products or services, underscoring the specific features or variations that your products have. You should also provide details about your suppliers, availability of products/services and service or product costs.

## 7. Funding Request

In this section, you must state the amount of funding and the type of investment you seek and if you have invested any of your own cash. It is important here to provide a breakdown of how the money will be applied. Discuss what effect the capital will have on the business' potential to grow and its profit, when the money is needed, and what investment has already been made in the company.

## 8. Financials

The Financial element of a business plan is fundamental and the backbone of any plan. It is where you convince of the viability of your business and its soundness as an investment, whilst ensuring that you have evaluated the risks associated with your venture.

Historical financial statements should be included in this section as well as projected statements, which represent what your business will look like in the future, based on a set of assumptions. This section should show how the company expects to manage its finances over time.

The section should consist of:

- Income statement - The income statement records revenue, expenses, capital, and cost of goods. The outcome of the combination of these elements demonstrates how much money your business made or will make, or lost or will lose, during the year.
- Cash flow statement - A cash flow statement shows how much money you needed/will need, when you needed it/will need it, and where the money came from/will come from.
- Balance sheet - A balance sheet calculates the net worth of a business. If your business plan is for a start-up business, you will need to include a personal balance sheet summarizing your personal assets and liabilities. If your business exists already, include past years' balance sheets and an analysis of the results of the balance sheet.
- Any relevant financial ratios