

Business Plan

Writing a business plan forces you to think logically and methodically about your business model and assess its chances of survival and assesses the viability of your idea. It also helps clarify to other potential business partners where the business is headed. It will also assist you when approaching a bank for finance.

It's much better to do this before you begin business than to find out afterwards your business idea was unrealistic! A business plan is a living document and will need to be updated. Following are a number of key questions that you need to answer, to build a successful business plan. Remember, accountants may also assist with the preparation of a plan. You can complete the boxes provided in bullet point form, or visit www.anz.com/australia/business... to download a copy if you wish to type your answers.

Business Background

Key products Describe your key products and services. Exactly what are you going to provide? Be as specific as possible.

The purpose of the business Briefly describe the purpose of your business, including why you want to start it. Explain the market you've identified and your competitive advantage (what gives you an edge over competitors?).

Business structure What is the structure of the business going to be? In other words are you going to trade as a sole trader, partnership or a company?

The history Briefly outline the history of your business or your idea. Don't get carried away – just a few lines on the history of your business idea and the major events that have shaped it are sufficient.

Your location Where will your business be located? Explain why.

Personal characteristics What makes you think that you are suitable to run your own business? Outline the personal traits that you believe you have, that will convince others that you have what it takes. Include any personal background information such as previous experience, qualifications or personal qualities.

Your industry Describe briefly your industry. For example, is your industry fast-growth or mature? Is it labour intensive or knowledge intensive (such as software programming)? Each industry will have particular characteristics (for example tourism has seasonality, retail location and manufacturing distribution).

Business Support

Your team Briefly describe your staff (if you have them) and your support network. For example you may have an accountant assisting you, suppliers, family or friends, other small business owners or staff.

Suppliers Who are the main suppliers (businesses that you will be buying materials or inventory from)?

Your Business Market

Customers Outline the major targeted market(s) for your business. What specific types of customers are most likely to buy off you?

Customer assumptions Explain in more detail why you think the customers you outlined are likely to buy from you? What evidence do you have?

Promotion How do you intend to get the customers you have outlined to buy off you?

Be as specific as you can and cover your advertising, promotion, word of mouth tactics and just how you intend to get customer awareness.

Market research Outline here what market research you've completed. The better your understanding of your customers and their changing needs, the better your business.

Market potential Estimate the market potential for your product or service. How much do you think the business could turn over in the first year?

Market potential assumption Explain exactly how you've arrived at this estimate (such as market research, your trading history or trial marketing).

Competitors Analyse the strength of your competition. Remember you ALWAYS have competition. If not directly, then indirectly, for people's disposable dollar.

Competitor assumptions Outline any assumptions you have made about your competitors, including what they are likely to do once you start your business.

Your Business Environment

Outside influences You need to consider all the things that might impact on your business from the outside. For example, major trends, international changes, technology impacts, regulations that might change etc.

SWOT analysis

Outline a 'SWOT' analysis of your business (strengths, weaknesses, opportunities and threats). It provides an overview of what you see the best parts of your business are and the worst parts.

Describe below the strengths of your business such as what gives your business a competitive edge over the competition.

Outline the weaknesses of your business. You need to identify these so you can overcome them. Weaknesses could include lack of capital and resources, lack of skilled or trained staff, vulnerability to competition, poor market penetration, poor business systems, etc.

What are the major opportunities you see for your business? For example, exporting opportunities, new market segments, online e-commerce potential, franchising your business model, etc.

What are the possible threats? Threats could be new technology leapfrogging you, changing markets, new competitors, external crises, changes to your customer base, etc.

Distribution channel Explain below your current distribution channels. For example, do you market direct to other businesses (like many manufacturers), or direct to consumers (like retailers), or do you use commission salespeople, agents, distributors, etc?

Use of technology Use of technology and e-commerce. Use this opportunity to explain how you use (or plan to use) email, a website, e-commerce and technology (such as improved communications) to speed up your business, lower costs, keep in closer contact with your customers, drive online sales, access new markets here and overseas, etc.

Business systems Detail below the business and management systems you currently have in place (or are planning) that will enable you to carry out your business plan and achieve your goals. A good way to run your business is to imagine you are going to sell or franchise your business tomorrow. What systems would you need to have in place or documented to make that process as simple and efficient as possible?

Finally, if you are applying for Bank finance, there are four main reasons

applications get turned down. Outline how you intend to solve each of them.

1. The idea is untested Outline the evidence you have that the idea will work, especially if the business is a new idea, or new to the area.

2. No experience Discuss the experience of the industry you have, or the training you will undertake.

3. No management ability Outline your previous business management or training experience.

4. They need 100% finance Show what you have put into the business idea so far such as the hours spent on research, product or service testing, cash on product testing, travel, time planning etc.

Key Assumptions

Lastly, is there any other information that you believe to be vital for your business? Are there any other key assumptions that you have made that need to be outlined, so someone reading your business plan will have a clear idea of what you intend to do and how?

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