



## A Guide to... Writing a Business Plan

Once you have made the decision to start up in business, writing a business plan is crucial in order to help you set clear objectives and targets for future performance.

It should assist in monitoring finances and provide an early warning indicator should results significantly differ from budgeted figures. This helps to identify a need to reconsider financing requirements.

Should you need to raise finance, most banks will require a business plan before they will consider lending money.

### **What is involved?**

The business plan should provide a detailed review of how the business will be structured, the product or service offered and its unique selling points, the market, capital requirements and projected financial results. The business plan should contain the following sections:

#### **Overview**

This is a summary of your plans for the business and how you propose to put them into action. This must be in a format which is easily understood by a third party, therefore avoid technical jargon.

#### **Background information**

A detailed description of the business and the shareholders, how long you have been in business, the relevant experience and knowledge in the industry. Include the aims and objectives of the business and how you plan to achieve them.

#### **Personnel**

Provide an overview of the key personnel, their skills and expertise as well as staffing and training requirements.

#### **Products or Service**

Include details of your product or service, the unique selling point (how it differs from the competition), pricing structure and policy.

#### **The market and competitors**

Details of your marketing campaign, who your product or service is aimed at, the anticipated market share obtainable and potential for growth. This section should include a summary of your competitors within your industry.

## **Funding requirements**

This section should detail the amount of finance required for the business and in what form. The funding requirements should detail exactly what it is for, for example working capital, new equipment etc.

You should demonstrate that you have the resources to make the repayments and provide details of any security for the loans that you can offer.

## **Financial forecasts**

The business plan should cover your projected financial performance and detail any assumptions made in your projections.

- The following is necessary:
- Cash flow forecast.
- Projected Profit and Loss account.
- Projected Balance sheet.

The projections can be for periods of twelve months or two to five years.

The projected figures should include any loan repayments and demonstrate the ability to achieve realistic results.

## **Other notes and appendices**

This should include your CV, previous year's financial statements, evidence of customer orders and other relevant information.

## **Your completed business plan**

A common misconception with preparing a business plan is that it is seen as a one off exercise to obtain finance or when a business is starting up.

A periodical review and update of the business plan should occur. The plan can then be used as a performance monitoring and measuring tool to compare with actual results. This can assist in providing clear objectives and motivation to achieve the targets set.

## **How Warr & Co can help you**

As accountants, we are able to assist you in the preparation of a business plan and preparing financial projections. Please call Peter Edwards for more information.

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