

Business plans

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A Market opportunities

If you have a brilliant idea for a new product or service, or a better or cheaper way of supplying an existing product or service, you will probably require finance: money to start up a company to take this **market opportunity**, or to expand an existing company. If you want to interest venture capitalists (see Unit 28) in your project, you will have to write a **business plan**.

Business plans begin with a summary, often called an **Executive Summary**, which explains in one or two pages:

- what sort of company it is
- what the product or service is, and what is special about it
- who the managers are
- how much money you need, and what you will use it for.

B

The company, the product and the market

If the company already exists, the first chapter of the business plan explains how it was started and how it has grown, and gives a history of sales and profits. It describes the company today, and the plans for the future.

The second chapter describes what you already sell or want to sell. It explains what differentiates the product or service from other existing ones – what makes it different or unique. It focuses on the benefits or advantages for customers – how it will improve people's lives!

The chapter on the market describes the industry you operate in, the market segments, the other firms in the market (your competitors), changes in the industry, and **projected trends** – forecasts for the future – and technological opportunities. It outlines what the customers need, where they are, and how you plan to reach them. It explains how you will make sure that customers know about your product or service and why they will prefer it to the competition. It gives details of your **marketing strategy**, including sales tactics – the ways you plan to achieve sales, advertising, publicity and **sales promotions** – incentives to encourage customers to buy.

The chapter on the management team gives details about the most important staff. The chapter on strategy outlines your strategies for marketing, pricing, distribution, sales, etc., and how you are going to implement them or carry them out.

C

The financial analysis

The financial analysis gives details of the historical performance, if it is an existing company, and describes existing finance and assets. It explains why the business needs funds, and gives sales forecasts (the sales the business expects to achieve in a particular period of time), projected or expected financial statements (profit and loss account, cash flow statement, and balance sheet), and projections for future income. It will probably include a breakeven analysis, and an analysis of financial ratios.

Various appendices can come at the end of the business plan, including the curriculum vitae (CV) of each top manager and promotional materials for your products.

- 1 Make word combinations using a word from each box. Then use the word combinations to complete the sentences below. Look at A and B opposite to help you.

implement
reach
require
supply

customers
finance
services
strategies

- 1 Are you sure you can these more efficiently than your competitors?
- 2 This business plan gives details of the we, and what we're going to do with it.
- 3 We'll hire two experienced managers to help us our
- 4 We're convinced our innovative advertising will allow us to our potential

..... *

2 Complete the sentences. Look at A, B and C opposite to help you.

1 We're convinced this is a great : people will really want what we plan to offer.

2 Our is over 100,000 units a year.

3 The product is : there's absolutely nothing else like it on the market.

4

Our is essentially to advertise a lot and sell at a very low price.

5

The advertising will stress the the consumers will get from the product – how it will save them time and money.

6

We'll also use a few, such as giving away free samples or offering discounts.

Over to you



If you were starting up a new company, what product or service would it offer? What would you include in your business plan to try to convince venture capitalists to invest?