

This document provides guidance on preparing the business plan

<p>Business description</p>	<p>Requires a general description of how the business will be organised. If the business is not yet established, replace mission with vision statement. Mission communicates what the business or social enterprise is and what it does while vision statements communicate how you will position the business/social enterprise in future. If the idea is not a business describe the concept and what you wish to achieve with it.</p>
<p>Industry Analysis</p>	<p>IBIS World publishes summary information on various industries which you can access from the internet. ABS data may also be useful for performance trends in various industries – http://www.abs.gov.au/ausstats/abs@.nsf/mf/8155.0. These can be backed up by general web searches which should give you an idea of the market structure. The market structure provides an indication of the number of firms in the industry and how they compete. Growing and emerging markets are good, but you need to have a differentiated product or service and be able to capture sufficient market share. Maturing and concentrated markets are difficult to penetrate and build a reasonable market share, but you must have something unique to capture a share of the market. Using the mature car industry for example, driverless and solar or electric cars are differentiations that can capture significant shares in the mature market</p> <p>Unless you have a new product that serves needs better than the existing products it will be difficult to make a reasonable return in a declining market. But the market may be fragmented with niches and pockets of opportunity that are attractive – aged care for example. You need to identify the gaps and how you will address them. Knowing the key drivers of demand (what makes or will make people buy the product or service) should help you make an assessment of current and future demand.</p>
<p>Target Market</p>	<p>You should have an image of the person who will use your product/service in mind and should be able to provide geographical, demographical and/or socio-cultural profile of them. Sometimes the customer is different from the person who pays for the service – E.g. attracting people to a website by providing a service that is paid for by the advertising monies from certain companies. You should demonstrate that you understand the customer need addressed and that your product/service meets the need. What are the important things that the customer will look for when they buy your product or service—e.g. safety, colour, price, brand name etc.? You can estimate the total market by the number of people who meet the profile established within the targeted geographical area. There is no accurate market share estimate for your business. However a conservative estimate is better than an ambitions one</p>
<p>Analysing the competition</p>	<p>You should show here that you are aware of others in the market who are providing similar products or services to yours. Or that there are similar services, though quite different from what you are proposing. Or perhaps that there are no services similar to yours that are being provided. Identify what it takes to be successful in the industry (e.g. competency, access to information, skills and so on – for professional services) and how you intend to position yourself on these key success factors) in relation to the competitors. What actions will be taken to protect</p>

	<p>the business from new entrants with similar products/services? Example, developing a strong and loyal customer base. Is the business dependent on one or few buyers and/or sellers and can their actions significantly affect survival of the business or enterprise? Can buyers readily switch to other suppliers or can you switch to other suppliers at little or no costs?</p>
<p>Marketing plan</p>	<p>Here you need to describe exactly what you propose to provide to customers. It is not enough to provide the services or product described in your idea. These should be turned into a package of benefits for the customer, covering such things as packaging, information about the product/service, brand name development, warranties, and customer services such product delivery, after purchase support and so on. You must spell out the one thing that differentiates your product/services from others – that is your unique selling proposition.</p> <p>What are your income sources and how is the service or product to be priced? How is the price different from similar products/services on the market and what accounts for the difference?</p> <p>How will you draw attention to your products /services among the target customers? E.g. door knocking, cold calling, adverts on social media, an article or advert in the local newspaper or industry magazine, organising a launch etc. If the services are to be provided on the internet or by apps how do potential customers get access to them? Are products to be distributed through wholesalers and/or retailers and how would you contact and recruit them? How will you determine the customers most important to you and ensure their loyalty through your customer relationship building system?</p>
<p>Operations plan or the value creation process</p>	<p>List the key activities associated with producing and distributing the product or service (e.g. growing plants, harvesting fruits, sorting and packing fruits, delivering to customers etc.; developing a website, collating and organising information under relevant topics and providing customers access to the website, maintaining and updating the website, responding to customer enquiries for information on the website) and so on. Identify which of the key activities will be performed by the enterprise and what will be outsourced?</p> <p>What key facilities will be required to carry out the listed activities – e.g. equipment, vehicles, machines, furniture and fittings and so on and how much will each cost? If you have an app, new product or other intellectual capital asset what actions will be taken to protect them from being copied?</p> <p>From the key activities listed, state the key suppliers needed to provide materials or services and if outsourcing, to whom would the business/enterprise outsource some of the key activities. You could state the desired qualities of suppliers and subcontractors that will be used to select them</p> <p>What are the important legislations that the enterprise must comply with before it is started? E.g. food safety, insurances, inspections and certifications, registration of business name, ABN, Occupational health and safety etc.</p>
<p>Human Resources and</p>	<p>Will you recruit employees? When? If you will have employees, to what positions will they be recruited? How many in each position? What would be the terms of employment – e.g. casuals, part-time or fulltime? From where would they be</p>

Management plan	<p>recruited? How much will they be paid and how do their pay rates compare with the award rates?</p> <p>Who will report to who in the business - if it is just you, or yourself and one employee an organisational chart will not be required. If you will have a management team, present a short 0.5 page resume for each member showing their positions and what they will bring to the business/enterprise. If you will use any external advisors list the areas of external expertise required</p>
The financial plan	<p>The financial plans you present may differ with your business and may not necessarily follow the requirements as specified in the guidelines. If sales will not start within the three years, show the assets you will acquire and build up in each year and how they will be financed in the balance sheet. These will draw from the facilities listed in the operations plan.</p> <p>Also show an annual income statement with expenses to be incurred each year while you prepare to launch the business. Expenses will include wages, electricity, rent/rates, supplies, advertising and other promotion cost, insurance and other such costs associated with building the business. It will be good to show the cash budget on quarterly basis in order to indicate when money will be required and the sources from which they will be provided. Of course the values in the statements will be based on assumptions regarding costs associated with the key activities listed in the operations, marketing and human resource plans, and these should be stated</p>
Financial analysis	<p>Most of the financial analysis will not apply if you do not expect to generate revenue in the first three years. If you will start trading from year 1 some of the formulae to use are as follows:</p> <ul style="list-style-type: none"> • Profitability – profit / sales, profit /total assets, profit / balance in capital account at the end of each year (if applicable) • Liquidity – current assets / current liabilities • efficiency –total sales /total assets • leverage – total debt/ total assets <p>What do these ratios mean for your business? Are they improving or declining and why?</p> <p>Break-even revenue will occur at the point where all expenses are covered from revenue – that is, when you stop making losses and cover all costs. You can calculate break-even sales by determining how much is required to cover all your costs in any year. Again, explain when you will achieve break-even and if the business can make profits after that. Also how long will it take to recoup the losses in the previous years and your investment?</p>
Long-term development and risk analysis:	<p>Where do you wish to see the business/social enterprise in the next 3 to 5 years?</p> <p>What are the major risk factors to achieving your goals and what actions can you take to overcome them? These may lie within the business model itself such as access to resources, capital requirements, inability to reach revenue targets, excessive costs, and inability to recruit key personnel, etc.</p> <p>OR they may originate from the external environment covering areas such as government policies, technology, legal requirements, socio-cultural barriers to using the service or product, demographics, or economic conditions.</p>