

Key Elements of a Business Plan

A business plan is a key tool for entrepreneurs to:

- **Decide** if you should start your business or not.
- **Organize** your ideas so that you will know how to start and run your business
- **Present** your business plan to a financier such as a bank or investor in order to start up your business.

Existing business owners can also prepare a business plan to assist in the growth and development of their company. Below are some of the key elements of a business plan. We encourage you to do some research to see other elements that may be more applicable to your venture.

1. Executive Summary

This is a critical part of your plan as it is important that you get off to a good start. Ideally, it should introduce the business model, describe the product and identify the target market. It should also name the key personnel with the accompanying responsibilities and summarize the projected financial performance.

Most investors/financers usually look to this section to determine whether the entrepreneur has a clear idea of what he/she is getting into; whether he/she has ensured that the necessary resources have been identified and that the business financial projections are viable.

2. Industry Analysis and Business Description

The entrepreneur should then do an Industry Profile to determine the characteristics of the business environment that they would be entering. Some useful tools to assist with this are Porter's Five Forces and the PESTLE analysis which looks at Political, Economic, Social, Technological, Legal and Environmental factors that could impact the business.

Business Description – Give details on the idea, state the vision, mission, and objectives. Describe the product/service in detail, state the practical benefits and show how you will create/add value.

3. Marketing Plan

Give details of market research undertaken to emphasize the viability of the product/service and to determine target market

Outline the Four P's – Products, Price, Place, and Promotion

4. Human Resource Plan

This section explains the "people strategy". What roles you need to start this business? How many people do you need in each position? What are the costs involved – salaries and benefits? Where will you get them from – recruitment strategy? What skills, competence, qualifications are required? Depending on the complexity of your HR requirements, an organizational chart will be useful.

5. Operations Plan

This part of your plan goes into the “nitty gritty” of how you will actually get this done in your business such as: hours/days of operation; list of equipment; scheduling of activities (who will do what and when); the layout of your business; the major processes involved and how you will manage quality.

6. Risk Analysis

Risks are a natural part of entrepreneurial activity. This area of the plan seeks to identify the risks involved in starting your business and determining how you will deal with them. Major areas of risk you should cover include Industry Risk, Technology and Operational Risk, Financial Risk, Reputational Risk and Personnel Risk.

7. Financial Plan

This section will detail your financial strategy. It should highlight the source of funding for start-up and what the funds will be used for. While predominantly made up of financial statements, these statements should be accompanied by detailed notes and assumptions to substantiate your projections. The major documents should be:

- Cash flow – 1-3 years
- Balance Sheet – 2 years
- Profit & Loss Statement – 2 years

The projections should give the potential financier confidence in the success of the business.

You can close off by summarising some of the key strengths of your business and also any future plans and endeavours that you may consider.

Feel free to visit the links below for more detailed information on developing your business plan.

<http://www.entrepreneur.com/article/38308>

<http://www.forbes.com/sites/patrickhull/2013/02/21/10-essential-business-plan-components/>

<http://smallbusiness.chron.com/key-elements-business-plan-56006.html>