

# Business Planning

A good plan is like a map, helping you to find the best path to achieving your goals. Setting business goals helps you to use your time and resources more effectively. By planning ahead, you are more likely to be able to take advantage of business opportunities and anticipate problems. You will also need a business plan to raise finance.

Your business plan involves developing:

- Business goals.
- Management plan.
- Marketing plan.
- Operating plan.
- Financial plan.
- Action plan.

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## Business Plan Dos and Don'ts:

### Do

- ▶ *Keep updating your plan to meet changing situations.*
- ▶ *Use business planning templates and tools to be sure you cover everything.*
- ▶ *Refer to your action plan as a living guide.*

### Don't

- ▶ *Be unrealistic about what you can achieve or base your projections on wishful thinking.*
- ▶ *Underestimate the challenges in growing a business.*
- ▶ *Be afraid to ask for help.*

## How to start your business plan

Before you start writing your business plan it is useful to do some background preparation. This includes:

- Getting advice on business planning and checking available templates and tools that can help you develop your plan.
- Collecting and analysing information. Sources include:
  - Small business service providers eg NSW Business Advisory Service.
  - Market research providers eg Australian Bureau of Statistics.
  - Accountants and banks.
  - Industry associations.
  - Business peers.
  - Competitors.

## Formulating your business goals

Your business goals should provide a clear picture of the business you will be in over the next years covering:

- What products and services you are going to sell.
- The customer groups and their requirements you will be targeting.
- The basis of your future success. What will make customers buy from you rather than your competitors?
- What business returns you are aiming to achieve.

Finalise your business goals after completing your market research.

## Management plan

This covers how your business will be structured and run, and what management capabilities will be developed. It could also cover any legal matters in relation to structure, intellectual property rights, licensing and contractual matters eg with suppliers.

The **Business Structure** fact sheet provides more information on alternative business structures.

Based on your research, it is useful to undertake a SWOT: an assessment of the business that covers:

Internally	Externally
Strengths you should build on	Opportunities you should exploit
Weaknesses you need to overcome	Threats you need to manage

Put dot points under each heading which realistically and honestly reflect your research and self assessment. Your business plan needs to develop strategies to deal with identified issues.

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## Marketing plan

Your marketing plan needs to identify:

**Your product/service offering:** what are you offering your customers? What is its likely life cycle? Are there substitutes available in the market? Will it meet your customers' needs?

**Your market:** its size, geographic location, demographics and trends?

**Your customers:** who are they? What, why, where and how often do (will) they buy?

**Your competitors:** who are they? How do they compete on price, services, quality?

Your marketing plan needs to cover the strategies you will put in place to capture and keep customers. This includes how you will make your product/service available; how you will promote them and build your business image (including networking), and your pricing policies.

The *Marketing, Advertising & Promotion* and *Customer Service* fact sheets provide further details on how to develop your marketing plan.

## Operational plan

You will need to make decisions on a range of operational issues, including:

**People:** will you employ or use contract staff? If so, how will you manage them? What other expertise will you need? See *NSW Employment Conditions* fact sheet.

**Processes:** what systems and procedures should you put in place? What production output and methods will you use? R&D initiatives?

**Suppliers:** who should they be? Cost and quantity of supplies?

**Equipment/technology:** what equipment and IT requirements do you have? What skills will you need to maintain or upgrade these?

**Premises:** will you purchase or lease property or work from home? See the *Commercial Leases* fact sheet on negotiating leases.

**Reporting:** what is the most suitable reporting system to put in place to allow you to monitor your performance?

## Financial plan

Your financial plan needs to cover:

- How much money you need to start the business.
- Financial analysis - projected profit and loss over the next one to two years.
- Cash flow analysis - projected cash in and out on a monthly basis so that you can check whether you will be able to pay your bills.
- Balance sheet.
- Sources of finance - who will lend you money and how much will you need? See *Raising Finance* fact sheet.
- What your business break-even point is, ie what level of production is needed to cover all your costs?

## Action plan

This should set out specific tasks that need to be undertaken to implement your business plan, with clear priorities, timeframes and who will be responsible.

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*Contents of a typical business plan:*

- Executive summary
  - Business goals
  - Management plan
  - Market research & analysis
  - Marketing plan
  - Operational plan
  - Financial plan
  - Action plan
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### More Information

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#### SOURCES OF INFORMATION

Visit the NSW Department of State and Regional Development small business website for more information on business planning, including business planning tools, and more general business information:

[www.smallbiz.nsw.gov.au](http://www.smallbiz.nsw.gov.au)

Industry Associations and your local Chamber of Commerce and Industry offer advice and services to members. Click on *resources* and *weblinks* on the DSRD small business site for contact details.

#### WHO SHOULD I TALK TO?

Your local Business Advisory Service can offer you one on one advice on developing your business plan. It also offers low cost workshops covering all aspects of business planning. Call 1300 650 058

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Business Advisory Services  
1300 650 058



Department of  
State and Regional  
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