

BECOMING YOUR OWN BOSS

Notes to the Business Plan

WHAT IS A BUSINESS PLAN AND WHY SHOULD I HAVE ONE?

- Strategy/overview	10%
- Market research and marketing plan	50%
- Finance	20%
- Operations	10%
- Contingency Plan/Risk Management	10%

DO

Be specific
Cover key points
Disclose any risks or problems
Be realistic

DON'T

Use jargon
Make claims without evidence
Claim you have no competition
Be afraid to ask for help

HOW A PLAN WILL HELP

Express yourself, organize and co-ordinate your ideas
Set goals and be more effective in selling yourself and your Business
Highlight ways to get better help e.g. provide information to Accountant, Lawyer
Structure a loan application/attract investors
Manage the business – highlight opportunities, develop efficiencies, recognize challenges
Prepare promotional materials and structure solid marketing plan

WHAT'S IN A PLAN

Personal statement
Business detail e.g. name, structure, legal info, premises
Overview – why, what, who - do I have the necessary skills
Mission Statement/Goals
Marketing Plan – customer profile, budget, full competitor analysis, market research evident, product description, name, promotion – make it SMART!
Production – staffing, equipment, distribution
Regulations/Lease Details
Financial Information – budgets, Statement of Position, bookkeeping methods
Contingency Plan – what if I get sick, my equipment breaks down, a major competitor comes into the market
Cash flow – full costing (can I afford this?), does my projected profit match my physical output abilities and match my marketing plan
Strategy – future business plans, needs, networks (who is affected, who can help me), resources

OTHER THIS TO CONSIDER/INCLUDE

Flyer's/business cards/photo of your product	Insurance – compare prices and features
Tax and bookkeeping arrangements	Loan requirements

TWENTY QUESTIONS...

1. Why are you in this business? (What motivates you)
2. What excites you most about this business?
3. What is your biggest (business) goal for the next twelve months?
4. What is your biggest (personal) goal for the next twelve months?
5. What is your main (business) goal for the next five years?
6. What is your main (personal) goal for the next five years?
7. What makes your business special (in 20 words or less)?
8. Who are your main customers?
9. Who is your main competitor?
10. What are your main marketing tools (currently)?
11. What are your business' 3 main strengths?
12. What are your business' 3 main weaknesses?
13. What are the 3 biggest opportunities you have in your business?
14. What are the 3 biggest threats you face in your business?
15. What are the 3 biggest challenges you face in your business over the next 12 months?
16. Is your business financially sound? (and how do you know this)?
17. Do you know exactly how much money you need to make/spend on a daily basis?
18. Do you have an 'operations manual' for the day to day running of your business?
19. How would your business manage if you weren't able to run it?
20. Why do you think you need a business plan?

PREPARING A CASHFLOW FORECAST

This is your business budget broken down to monthly movements. The Cashflow should show expected profit, drawings, debt servicing and asset purchases as well as operating revenues and expenses.

Even if 'someone else' does your monthly accounts, as a business owner you should be using this tool!

It is important to know what level of turnover or sales is required to make your business tick.

The other part of using a Cashflow forecast is comparing the projected budget to your actual financial results. This way you can monitor your progress and stay on track.

When you commence business you should prepare a forecast and then again annually at least. Revisit your Cashflow forecast anytime you plan a significant change.

Once a month look at your financial position to assess where the funds must go. If you have not been taking GST or tax out regularly then at this time you can transfer this part of your working capital to the special purpose account. Use these steps to conduct a review:

1. Calculate your bank balance as at end of month. Don't forget to account for any outstanding cheques that have yet to be presented at the bank.
2. Make a list of creditors; age them if you have some old accounts so you can prioritise your payments.
3. Assess how much GST & Tax money you should have aside at this time. This is also a good time to chase any money owed to you.

It is useful to make a standard form that you can fill out each month. For those with a computer a spreadsheet master can be used.

ACTUAL VS BUDGET REPORT: REMEMBER IT IS IMPORTANT TO COMPARE YOUR CASHFLOW FORECAST TO YOUR ACTUAL RESULTS!

This is an important exercise each month to ensure you are on track. If not where are the problems?

GST RETURNS

As a GST registered entity you are obliged to complete regular GST returns. These can be 1, 2 or 6 monthly. This most common type is the 2 monthly GST return.