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# 6 Step Strategic Plan

Create a Clear Plan for Your Business

# Introduction

Congratulations on ordering this book, *6 Step Strategic Plan: Create a Clear Plan for Your Business!* Starting or running a small business is an exciting endeavour, but it can be overwhelming and full of challenge. You've made the right decision choosing this resource. This book is packed with valuable ideas that will assist you to design a Business Plan that captures what your business is all about, what you want to accomplish, and how to achieve your goals.



My name is Janelle Bartlett, and I am managing partner at Accountants 2 Business, situated southeast of Brisbane, and providing online accounting services to clients across Australia,

I completed my first degree from the University of New England, winning the Financial Management Research Centre undergraduate award for academic excellence. I'm a Chartered Accountant and have been a Fellow member since 2010. This book reflects over 20 years of my personal experience in advising business, small and large on matters including business improvement strategies, investments, and many other areas related to the complexities of Australian small business.

My goal with this book is to point you in the right direction with your Business Plan. To help you outline your goals, structure, forecast, and overall direction. Your Business Plan will be a vital tool for both you, your bank and potential future investors. Where do you start, and what should be the focus of your plan? These details are discussed in the next few chapters.

Once again, thank you for choosing *6 Step Business Plan: Create a Clear Plan for Your Business*, and may you find this book an essential resource as you set up and grow your business!

## CHAPTER ONE

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# What Is A Strategic Plan, And Why Do You Need One?

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A Strategic Plan is sometimes called a Business Plan and it's a document that details the nature and scope of the business, the strategies to be employed for sales, marketing, and expansion, the financial background and capabilities of the venture, forecasts for profit and loss, business structure and staff, and the vision and goals of the enterprise.

The Business Plan is like a map that gives the right directions, so the business can reach its intended destination. With a transparent and accountable Business Plan, entrepreneurs can make appropriate decisions for the future, steering the organization with both short-term and long-term direction, while securing effective management of risk and obstacles that arise along the way. A Business Plan helps owners and the leadership team avoid distractions, by identifying situations that could derail, rather than accelerate, the progress of the business.

The intended audience for a Business Plan can be internal or external. The plan can be designed for outside investors or stakeholders, or for regulatory agencies, government offices, banks, and other third parties. A Business Plan will also be used internally, as it focuses on goals and targets within the business systems, processes, financial standing, restructuring, strategies, and other internal affairs.



## WHY IT IS NEEDED

A Business Plan is not just a document prepared as part of 'best practice' for starting a business venture. It's important to pay attention to the design and creation of your Business Plan because it will have many uses for you, and the enterprise, now and in years to come. A well-written and well-defined Business Plan can be like an instruction manual. Your Business plan, once initially drafted, becomes a vibrant evolving document that embraces and inspires the evolution of your Business.

One of the main reasons to have a great Business Plan is better management. The plan can help your management team map the future of the business while identifying and managing hazards and problems along the way. A Business Plan allows the owner and the leadership team, to put the ambitions, of the business into writing, and with these thoughts on paper, it becomes much easier to chart a course of action and measure progress along the way.

When targets and strategies are merely verbalized or vaguely discussed, they are more difficult to monitor, measure, and reassess. But when your goals are documented, everyone involved can understand how they can pitch in, what changes need implementing, and how to help reach the business targets. From a management standpoint, a Business Plan helps make the objectives clear and defined. And if your team size is one, it remains critical. The Business Plan becomes your monitor, write it down. Everyone has the potential to stray off the track. Your Business Plan will keep you accountable. And if you develop different ideas with potential, your evolving Business Plan will ensure that you assess new ideas in a critical productive way.

Don't ever think that your Business is too small for a Business Plan. If you're a sole operator, you have the real potential to be your own worst enemy. A documented, comprehensive Business Plan keeps you accountable to your dreams! And you just never know what the might future hold. Who might, in coming years look at this document and the success it delivers. I've seen many situations where small operators have been approached to join national groups or sell at astounding profits. These Businesses are all well run and have great business plans. Not one of them predicted the massive opportunity that came their way. So please, do not stifle your business potential because you don't have time to prepare a Business Plan.

Preparing a Business Plan will set you on the path to good Business Management. A well-managed business will produce better profits. If better management improves the profit by \$20,000 the value of your business could increase by around \$60,000! Making the exercise well worthwhile.

Another reason to formulate your Business Plan might be to secure funding for expansion. Whether you are trying to obtain an initial loan for the start-up expenses, or encourage investors to fund your venture's development, a well-written Business Plan will reflect positively on the outlook and health of your enterprise. It will effectively communicate, to your potential investors, how partnering with you can be beneficial to them.

When investors and lenders review your Business Plan, along with your updated profit and loss statements and Balance Sheet, they can gauge the outlook for your business. They will look for signs that you have defined the direction that you would like to take your Business and that you have identified how to will reach your goals.





When a Business Plan is transparent and widely scoped, prospective lenders and investors can make an informed decision, confident that their investment will be rewarded.

Your Business Plan should highlight why investing in your enterprise is a prudent decision, for Investors, both external and you! When describing the opportunity presented, your Business Plan should state, why your venture is a worthwhile investment. It must be more attractive than Bank interest or listed dividend returns, so your Business Plan should demonstrate return on capital invested of more than 10% What gives your business a strategic advantage over others in your market, and what does this advantage mean to investors? What is in it for them and you?

Your Business Plan is also a vital component in internal planning and strategizing. The members of the leadership team and the rest of the staff members can refer to the Business Plan when identifying and assessing opportunities for expansion and growth and assess whether these opportunities are in line with the overall objectives of the business. An action plan for meeting targets and improving efficiency may also be defined in the Business Plan. Ensuring that any steps to be undertaken are in conjunction with the specified goals of the enterprise as laid out in the plan.

Your Business Plan should be relatively easy to distribute for quick reference and guidance. Staff meetings and planning sessions may not always be feasible, especially as busy schedules conflict. A Business Plan, however, can be developed or adjusted as needed, and then quickly circulated to all stakeholders for collaborative action. Technology can be used to accelerate the distribution of the plan through electronic means. This is also advantageous for multi-site businesses.

Because the data is in written form, a Business Plan can also encourage staff members to carefully consider its contents and contribute their ideas and plans for improvement. Unlike business meetings where time constraints may limit input from participants, a Business Plan may be utilized to encourage the team to pitch in with their ideas for the overall improvement of the organization.

Proper management of cash flow and financial health is another area that can be significantly assisted, by a well-written Business Plan. All businesses must have careful, precise, and efficient cash flow management to remain solvent and continue operations. Beyond just profitability, proper control of cash flow ensures that the venture can keep funding its operations and accommodate seasonal variations in cashflow.

Financial assessment is also needed if the enterprise decides to expand or take advantage of opportunities to invest. Careful management of projected and actual cash inflow versus outflow is vital. I've seen many Businesses overextend themselves with purchases of Stock or Capital Equipment based on nothing more than the bank balance. Sadly, the seasonal cashflow requirement was not considered, and some of these businesses failed with significant personal cost to the business owners. A Business Plan including a Cash Flow

forecast would have highlighted the problem and prevented these disasters.

A good business venture is continuously looking for ways to improve efficiency and relevance through continued education and skills enhancement. Managers can refer to the Business Plan and make an informed decision regarding the areas of operation needing skills training, and refresher courses. It's essential, to ensure that staff comply with procedures for ongoing skills development.

Planning a sale or strategic exit is another area that requires a well-developed Business Plan. At some point, the owners or investors will decide to exit. Also, accident and unexpected illness can occur, so a clear exit strategy is needed to make this transition as smooth as possible, ensuring that the Business remains functional and solvent.

You may decide in the future to sell your business venture, merge with another entity, pass along control to a family member, or invite an Initial Public Offering (IPO). In all cases, your Business Plan will communicate to potential buyers or investors what your business is all about; it's financial standing, operations and processes, and overall commercial health. A Business Plan may be used to highlight the strengths and advantages of buying into the business, increasing the chance for owners to successful exit the

venture and move on to other opportunities.

New Business owners typically do not consider the possibility of selling the business. But one day you will exit. You will likely have spent many years building the venture, and you should be rewarded. Build your Business with your exit sale in mind and document your Business Plan equally with your retirement front of mind.

These are several of the most important reasons for developing a clear and comprehensive Business Plan. Now, what information should be included in your Business Plan, and what guidelines can help you put this document together in the best way possible? In the next chapter, you will read about the general mechanics of a Business Plan.

*“Effort and courage are not enough without purpose and direction”* **John F Kennedy**





# Chapter Summary

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- A Business Plan presents vital information regarding the venture, including its goals, vision, strategies, marketing, scope, financial forecasts, and structure.
- The audience for your Business Plan may be internal (within the firm) or external (outside parties).
- A good Business Plan helps enhance management of the business and may be used for decision-making processes.
- In securing funding for the business, a Business Plan presents to potential lenders or investors why your business is a good opportunity.
- The Business Plan helps to communicate vital concepts of the business goals and objectives to all members of the staff, especially new hires.
- In the case of an exit strategy or sale, the Business Plan helps with a smooth the transition and increases the chances of successful divesting.

## CHAPTER TWO

# Overview

Business Plans vary slightly depending on the business type, and the target audience. However, there are general sections that every Business Plan should have. Here is an overview of the six essential sections. In Chapter four we will address precisely how to prepare each section.

**Executive Summary.** This section presents an outline of your Business that directly addresses your goals and expectations. The Executive Summary is just that, a summary, it should not be lengthy, but it does need to be professional and business-like in its tone and substance. It should provide a snapshot of the detailed sections that follow in your Business Plan. If you are not comfortable writing paragraphs, start writing your information in point form and ask your coach to help build out the sections.

What should be included in the Executive Summary? In this section, present your business concept and explain your product or service, and the market you wish to target. Also, include the advantage and clear benefits of your business and its product or services. Think about what makes your product or service better than your competitors. Try to put yourself in your customers' shoes. What are these customers looking for? What are the problems that they encounter in your industry? How can you solve these problems and offer something better? If you can do that, you will establish a competitive edge, and that will be invaluable to your business.

Your Executive Summary should also include crucial financial overview related to the venture, including summary data on sales, profits, cash flow, and investment return. You should also qualify the capital or funding needed to either start, maintain, or expand the enterprise. If the Business Plan is used for securing a loan, the collateral should also be noted in this section. If you are self-funding, stipulate the source of your funds.

Key information about the internal structure and operations of the entity should be included in the Executive Summary. Include a brief business profile and history, legal and regulatory standing, licenses, owners, management team, and key members of staff. If you are a sole operator, note your experience and qualification relevant to the industry and business. Also, highlight past important achievements and successes of the enterprise, and major developments that indicate continued future success and profitability of the business, such as new long-term contracts or partnerships, patents or prototypes for new offerings, product development systems, marketing tests, completed or continuing expansion, and other positive developments.

If you are a small start-up, you may not have contracts, but you will have a break-even point. You should consider your overall financial situation. How are you funding the new businesses? How will you cover your living expenses while you build the business profitability? When will you reach break-even?

Keep in mind that the Executive Summary is an overview of the information that will be presented more comprehensively within your Business Plan. While you might start with writing the executive summary, you will leave some areas blank, particularly the financial data, and return to complete these sections when the remaining plan is written. You can think of the Executive Summary as just a preview of the rest of your document, so make it as clear and efficient as possible without labouring the reader with too much information. There are no specific rules regarding how long your Executive Summary should be. Certainly, there are instances when it may be longer, depending on the type of business and the



financial information or requirements. However, you should aim to keep the Executive Summary to one page, only giving the most valuable information. That will be enough to entice the interest of the reader and communicate your overall objective. Don't be deterred by the information needed in your executive summary. It will all fall into place as you work through the remainder of this book.

**Business Description.** In this section, you will describe the industry or field your business is entering or is currently operating in, detailing the current situation of the industry and future opportunities. It is helpful to include details on the different markets and categories within the industry, as well as developments, products, or forecasts that affect your business venture. Reliable statistics are useful.

The Business Description should include the details of the operations, e.g. service-oriented, manufacturing or production, retail services, food preparation, wholesale, and other operation types. In this section explain the legal structure of your business in more detail, such as the type of ownership (whether your venture is a sole proprietor, partnership, or company), and other legal aspects. You should obtain advice about trading structures from your Accountant before writing your Business Plan.

This section should also include a detailed explanation of your products or services, who you are selling to, your distribution plan. Include existing or planned support systems for the business, with customer service, advertising, marketing, and promotions.

In the Business Description, you should highlight what sets apart your business venture from your competitors. What are you offering that others are not? What gap in the market are you filling? What after-sales support are you providing that will give your venture an edge?

Also, this section should explain how you intend to make the business enterprise profitable, listing factors such as location, cutting-edge technology and equipment, market gaps, superior customer service, competitive pricing, and other elements that you believe will make the business thrive within its market. This should not be long but should convey a clear picture of your operations.



**Market Strategies.** Before you start your business, you will need to conduct a comprehensive study of your market. This market analysis gives you a familiarity with your target market and how your venture can gain market share. In your Business Plan, you must be able to explain the market strategies that will be employed, based on research data.

Here, define the target market, it's geography, demographics, and other factors determining the business' reach. Note prospects for growth and expansion, current and future trends, and forecasts for sales and revenue. Much of the market analysis will depend on data, so be sure to have the most accurate and up-to-date statistics available to you. In many instances, it may be necessary to update your Business Plan with the most recent data every few months or so, especially for industries experiencing rapid growth.

Demographic information can be obtained from the Australian Bureau of Statistics. Some Industry specific information is available from the Australian Taxation Office small business financial benchmark data.

Medium and large businesses will engage specialist market research companies. Small start-ups can obtain useful market research with other methods. For example, if you want to start a business as an Electrician, phone your competitors and find out how soon they can offer service. If they're able to book in a service today or tomorrow, it is likely that the market is oversaturated with Electricians. But check other competitors, maybe the first company is providing poor service and bookings are suffering as a result. This rudimentary market research technique, can provide valuable information. Also check competitor price and service in the same way. What is the customer experience with your competitors? How can you offer something better?

In the Market Strategies section, you will also discuss how you will use strategic positioning to compete. Your position is based on many different variables and factors that cater to the needs of the target customers, or as an alternative to current offerings from competitors. After conducting market research, it should become apparent where your business can carve a niche in the chosen industry. Illustrated it in the Market Strategies section.

An essential part of Market Strategies is your business pricing model. You should discuss in how you will be pricing your products and services based on the data you have researched, costs you will need to recover, market demand, competition, and other variables. When discussing your pricing matrix, it should be evident to the reader why you have come to this price point.

The type of distribution network you will be utilizing must be discussed in the Market Strategies section. How do you intend to deliver your products or services to your customers? Different types of distribution networks include wholesale, direct sales, retail, direct mail, brokers, and manufacturer's representatives. This part of your Business Plan should indicate why you have chosen your distribution channel for your business enterprise, and how it can make your venture more competitive.

Also discussed your business plan for advertising and promotion. How will you make your product or service more visible to your target market? Start with the packaging (trademarks, labels), sales promotions (coupons, promotional contests, pop-up stores), advertising channels to be used, budget to be allocated, and public relations strategies. Also, under this section discuss how you intend to maximize sales strategies, including lead generation, policies on customer service, rules for product returns or replacements, and compensation for salespersons.



Discuss your forecast regarding potential sales or revenue, based on market research. Combining your data on market size and demographics, your business positioning, your pricing matrix, distribution networks, and your promotional strategies, what sales or revenue potential do you foresee over time? Convey these issues accurately in your Business Plan. For most business owners, the revenue period to be forecast is usually three years, but this may vary based on the requirements of your audience and your industry.



**Competitive Analysis.** Competition is part of the business world, and as an entrepreneur, you will become stronger, wiser, and better positioned towards success if you have an understanding and appreciation of the competitors within your market. Just as you will analyse the market, you should also identify and study the competition and illustrate this in your Business Plan.

The Competitive Analysis section should identify who your present and potential competitors are, what strategies they are currently employing, where they are succeeding, areas of weakness which you can use to your advantage, and what marketing strategy you will be utilizing to gain an advantage and stand out from your competitors.

One popular method used in analysing the competition is the competitive strength grid. This shows strengths and weaknesses of your competitors. Details are provided in Chapter Four.

With your competitive strength grid, you can now identify market gaps where you can come in and attract market share by exploiting your competitors' weaknesses. For instance, if most of your competitors are weak on after-sales customer support, how will your business strategize around this area and maximize the opportunity? Discussed these matters in your Competitive Analysis section, with the goal being to highlight your knowledge of your competitors and what you need to do to gain market share.

**Development and Design Plan.** In this section of your Business Plan, you will aim to explain your product (or service) design and its development, how the product fits with your goals and marketing and illustrate a budget for product or service development. This part of your Business Plan covers three areas for development, namely the product or service, the market, and the organization. The following discussion of the product is equally relevant to service development and design.

Product development encompasses both the technical aspects, such as creating a superior and highly-competitive product or service and the marketing components, including developing a customer base and increasing market awareness of your product or service. The product development must convey what procedures and systems will assist to develop your products and services. Define the role of each member of the team in this task, and how much of your available resources will be set aside for each step of the process, both time and funds.

The Development and Design Plan should cover how you are checking the quality of your products or services before they are offered to the market. You will explain how your organization conducts a preliminary product review, critical product review, and final product review, all of which are necessary before the final delivery of

the product or service. These detailed reviews often reveal issues to address.

Next is the scheduling and costs for product development. Your aim here is to build a measurable time frame for each part of the production process, ensuring that the schedule aligns with the overall goals of the business. Closely related to this is the development budget, which details the different expenditures to which your business will allocate resources, like raw materials, labour, overheads, office support, marketing and sales, equipment, and other miscellaneous expenses.

In this section also include your operations and management plan. Cover the logistics involved in hiring and training members of the management team, what are the responsibilities of each department and general capital expenditures for business operations. Provide key financial data including operating expenses table, capital requirements table, and the cost of goods table. Chapter four contains more detail.

Under the organizational structure, every division of your business should have well-defined responsibilities and parameters, with every department contributing toward the business targets. Most business structures are divided into four divisions: production, marketing and sales, administration, and research and development. In a small start-up, the owners will head



each of these departments, but these do all need to be defined in all cases.

**Financial Data.** The next section gives your business financial data, and this is an essential part of your Business Plan. It is also pivotal in monitoring the success of your business. Financial data can be displayed in tables, charts, spreadsheets, and statements, and this data will show the overall financial health of your enterprise, including the current value of the business, profitability, and solvency.

There are three main types of financial statements which you should prepare. These are the cash flow statement, income statement, and balance sheet. These statements correlate to each other and paint a picture of the business' health.

The income statement reports the business' ability to generate revenue, showing sales and expenditure. Ideally displaying monthly data relating to the first year of your business and may show quarterly income pertaining to the second year of operations, and the annual income for the third year to year five. Financial data should show income, cost of the goods, gross profit margin, business operating expenses, overhead expenses, net profit, asset depreciation, pre-interest net profit, interest from debts, pre-tax net profit, taxes, and post-tax profits.

The cash flow statement, meanwhile, reflects the cash necessary for the

business to fulfil its obligations, the timeframe in which the cash is needed, and where the cash is sourced. This statement shows Cash Inflows and Cash Outflows for a given month or year. Items reflected in your cash flow statement would include cash received from customers, payments made to suppliers, marketing costs, overheads, wages, and loans. Total cash inflows are shown against total cash outflows with net cash flow in column format. This is further explained in chapter four.

The balance sheet presents an annual picture or summary of the business assets, liabilities, and equity. For new ventures, the balance sheet is based on a projection or forecast covering the time frame presented in the Business Plan.

Assets presented on the balance sheet would include cash, accounts receivable, inventory, total current assets, capital, investments, miscellaneous assets, etc. Liabilities include accounts payable, accrued liabilities, bonds, loans payable, notes payable, total long-term liabilities, and more.

As we go along in this book, we will go into further detail regarding the six essential components of a Business Plan, and how each element should be prepared and presented. But first, let's look at some helpful guidelines to help you write your Business Plan? In the next chapter, you will be given some tips to consider before you get started.

# Chapter Summary

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- There are six essential components of a Business Plan: Executive Summary, Business Description, Market Strategies, Competitive Analysis, Development and Design Plan, and Financial Data.
- Some Business Plans may vary depending on the type of business, but most will contain these six components in some form.

## CHAPTER THREE

# Some Tips

Consider a Business Mentor: Remember you don't need to share your Business Plan with everyone. However, in my experience Business Plans shared with mentors, are more likely to succeed. If you are highly motivated, you might act as your own mentor. Be wary and choose the person carefully. Australia is known for 'the tall poppy syndrome,' and sometimes the perpetrators are living in our own homes. Your life partner could be a fantastic spouse but might not make the best business mentor. Meeting with a business coach or your Accountant is another option but be sure to check their credentials. I have met many business coaches over the years, and I can say that about 90% of them have never run a successful business. Some Accountants work only on tax and do not offer this service, so seek out the right person.

***“Rich people take advice from people who are richer than they are. Poor people take advice from their friends”***

T. Harv Eker The Millionaire Mindset

**Allocate enough time for writing the Business Plan.** Many of these sections could consume days or even weeks of, research, and conceptualizing. Also, editing and proofreading of the Business Plan may take some time. The time needed will depend on the lifecycle stage of your business. As a rule, you should set aside about one day to each section.

Because it can take some time to put together everything necessary in your Business Plan, you should give yourself ample time to get the data needed and collate everything. If you rush the Plan, you will overlook vital details or figures or make errors that become glaringly obvious later. Plan and give yourself and your team a comfortable amount of time to ensure that the Business Plan is top-notch.

**Do the needed research, and make sure everything is fact-checked and backed up with reliable figures.** All component of the Business Plan should be verified, checked, double-checked, and examined using the most up-to-date and reliable sources of information.

Plenty of components in the Business Plan require lots of research, such as market analysis, competitive analysis, and financial statements. Depending on your industry, you may need to update your Business Plan every year, and in some cases every few months. Chances are, your readers also have access to information related to your market, and it would reflect poorly on your goals if they spot inaccuracies in your Business Plan.

**Goals must be clear and quantifiable.** Vague and unclear pronouncements should be avoided in your Business Plan because you should monitor the business progress against specific targets to ensure that you reach your goals.

What are your Business goals and targets? It may be helpful to either review or refresh them internally, perhaps within your leadership team or organization, to ensure that the goals are still reflective of your business enterprise today. The direction may have shifted partially or entirely, so review the vision and intentions periodically.

**The presentation should be professional:** The Business Plan is a business document, and as such should be professional in its tone and presentation. This is especially important if your intended audience would be potential investors, lenders, partners, or affiliates. And it's vital for you, this is your business, and everything about it should say that it's important.



No matter what your industry or market, your Business Plan should endeavour to elevate the standards and maintain a business-like demeanour that conveys the dedication and commitment of your entire organization to the long-term profitability and success of the venture. The language used, and the presentation methods must adhere to the standards and policies of your business. It may be helpful to ask your mentor to look at your Business Plan.

**Avoid strong adjectives or superlative words mostly used for hype.**

Words that may be alright to use in other settings will distract in your Business Plan. These include adjectives such as ‘incredible,’ ‘terrific,’ ‘superb,’ ‘unbelievable,’ ‘fabulous,’ and other superlatives that you may be tempted to use to describe your business or your products and services. Don’t use these adjectives, let the facts and figures speak for themselves, and choose to stick to claims that are more professional and measurable. Facts, not gimmicks or clever tactics, will impress.

**Keep a copy of each iteration of your Business Plan.** Once you have completed your very first Business Plan, keep a copy of it noting the date for version control. As the Plan develops and changes, also store these copies, over time, they will tell a story. Many businesses are in rapidly evolving markets and require a review and update of their Business Plan every few months, or at least several times a year.

It would be very time-consuming, not to mention impractical, to start from scratch each time you need an updated Business Plan. Perhaps update certain sections and data might suffice.

**Do not hesitate to ask for help.** If you are finding writing the Business Plan a challenge, there is no harm in asking for assistance from your mentor. You can take advantage of the wealth of resources and valuable assistance available to entrepreneurs and business owners in the Australian market.

One excellent online government resource catering to the Australian business community is Business.gov.au. You can also find help with downloadable templates and references from your business bank.

In preparing your financial statements, you may want to **work with your accountant** who can assist you in updating your financial statements, go over the numbers, and just making sure that everything is in order. This approach may be especially important if your business venture is relatively new and you do not yet have the in-house personnel to take care of all the required financial information.

***“Even if you know the way, ask one more time” Korean Proverb***

Now that you have these simple but essential reminders, it is time to put together the Business Plan. The next chapter provides a step-by-step guide for putting together this important document.

# Chapter Summary

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- In writing the Business Plan, give yourself plenty of time to get the material together.
- Research must be accurate and thorough.
- Your goals in the Business Plan should be clear and quantifiable.
- Keep the Business Plan professional in presentation and language.
- Don't use hype or superlatives; stick to facts.
- Use your old Business Plans for reference in future updates.
- If you need help, don't be afraid to ask for it.

## CHAPTER FOUR

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# Writing Your Business Plan

In Chapter Two, we looked at the essential components of the Business Plan. Now, it is time to put everything together, step-by-step.

### Step 1: Executive Summary

The Executive Summary is sometimes called the Business Plan Summary. In writing the Executive Summary, your primary objective is to provide a summary of the critical points within the document to follow.

You may wish to secure outside funding with your Business Plan. External funding for new businesses is extremely challenging to obtain. In the current market, banks require property security and proof of serviceability with a two-year history, as a prerequisite to any business loan. Your first Business Plan will be prepared for your benefit, to ensure that you maximize the potential of your business and secure financial security for yourself and your family. Sound Business management not only maximises profit returns to owners, but it also increases the Capital Value of the business.

Within the Executive Summary, you should discuss:

- the market demand for your business,
- the opportunity presented in the market,
- the customer base or target market,
- your product or service offering,
- how you will market your business,
- who your competitors are,
- your financial projection summaries,
- the plans you have for implementing your ideas, and
- your key personnel.



Remember, this is just a summary, so no need to go into lots of detail, as these topics will be explained further within your Business Plan.

If you already have an established business and your Business Plan is for expansion or growth opportunities, your Executive Summary would focus more on:

- your business mission and vision,
- a history of your business and its profile,
- key achievements of the business,
- revenue and profitability,
- how you have grown your market share and number of customers,
- a concise financial summary, and
- your goals for the future of the venture.

Helpful Hint: You may find it easier to write the entire Business Plan first, and then write the Executive Summary towards the end once you have the bulk of the information in place. You can then formulate a couple of summarizing sentences from each section of the Plan and put them in the Executive Summary.



The following outline provides a useful template for your Executive Summary:

## The Business

- Business name: Give your business name as registered in your state/territory, or your proposed business name if not registered yet.
- Business structure: Type of ownership, such as sole proprietor, partnership, business, etc.
- ABN: Registered Australian Business Number.
- ACN: Issued by the Australian Securities and Investments Commission (ASIC) purely for companies.
- Business location: Where is your business' physical location?
- Date established: When did your business start operations?
- Business owner(s): Who are the owner/s?
- Relevant owner experience: How many years have you been in the industry? What is your career experience? List any significant achievements and awards related to the business.
- Products/services: What are the products and services you are offering to the market?

## The Market

- Target market: Who is your intended customer base?
- Marketing strategy: What methods will you use to attract customers?

## The Future

- Vision statement: What future do you see for the business?
- Goals/objectives: What are the short-term and long-term goals for the enterprise, and how do you intend to achieve them?
- Mission statement: A statement explaining the plan and vision for your organization.
- Action plan. Your action plan can be more concise, details are discussed in the next sections of your Business Plan.

## The Finances

- State here your projected profits and revenue within a specific time frame, the capital funding that will be required, your sources for funding, and how much of this funding will be provided from your personal assets. No need for financial statements at this stage

## Step 2: Business Description

After the Executive Summary, you will discuss the structure of your enterprise. The Business Description gives the essential details regarding your business.

You may use an outline like this:

### Business Details

- **Products or services:** An overview of the products/services your business is selling. Also, discuss the foreseen demand for these products or services.

### Registration Details

- **Business name:** Give your business name as registered in your state or territory, or your proposed business name if not registered yet.
- **Trading name(s):** What is your business registered trading name or names?
- **Date registered:** When was the business name registered?
- **Location(s) registered:** What states or territories are you registered?
- **Business structure:** Is this a sole trader, partnership, trust, business, or company?
- **ABN:** Registered Australian Business Number.
- **ACN:** Registered Australian Company Number, if applicable.
- **GST:** Goods and Services Tax and the date of registration.

- **Domain names:** This refers to your business website address or Internet URL.
- **Licences & permits:** What licences or permits have you registered for your business?

### Business Premises

- **Business location:** Give your geographic location, and describe the space being occupied or planned. In what region are you operating? What are the landmarks or zones? Specify the location as it affects your business, especially if it is a retail business relying mainly on foot traffic.
- **Buy/lease:** Give the current arrangements whether you have purchased a business location or leasing the property or operating from a home base.

### Organisation Chart

- In this section, you will provide an organization chart showing the owners, management team, and key personnel of your business.

### Management & Ownership

- **Names of owners:** List all owners of the business.
- **Details of management & ownership:** In this section, explain your role as the business owner, and if you are directly involved in the business operations. Does a Chief

Executive Officer run the day-to-day operations? For partnership-type businesses, detail the participation of each partner and any agreements that are in place.

- Experience: What experience do you have in running a business? Detail any previous enterprises you have owned or managed, and any relevant experience. If the business has more than one owner, note all qualifications, experiences, and achievements or awards. Resumes should be attached towards the end of the Business Plan.

## Key Personnel

- Current staff members. List the current members of your staff, starting with their Job Title, Full Name, and Relevant Skills and Strengths.
- Required staff members. List the needed staff positions, starting with the Job Title, Number of Staff Needed, Relevant Skills and Strengths Required, and the Date these members would be required to start. If you're a sole operator you might utilise other skills via contractors like marketing firm. Be sure to list these services.
- Recruitment options. In this section, explain to your reader what plans you have in place for recruiting and hiring potential staff members. Include any advertising in publications, appointing HR consultants, advertising online, job fairs,

community events, or training current personnel for new positions.

- Training programs. Detail the training programs currently in place to enhance the skills of new and current staff members? Is training done in-house or are there external providers who also conduct training programs? Detail the training and skills development programs to be utilized for business owners and leadership members?
- Skill retention strategies. Explain how the skills and knowledge of current staff members will be improved and monitored for the achievement of the business goals. What internal systems are in place so that staff members are trained and kept up-to-date, and ensuring that the entire organization remains relevant and competitive?

## Products/Services

- Market position: What segment of the market will your products and/or services be targeting? How do your offerings compare to those of your competitors? Is your market catering to budget, competitive, or high-end segments of the market?
- Unique selling position: How does your product offering have a competitive advantage over the rest of the market? What gaps in the market will your products and services be catering to?

- Pricing strategy: What pricing strategy will you utilize, and how will this strategy drive your business towards achieving goals? Pricing strategies include premium pricing, economy pricing, market penetration pricing, psychology pricing. Show a comparison of your pricing against the pricing and products or services of your competition.
- Value to the customer: What will be the value of your products or services to your customers? Will they consider these as basic needs, luxury items, or a mix of both?
- Growth potential: What is the potential for growth and expansion of the product? Is there a growing market or demand for this type of product or service?
- Product liability: If you have product liability insurance, state the details in this section. This type of insurance policy covers any legal action taken because of injury, damage or death from your product.
- Business assets: What insurance policies do you have for protecting your business assets in case of a fire, burglary, or damage?
- Business revenue: What policies do you have to protect your business in the event of business interruption that leaves your venture unable to trade or transact for a period of time?

## Insurance

- Work Cover: Government regulations require businesses to have Work Cover insurance for employees.
- Public liability insurance: This refers to insurance to cover third-party death or injury.
- Professional indemnity: Give details regarding your policies for professional indemnity insurance in the event of any legal action taken because of your professional advice. This may or may not be applicable depending on your type of business.

## Legal Considerations

- Any pending legislation, policies, or legal factors with ramifications for your business or industry? Detail them here with the steps your business will take to mitigate the effects.

## Operations

- Production process. What are the systems and processes that are required to produce your product or service? This will of course vary based on your type of product line or services, but be sure to include details, such as manufacturing processes, workforce requirements, equipment utilized, and whether there are third parties involved in the production. For services, how are the services ultimately delivered to end users?

- Suppliers. Identify who your business suppliers are, what specific materials, equipment, or other services they supply to your enterprise. How do you maintain a mutually beneficial relationship with suppliers? What policies are in place to ensure business continuity in case problems arise with suppliers?
- Plant & equipment. Explain your plans for the purchase of equipment for your production and administrative locations. This would include machines for production, plant facilities, vehicles, computers, and other things required for day-to-day operations.
- Inventory. Inventory refers to items that you keep in stock. Items needed to produce products and services that you sell. If the list is very extensive, you may opt to highlight only the most important inventory items in this section, and then attach an extensive inventory list towards the end of your Business Plan.
- Technology or software requirements. What are the technological equipment, software programs, and other solutions used by your business to deliver your products and services? What are the cost of these solutions, and how much of your budget is allocated towards technology or software requirements?
- Transaction hours. Explain what your trading hours are, including your projected peak trading times. In this section, you should justify the trading hours, including the expected peak times and hours when you expect more profits or revenue. Are there any variations to transaction hours during certain seasons or times of the year?
- Communication avenues. Detail the various channels by which your potential customers or end users may be able to reach your business, including landline, mobile phone, regular mail, overnight mail, e-mail, fax, website, blog, social networking sites, and other forms of communication.
- Accepted payment types. When customers want to pay for your products or services, what methods of payment do you accept? Payment types would include cash, credit card, debit card, PayPal, cheques, money orders, and electronic fund transfers. If you are offering a payment method that most of your competitors are not currently accepting, indicate this in your Business Plan and why this is to your advantage.
- Credit policies. Does your business have any specific policies regarding credit extended to customers or suppliers? What are the credit periods extended, and what procedures are in place for collection? What terms are offered? For business-to-business types of enterprises, this is of interest because you need to determine how you intend to maintain cash flow and solvency. Also note recovery procedures for bad debts.

- Refund policies and warranties. For businesses that manufacture or retail goods, there should be clear policies regarding warranty and refunds or exchanges. This would be applied to products that are defective, damaged, or need to be repaired. Be sure to investigate consumer protection laws and be sure that you comply with them. In today's world of social media, you are well advised to have a comprehensive refunds policy.
- Quality control. Clearly illustrate in this section how your business operations maintain stringent quality standards to ensure that your products and services are meeting high standards. What checks and balances in place, and which personnel are tasked with ensuring that quality policies are being met?
- Memberships, networks, or affiliations. If your business has joined an umbrella organization or organization within your industry or geographic region, list these affiliations, especially if membership to these affiliations provide some form of procedural oversight over your enterprise. This can provide you with a competitive edge.
- Community impact & engagement. State here what actions your business enterprise will take to partner with your community to improve environmental sustainability.
- Risks. Are there any apparent risks or negative effects on your business related to environmental factors? Discuss these as well and explain the steps you are taking to lessen those risks.
- Strategies. What methods and processes are utilised so that you can better manage the environmental impact? Be honest about how your enterprise will deal with environmental management and the regulations enacted to ensure sustainability.
- Plan of action. An action plan for your environmental sustainability efforts would be better illustrated in a table or graphic. Based on the information you have already outlined above, create a simple illustration table like this:

| Sustainability Target                      | Goal                           | Target Date       |
|--|--------------------------------|-------------------|
| Reduce plastic usage                       | 50% reduction of plastic waste | December 31, 2018 |
| Reduce paper usage                         | 50% reduction of paper use     | December 31, 2018 |
| Switch to energy-efficient LED light bulbs | 40% reduction of energy        | July 1, 2018      |

## Plan for Sustainability

- Environmental impact. With so much focus today on environmental sustainability, it is important for your venture to be transparent about the potential impact to the environment and the steps your organization will take to mitigate the risks.

*Helpful Hint:* Many of the points included in the Business Description will also be discussed further in the other sections of your Business Plan, especially those related to your products and/or services. You can highlight the most important points and opt to give more extensive detail on the Development and Design Plan.

## Step 3: Market Strategies

Much of the information that will be presented in the Market Strategies section of your Business Plan is data that should have already been collated and analysed long before your business operations formally commenced. This section of the Business Plan is where you will document what you have learned about your market and what you intend to do to gain market share.

You might use an outline like this:

### Market Analysis

- **Market research.** Discuss here what types of statistical research studies you have performed to fully understand the market you are entering. If any methods such as surveys, questionnaires, or interviews were conducted, indicate them here. You may opt to attach any market research samples or methods used towards the end of the Business Plan. Many small businesses do not have the budget for good market research. Low quality market research is a complete waste of money, so you may have to look at market potential using other means. What is the population of the area that you wish to service? Is the population growing and by what %? Can you determine the number of competitors in your proposed market? Have any of your competitors recently ceased

trading? That might indicate an over saturated supply of your goods or services. If you have secured a contract for service with one large customer, the general market research is of less importance. However, you may be over exposed to problems with that one customer, so be sure to assess other options.

- **Market targets.** Here you will document your planned sales targets and goals. How many of your products or service offerings are you aiming to sell within a given time frame? Be sure to clearly indicate the quantity as well as the targeted time frame, such as monthly, quarterly, or annual goals.
- **Industry analysis.** What is the geographic area of the target market? What is the overall economic situation of the area? What are the population trends? More importantly, how will the entry of your business venture fit into and affect the market?

### Your Customers

- **Customer demographics.** Demographics refer to the profile of the customer base your business will target, such as age, gender, economic status, educational attainment, preferences, behaviours, and other key factors. Who are these potential customers that your enterprise will attempt to engage with? Some councils provide residence demographic data to assist local businesses. These are sourced from the

most recent census data and may be of assistance to you to ensure that your geographic area does contain residents with the demographic that you seek.

- **Key customers.** Key customers are those critical to your business success. Key customers may be large companies who would buy your products in bulk, or groups or organizations who would need your services for long-term partnerships, you should consider how will you tailor your message to cater to these key groups?
- **Customer management.** Customer service and management are vital to the objectives of your business, and this part of your Business Plan is your chance to highlight how you will implementing continued enhancements and analysis of your customer support systems. What methods do you use to establish and maintain a good relationship and positive rapport with customers? How are potential conflicts or issues being handled?
- **Pricing model.** Although pricing should have already been discussed in the Business Description section, the more intricate details regarding your pricing model will be discussed here, with an emphasis on how your market analysis has been used to come up with a pricing strategy. If your product or service is aimed at very high-income earners and your market demographic research shows less than 10 households with

the required profile income, you must consider moving location or changing your product or service offering.

- **Positioning.** How will your products and services be positioned in the market? Will you mostly be catering to high-end, middle class, or budget segments of the market? What is the rationale behind the positioning strategy as related to your market research? Consider the offering of your competitors and under-serviced segments.

## Advertising and Sales

- **Promotions and advertising strategies.** Give a specific timeframe, discuss what promotional and advertising methods will be utilized to increase awareness, target potential customers, and drive revenue. Will you be using radio, print, TV, Web advertising, or outdoor advertising? Are you planning promotional events? Are you partnering with community events to increase your business exposure?
- **Sales and marketing objectives.** Who are the personnel in your sales team, what qualifications and experience do they have, and what techniques or strategies will they be employing? Detail in this section what marketing materials and tools will be used to sell your product offerings. Also, discuss the sales targets or goals that the team would strive to meet or exceed.



- Unique selling position. Compared to current competitors, what is the advantage of your business product line or service offering? What sets you apart from the others?
- Sales and distribution channels. If you are using online selling, direct mail, wholesale, retail, or other distribution channels, what is the reason behind the use of this distribution type? Discuss both the opportunities and the limitations, conveying how your selected distribution channel is the most advantageous for your target customers.
- *Helpful Hint:* Visual aids would be very effective in driving home the point as you present your Market Strategies, especially because you are dealing with numerical figures or statistics. Create visually appealing graphs and charts to go along with the data you are presenting.

## Step 4: Competitive Analysis

You will be better positioned to gain an advantage over your competitors if you have a thorough Competitive Analysis. In your Business Plan, the Competitive Analysis is just as crucial as the Market Analysis and Strategies.

You might utilize an outline like this:

- Identify your competitors. Whether you are about to enter the market, or have been operating for some time, you should know precisely who you are competing against. In this section, a list of your competitors and their profiles would be included, as well as their current strategies, strengths, and weaknesses.
- Competitor details. A table such as the one below may be used to organize the data you collect regarding your competitors. You should decide how many of your competitors to include in this section, but it is advisable to list at least five of your most significant competitors, the date they started operating, the size of their staff or workforce, their percentage of market share (if not available make an estimate based on staff numbers), their perceived value to customers, and their specific strengths and weaknesses.



- Identify a market niche. Listing the strengths and weaknesses of competitors will reveal what is known as a market niche, or an area of the market that has not been fully captured, or a gap that your business can take advantage of to gain market share. What segment of the market is not being adequately serviced by competitors? For instance, if your business intends to offer office supplies, what unique office supplies are not being offered yet by most of your competitors? This may provide a gap for you. A market niche may also be an added service that competitors have not yet saturated. In the example above, are your competitors already offering extended hours office supply delivery and sales support? This could be the niche where you can capitalize.
- Competitive Strength Grid. This identifies where your business venture stands in comparison to your competitors' strengths and weaknesses. Once the needed products or services for the industry have been identified, these will be listed on the left margin of the grid. Then, two column headers listing 'Strength' and 'Weakness' will be created on the top part of the grid. Your business and competitors will then be listed under 'Strength' or 'Weakness' for each service or product, until you have a grid showing how you compare to your rivals. This will paint a clearer picture of where you stand and where you can expand.



*Helpful Hint:* In discussing your Competitive Analysis, be careful not to spend too much time discussing details of your competitors. The objective of this section of your Business Plan is to show that you know who you are up against and how to prepare your Business. It's not to highlight the achievements of your rivals. Only provide essential details regarding your competitors, and then swing the emphasis back to your strengths and opportunities, focusing the attention on how you can gain market share through effective strategies and a definitive plan for attracting customers.



## Step 5: Development and Design Plan

The Development and Design Plan is an intricate description of your product design or service offering, and how these relate to the overall objectives of the Business. It demonstrates how your allocated budget and resources will spur the organization towards the achievement of the stated goals.

This section of the Business Plan may vary somewhat based on the type of business you operate but should cover at least three broad areas: product or service development, market development, and organizational development, all of which are intricately connected to each other.

*You might follow an outline like this:*

- **Product or Service Development Goals.** You can start this section with a review of the product description from Step 2, but with the emphasis now on areas for future development and design. More focus should also be placed on the technical and marketing aspects. For instance, if your current product line consists of fruit juices, the goals outlined here should focus on the steps you are taking to continuously improve the product offerings and expand your competitive advantage.
- **Procedures.** With your goals communicated, you should also discuss what processes, systems, and procedures are being implemented so that the development plan for your products and services can be achieved. This would include details on resource allocation, assignment of key personnel to oversee development tasks, and how efforts will be monitored continuously and realigned to ensure that results complement the overall objectives of the Business.
- **Under the discussion on Procedures,** it would be beneficial for you to highlight the process that your product offerings undergo before being delivered to end users. This process should clearly convey your business preliminary product review (checking the features and specifications of every product),

critical product review (gauging how product development is following the general schedule as aligned with the business objectives), and final product review (assuring the quality and integrity of the product elements based on the goals and the original specifications of the original product or service design).

- **Costs.** Under the section on Development and Design Plan include a discussion of your business development budget, and the cost to design and produce the product line or service. The development budget would be related to your overall business budget but would be explicitly focused on how the product itself goes from design to final product. Items shown in your development budget should include raw materials, labor costs, overhead expenses, administrative and office support costs, marketing and sales, professional consultation costs, capital equipment costs (machinery and/or outside contractors for specific steps of production), and other miscellaneous costs. Service development might involve staff time and software costs.
- **Research and Development.** For a business to remain relevant and competitive, it must encourage innovation and continued exploration of ideas for development. What specific research and development activities are being undertaken by your business to encourage innovation,

and what resources and manpower are being allocated specifically for this assignment. Small and start up business should attend seminars that provide information about developments in your field. Industry associations can supply this but to stay ahead of the pack you may need to travel overseas to international conferences to source the best information.

- **Intellectual Property Protection.** Your innovations, ideas, concepts, and prototypes should be protected and kept confidential to maintain your competitive edge. What systems, policies, and confidentiality agreements do you have in place to ensure the protection of your intellectual property? Detail your business current or pending trademarks, patents, registered designs, and other protections for your product development. Every business should have employment agreement in place with staff to ensure that systems developed by staff on work time belong to the business.

## Step 6: Financial Data

The Financial Data section of your Business Plan summarises valuable information related to the financial health, and projections. Your operating expenses, income and expenditure, and opportunities for growth are all detailed in this section of the Business Plan. It may be helpful to consult an Accountant

in the preparation of the financial statements and reports to be included in this section due to the structure and in-depth nature of the information to be presented.



You might follow an outline like this:

## Objectives and Financial Review

- Financial objectives. This is a list and explanation of your most important objectives related to financial matters and your business targets. Financial objectives should include sales and profit targets over a set time, your goals for managing available financial resources and expectations, and targets for reducing costs and maximizing profits.
- Financial requirements. Here you will specify the amount of capital funding needed to start or continue operations, and the sources of that funding. A break up of funding between that to be

sourced from loans, investors, venture capital, government funding, business partners, friends, family members, and other potential sources of funds as required. Also document any of your own funds to be used in the business.

## Financial Assumptions

Financial assumptions and projections are critical components that show your financial forecasts for the next few years. These assumptions should be based on available information and statistics regarding your market or industry and should not be inflated or exaggerated to attempt to show a favourable picture.

To maintain factual integrity, assumptions should reflect adjustments for seasonal variations in income, interest rates, and other external factors that may affect the financial standing of your business. The following tables are necessary for your Financial Data:

- Start-up Costs for [Year]. This table lists various expenditures to get the business started, including registrations, structure costs, licences, and permits required by the Australian government; fees for regulatory agencies; costs for rent, lease, and other overhead expenses; insurance costs; equipment and plant costs; office supplies; hiring and training expenditures; marketing and advertising allocation; website costs, and other expenses

necessary to commence operations.

- **Balance Sheet Forecast.** This table lists the assets that your business intends to have for the period being presented in your Business Plan. You should accurately present the assets on hand and those planned for purchase. The forecast is usually shown over a five-year period. Current assets (cash, inventory) and Fixed assets (properties, computer equipment, vehicles, machinery) are included in this table.
- Also included is a list of the business liabilities, divided into short-term liabilities (credit cards payable, accounts and interest payable, tax payments) and long-term liabilities (loans, mortgages). Assets are added, then liabilities added, with Total Liabilities calculated against Total Assets to arrive at the business Net Assets. Note that accounts receivable and inventory should relate to your gross income projections. For example, you may need to hold two weeks inventory on hand. In that case be sure that Inventory on your Balance sheet is equal to  $\text{annual sales} / 26$ . If your terms of trade are 14 days, your Accounts receivable should be between 14 and 30 days old so your balance on accounts receivable should reflect about 22 days sales.
- **Profit and Loss Forecast.** This forecast table reflects the earnings over a specific period after

subtracting the costs for business operations. This forecast should reflect monthly figures for the first year and annual figures for years 2 to 5. Sales figures would be shown with the cost of the sold goods subtracted to arrive at your business Gross profit. Next overhead expenses are deducted including advertising and marketing, bank fees and interest, credit card fees and interest, utility payments, rent or lease costs, vehicle expenditures, costs for repair and maintenance, insurance, taxes, superannuation, Wages, Depreciation, interest and other miscellaneous expenses.



- **Expected Cash Flow.** This table is an overview of the amount of cash you forecast to flow into your business based on your detailed sales forecasts, with the anticipated cash expenses for business operations subtracted to show a closing cash balance.

Typically, the table would reflect monthly figures over a given year. It will look like the profit and loss forecast but will show actual receipts of cash where the profit and loss show earned cash. So, a sale becomes Income on your profit and loss when the sale is made. It only becomes a cash inflow on your Cash flow statement when the funds are received from your customer. Your cashflow forecast will also show outflows for loan principal payments, and it will not show depreciation because this is not a cash paid expense. Cashflow and profit are important to forecast and manage.

- **Break-Even Analysis.** This is a calculation of the point where the costs of operating the business are fully covered by the sales generated. The Break-Even Analysis is a vital figure because it shows whether the business is succeeding or failing based on profits and costs. This analysis shows at what point the venture's sales will be sufficient for the business to turn a profit, and helps in price planning, financing requirements, and plans for expansion. Break Even point is the most important single calculation. You must exceed break-even point sales to make a profit.



*Helpful Hint:* There are various online resources available not only for preparing your financial statements, but also for budget forecast preparation for your business. One such resource that you should take advantage of is Xero, a popular cloud-based accounting software with various functionalities particularly helpful for small businesses. Xero's Budget Manager tool helps entrepreneurs to put together comprehensive and accurate budgets, monitor performance over time, and have ready data for use in Business Plans and other tasks.



Xero may be used for budget analysis, specifically the budget variance report under Reports. This helps entrepreneurs in comparing their budget figures against actual figures, thus helping to track the progress against your forecast and business plan.

Another report that may be generated in Xero is the Budget summary report, which can be adjusted to show any period you want to analyse. The Budget summary report is also found under the Reports section, and you will need to indicate the month or length of time you wish to review (such as monthly, quarterly, annual, etc.).

The Account summary report helps you in reviewing your actual and budgeted figures for expenses and incomes. Found under the Account Summary in Reports, you can adjust the report to review a time-period, actual and budgeted amounts, and variance percentage. The Account summary report may be helpful as you prepare your financial data for your Business Plan especially as you double-check figures and see how the numbers stack up. Xero makes this process easy.

Overall, Xero is one of the most popular cloud-based accounting software programs for small business owners because it is simple to use. Of course, aside from these resources, working with your Accountant in sorting the financial data and preparing your statements is highly recommended for new business owners seeking to present the most accurate data possible.



# Chapter Summary

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- The first part of your Business Plan, the Executive Summary, is an overview of what the reader will see detailed within the rest of the document.
- The Business Description details your business, your products and services, your team, how your business operates, and your strategies for training, development, and sustainability.
- The Market Strategies would discuss the results of your market analysis and research, who your target customers are, and how you intend to communicate to your potential customers.
- The Competitive Analysis details your market rivals, their strategies, strengths, weaknesses, and areas you can maximize for gaining market share.
- The Development and Design Plan explains your strategies for constant product improvement, systems innovation, and organizational enhancement.
- In the Financial Data section, you will present to your reader an overview of your business financial projections and goals.
- For your day-to-day budgeting and to assist you in preparing your financial statements, accounting software such as Xero can help collate data and measure performance.

# Final Words

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Follow these steps, and your Business Plan will be complete! Don't try to make your first plan perfect. A Business Plan is a dynamic document and will develop over time as your business grows.

A vital part of the process is ongoing monitoring. Implement each section of the plan by laying out a detailed 'To Do List' with a time line. A simple excel document can be used, perhaps use separate worksheets for each section, e.g., one for product development, another for marketing, another for systems, etc. Each section should have four columns, the task, the person responsible, the due date and completed date. You should set aside one day or one morning per week, to work on your to do list. Ideally, work from a different location on that day to avoid interruptions. Meet with your mentor regularly and discuss the progress of your 'to do list' and your financial progress with actuals v budget. Refer to your Business Plan regularly and annually review and update the Plan.

I would like to thank you for choosing this book, *6 Step Business Plan: Create a Clear Plan for Your Business*. The Business Plan is just one of the many things you will need to prepare as you set off on the road to entrepreneurship. It can be challenging, and you may feel confused or overwhelmed at times, but hopefully, you will be able to refer to this guide and press on with a Business Plan that captures all you intend to achieve with your Business.

In my over two decades of experience in advising businesses of all sizes across various industries and markets, I have seen how a clear, well-presented Business Plan can define and chart the direction for a remarkable business.

As you prepare your Business Plan, think less of its importance as a document, and think more about how your effort will bring huge benefit, as you work towards your goals. Hopefully, as you collate data and think of the best possible way to present your ideas, you will have a better understanding of the role of your enterprise in your market & community, paving the way for the best strategies that will make your Business a success for you and your family's future.

***"If opportunity doesn't knock, build a door" Milton Berle***



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